FREEDOM HOUSE

NATIONS IN TRANSIT 2003

DEMOCRATIZATION IN EAST CENTRAL EUROPE AND EURASIA

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Democratization in East Central Europe and Eurasia

Edited by Adrian Karatnycky, Alexander Motyl, and Amanda Schnetzer

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Zoran Djindjic

This edition of Nations in Transit is dedicated to the memory of Zoran Djindjic, assassinated in Belgrade on March 12, 2003, whose life's work embodied Serbia's struggle for freedom and democracy.

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Methodology

Nations in Transit 2003 measures progress and setbacks in political and economic reform in 27 countries of Central and Eastern Europe and the former Soviet Union. This volume, which covers events from January 1 through December 3, 2002, is an updated edition of surveys published in 2002, 2001, 2000, 1998, 1997, and 1995.

The country reports in *Nations in Transit 2003* follow an essay format that allowed the report authors to provide a broad analysis of the progress of democratic change in their country of expertise. Freedom House provided them a checklist of questions covering democratization and the rule of law and broad guidelines for ratings.* The opinions expressed in each report are those of the author. The ratings and scores reflect the consensus of Freedom House, the *Nations in Transit* advisers, and the report authors. Each country report is organized according to the following outline of categories and subcategories:

Democratization

- **Electoral Process** (previously called "Political Process"). Examines national executive and legislative elections, the development of multiparty systems, and popular participation in the political process.
- **Civil Society.** Assesses the growth of nongovernmental organizations, their organizational capacity and financial sustainability, and the legal and political environment in which they function; the development of free trade unions; and interest group participation in the policy process.
- **Independent Media.** Addresses the legal framework and the present state of press freedom, including libel laws, harassment of journalists, editorial independence, the emergence of a financially viable private press, and Internet access for private citizens.

*The complete checklist of questions and the ratings guidelines appear at the end of this section.

- **Governance** (previously called "Governance and Public Administration"). Considers the stability of the governmental system; the authority of legislative bodies; decentralization of power; the responsibilities, election, and management of local governmental bodies; and legislative and executive transparency.

Rule of Law

- **Constitutional, Legislative, and Judicial Framework.** Highlights constitutional reform; human rights protection; criminal code reform; judicial independence; the status of ethnic minority rights; and checks and balances among legislative, executive, and judicial authorities.
- **Corruption.** Looks at perceptions of corruption in the civil service, the business interests of top policy makers, laws on financial disclosure and conflict of interest, and anticorruption initiatives.

Beginning with this edition, *Nations in Transit* will no longer provide detailed analysis and ratings for economic liberalization in the countries under study. Over the last decade, several institutions such as the European Bank for Reconstruction and Development and the World Bank have developed sophisticated and comprehensive tools for tracking the development of the post-Communist economies. Where a gap existed early on, a wealth of information is now available. Although the country report authors were not asked to provide discrete sections on privatization, microeconomics, and macroeconomics, Freedom House did request that they reference matters affecting economic liberalization, where appropriate, throughout their report.

Ratings and Scores

For all 27 countries in the survey, Freedom House, in consultation with the report authors and a panel of academic advisers, has provided numerical ratings for the bulleted subcategories listed above. The ratings are based on a scale of 1 to 7, with 1 representing the highest and 7 the lowest level of democratic progress. The ratings are then averaged to obtain overall scores for:

- **Democratization.** Average of ratings for electoral process, civil society, independent media, and governance.
- **Rule of Law.** Average of ratings for constitutional, legislative, and judicial framework; and corruption.

As with *Freedom in the World,* Freedom House's annual comparative survey of political rights and civil liberties, *Nations in Transit* does not rate governments per se, nor does it rate countries on the basis of governmental intentions or legislation alone. Rather, a country's ratings are determined

by considering the practical effect of the state and nongovernmental actors on an individual's rights and freedoms. These ratings, which should not be taken as absolute indicators of the situation in a given country, are valuable for making general assessments of how democratic or authoritarian a country is. They allow for comparative analysis of reform among the countries surveyed and for analysis of long-term developments in a particular country.

The ratings process for *Nations in Transit 2003* involved the following steps. First, the authors of the individual country reports suggested preliminary ratings in all six subcategories. Second, the academic advisers reviewed the ratings and established consensus. Third, Freedom House allowed report authors to contest individual ratings if the advisers agreed on a change that exceeded the original proposal by more than .50 points. Fourth, Freedom House staff reviewed and approved the final ratings and used them to draw broad conclusions about the level of democratization and the rule of law in each country.

Research Team and Data Sources

Freedom House developed the initial survey and subsequent editions after consultations with the U.S. Agency for International Development. Freedom House staff members and consultants researched and wrote the country reports. Consultants are regional or country specialists recommended by recognized authorities. The research team used a wide variety of sources in writing the reports, including information from nongovernmental organizations, multilateral lending institutions and other international organizations, local newspapers and magazines, and select government data.

The economic and social data contained in the country header pages of the 2003 edition were taken from the following sources:

Ethnic Groups: *The World Factbook 2002* (Washington, D.C.: Central Intelligence Agency, 2002). Ethnic groups for Ukraine are based on the 2001 census.

GDP per cap at PPP: *Human Development Report 2002* (New York: UN Development Program, 2002). Data on GDP per cap for Bosnia and Yugoslavia were taken from the EBRD's *Transition Report 2002.*

Population: *World Population Data Sheet 2002* (Washington, D.C.: Population Reference Bureau, 2002).

Private Sector Share of GDP: *Transition Report 2002* (London: European Bank for Reconstruction and Development, 2002).

Nations in Transit 2003 Checklist of Questions

I. Democratization

A. Electoral Process

1. Is the country's electoral system stable? What are some of the indicators of stability or instability?
2. Describe the electoral law. Is the electoral system multiparty-based? Do viable political parties, including an opposition party, function at all levels of government? What is the threshold for legislative representation?
3. Describe the character of political parties and party life. Are there significant barriers to political organization and registration? Are political parties mass membership–based? What proportion of the population belongs to political parties?
4. Describe the participation of ethnic and other minorities in the political process.
5. When did the most recent national legislative elections occur? Were they free and fair? How were they—and their predecessor post-Communist elections—judged by domestic and international election monitoring organizations? Who composes the government?
6. What is the character of the relationship between the government and the opposition?
7. When did presidential elections last occur? Were they free and fair? What are the signature and registration requirements for presidential candidates, and are they onerous?
8. What has been the trend of voter turnout at municipal, provincial, and national levels in recent years? What are the data related to female voter participation?

B. Civil Society

1. Is civil society vibrant? How many charitable, nonprofit, and nongovernmental organizations (NGOs) have come into existence since 1988? Are there locally led efforts to increase philanthropy and volunteerism? What proportion of the population is active in private voluntary activity? What are some of the major women's groups, and what is the size of their membership? Do ethnic groups have effective civic and cultural organizations? Do religious groups play a role in charitable activity? Describe the nature of their work.
2. Are there anti-liberal nongovernmental institutions in the country? How influential are they?

3. What is the legal and regulatory environment for NGOs and nonprofit organizations? (ease of registration, legal rights, government regulation, taxation, procurement, and access to information) To what extent does NGO activism focus on improving the legal and regulatory environment?
4. What is the organizational capacity of NGOs? Do management structures clearly delineate authority and responsibility? Is information available on NGO management issues in the native language? Is there a core of experienced practitioners/trainers to serve as consultants or mentors to less developed organizations?
5. Are NGOs financially viable? Do they receive funding from primarily domestic or foreign sources? What is their tax status? Are they obliged to and do they typically disclose revenue sources? Do government procurement opportunities exist for private, nonprofit providers of services? Are NGOs able to earn income or collect cost-recovery fees?
6. How do government officials and the public perceive the nonprofit sector? What is the nature of media coverage of nonprofit groups? To what extent do government officials engage them? Is the government receptive to policy advocacy by nonprofit groups?
7. Are there free trade unions? How many workers and what proportion of the workforce belong to these unions? Is the number of workers belonging to trade unions growing or decreasing? What is the numerical/proportional membership of farmer's groups and small business associations?
8. What forms of interest group participation in politics are legal? What types of interest groups are active in the political and policy process? Do public policy research institutes affect the policy process?
9. Is the education system free of political influence and propaganda? What proportion of the education system is private versus public?

C. Independent Media

1. Are there legal protections for press freedom?
2. Are the media editorially independent? Are the media's news-gathering functions affected by interference from government or private owners?
3. What are the main print and electronic sources of public information?
4. What proportion of the media is privatized? What are the

major private newspapers (list their circulation figures), television stations, and radio stations?

5. Are the private media financially viable?
6. Is the distribution for newspapers privately or governmentally controlled?
7. Are there legal penalties for libeling officials? Are there legal penalties for "irresponsible" journalism? Have these laws been enforced to harass journalists?
8. What are the major press and journalists' associations? What proportion of their membership is made up of women?
9. What proportion of the population is connected to the Internet? Are there restrictions on Internet access for private citizens?
10. What has been the trend in press freedom as measured by Freedom House's *Survey of Press Freedom*?

D. Governance

1. Is the governmental system stable? What are the major indicators of stability?
2. Does the legislature have the resources it needs to fulfill its law-making and investigative responsibilities?
3. Do executive and legislative bodies operate openly and with transparency? Is draft legislation easily accessible to the media and the public? Is there something like a "freedom of information act"?
4. Describe the constitutional and legislative environment regulating subnational levels of government. Is substantial power decentralized to subnational levels? What specific authority do they have? Are subnational officials chosen in free and fair elections?
5. Do subnational governments have sufficient revenues to carry out their duties? Do they control their own local budgets? Do they raise revenues autonomously or receive them from the central state budget?
6. Is there a competent and professional civil service at the national and local levels? Has the civil service code/system been reformed? Are local civil servants employees of the local or central government? Is the civil service subject to excessive political interference?

II. Rule of Law

A. Constitutional, Legislative, and Judicial Framework

1. Is there a system of checks and balances between legislative, executive, and judicial authority?
2. Is the legislature the effective rule-making institution?
3. What was the most recent effort at major constitutional reform? How does the judicial system interpret and enforce the Constitution? Are there specific examples of judicial enforcement of the Constitution in the last year?
4. Has there been basic reform of the criminal code/criminal law? Who authorizes searches and issues warrants? Are suspects and prisoners beaten and abused? Are there excessive delays in the criminal justice system?
5. Does the constitutional framework provide for human rights? Do human rights include business and property rights?
6. Are there effective anti-bias/discrimination laws, including protection of ethnic minority and gender rights? Do religious groups function freely?
7. Do most judges rule fairly and impartially? Are the courts free of political control and influence? Are the courts linked either directly or indirectly to the Ministry of Justice or any other executive body?
8. Does the state provide public defenders?
9. Are judicial decisions effectively enforced?

B. Corruption

1. Are significant limitations enforced on the participation of government officials in economic life? What are the legal and ethical standards and boundaries between public and private sector activity? Are they observed in practice? Do top policy makers (the president, ministers, vice ministers, top court justices, and heads of agencies and commissions) have direct ties to businesses?
2. Are there laws requiring financial disclosure and disallowing conflict of interest? Are such laws enforced? Have publicized anticorruption cases been pursued? To what conclusion? Are there laws against racketeering? Do executive and legislative bodies operate under audit and investigative rules?
3. What major anticorruption initiatives have been implemented? How often are anticorruption laws and decrees adopted? Have leading government officials at the national and local levels been investigated and prosecuted in the past year? Have such

prosecutions been conducted without prejudice, or have they targeted political opponents?

4. Does the country suffer from excessive bureaucratic regulations, registration requirements, and other controls that increase opportunities for corruption?
5. What is the magnitude of official corruption in the civil service? Must an average citizen pay a bribe to a bureaucrat in order to receive a service? What services are subject to bribe requests—for example, university entrance, hospital admission, telephone installation, obtaining a license to operate a business, applying for a passport or other official documents? What is the average salary of civil servants at various levels?
6. Have surveys of the perception of public sector corruption been conducted with the support of reputable monitoring organizations? What are the principal findings and year-to-year trends? Do trends suggest growing public intolerance of official corruption as measured in polls? Are there effective anticorruption public education efforts?
7. How do major corruption-ranking organizations like Transparency International rate this country?

Nations in Transit 2003 Ratings Guidelines

The following broad guidelines were used to assist Freedom House staff and consultants in determining the subcategory ratings for electoral process; civil society; independent media; governance; constitutional, legislative, and judicial framework; and corruption.

RATING	POLICY CRITERIA	PRACTICE CRITERIA
1	Existence of policies that adhere to basic human rights standards, democratic norms, and the rule of law.	Existence of best practices that adhere to basic human rights standards, democratic norms, and the rule of law.
2	Existence of policies that adhere to basic human rights standards, democratic norms, and the rule of law.	Existence of most practices that adhere to basic human rights standards, democratic norms, and the rule of law.
3	Existence of many policies that adhere to basic human rights standards, democratic norms, and the rule of law.	Existence of many practices that adhere to basic human rights standards, democratic norms, and the rule of law.
4	Existence of many policies that adhere to basic human rights standards, democratic norms, and the rule of law.	Existence of some practices that adhere to basic human rights standards, democratic norms, and the rule of law.
5	Existence of many policies that adhere to basic human rights standards, democratic norms, and the rule of law.	Absence of many practices that adhere to basic human rights standards, democratic norms, and the rule of law.
6	Existence of some policies that adhere to basic human rights standards, democratic norms, and the rule of law.	Absence of most practices that adhere to basic human rights standards, democratic norms, and the rule of law.
7	Absence of policies that adhere to basic human rights standards, democratic norms, and the rule of law.	Absence of practices that adhere to basic human rights standards, democratic norms, and the rule of law.

Nations in Transit 2003: Milestones

Amanda Schnetzer

The international policy community is increasingly recognizing the crucial links between democratic accountability, transparency, good governance, the struggle against corruption, and economic growth in building healthy, open, and prosperous societies. This understanding derives from a broad range of efforts that have analyzed and tracked change in transitional countries since the collapse of communism and the end of the Cold War. Freedom House is one organization that has contributed to a better understanding of the important relationship between freedom and effective states and societies through analytic efforts such as are articulated in this volume.

This is the seventh edition of *Nations in Transit*, the only comprehensive, comparative study of post-Communist transitions in Central and Eastern Europe and the former Soviet Union. Covering 27 countries, *Nations in Transit 2003* examines a 12-month period, from January 1 to December 31, 2002, and provides in-depth analysis of electoral processes; civil society; independent media; governance; constitutional, legislative, and judicial frameworks; and corruption.

The results of this year's study provide considerable evidence that democratic consolidation continues in a vast region that knew few freedoms just a decade ago. Overall, gains outnumbered setbacks in 2002, but these were largely confined to the countries of Central and Eastern Europe (includes the subregional groupings of Central Europe, Southeastern Europe, and the Baltics). In the case of the 12 non-Baltic states of the former Soviet Union (the Commonwealth of Independent States, or CIS), the survey continued to note a worrisome level of antidemocratic practice and insufficient commitment by national leaders to reverse negative trends.

Amanda Schnetzer is a senior fellow at Freedom House and a coeditor of the Nations in Transit *series.*

The year 2002 witnessed two significant milestones in the post-Communist development of this vast region. Seven countries—Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia—received invitations to join the North Atlantic Treaty Organization (NATO). Eight countries—the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia—were asked to join the ranks of the European Union (EU). More than symbolic gestures, the inclusion of these states in Western institutions acknowledges significant progress by them not only in building the infrastructure of democratic, market-oriented societies but also in ensuring that their citizens enjoy fundamental rights and freedoms in practice. In addition to welcoming the benefits of membership in Western institutions, these countries have accepted the equally important responsibilities of belonging. They have committed themselves not only to making continued reform progress at home but also to encouraging further positive developments in the Balkans and to helping jump-start weak or stalled democratization processes in the countries of the CIS.

In the CIS there were important moments as well. For example, in Ukraine the strong showing of former Prime Minister Viktor Yushchenko's party, Our Ukraine, in the March parliamentary elections marked the first postindependence victory for opposition forces other than the Communist Party. Although Yushchenko failed to muster enough support to form a new government, his bloc's win signaled the growing strength of democratic forces in the country. Likewise, activists in Moldova took to the streets in unprecedented numbers to protest policies of the country's Communist-led government that signaled unwanted moves toward stronger ties with Russia. They also spoke out against abuses of political rights and civil liberties, including freedom of expression, freedom of the press, and the right of the opposition to function without persecution. Overall, though, from Belarus to Georgia to Kazakhstan, the countries of the CIS continued to lag behind their neighbors to the west.

2003 Ratings and Scores

In the *Nations in Transit* study, Freedom House provides subcategory ratings and averaged scores that are signposts of progress and regression in the countries under study. Although the ratings and scores are not absolute indicators of the situation in a given country, they are valuable for making general assessments of how democratic or authoritarian a country is. They also allow for comparative analysis of reforms across the entire post-Communist region. The ratings and scores are based on a scale of 1 to 7, with 1 representing the optimal level of democratic practice and 7 indicating the most repressive level.

As in previous years, the ratings and scores for *Nations in Transit 2003* indicate an ever-widening gap between the countries of the CIS and those

in Central and Eastern Europe. Over the life of the *Nations in Transit* study, the average democratization score for the CIS countries has dropped from 5.17 in 1997 to 5.49 in 2003, or a total negative decline of .32 points. By contrast, the average democratization score for the countries of Central and Eastern Europe has moved from 2.86 in 1997 to 2.68 in 2003, or a total positive improvement of .18.

The same gap is apparent for rule of law. The average rule-of-law score for the CIS countries has changed from 5.56 in 1999 (the first year for which measurements are available) to 5.73 in 2003. The average score for the Central and Eastern European countries has moved from 3.69 in 1999 to 3.43 in 2003.

Overall, the ratings and scores for *Nations in Transit 2003* document more gains than setbacks.

Gains

- **Democratization.** One country, Bosnia, registered significant improvements in the democratic processes tracked by *Nations in Transit,* as represented by a change of .25 points or more in its average democratization score. Nine additional countries registered some progress in the democratization category, with positive changes in the scores of less than .25 points. These were Azerbaijan, the Czech Republic, Hungary, Macedonia, Romania, Slovakia, Slovenia, Ukraine, and Yugoslavia (Serbia and Montenegro).

- **Rule of Law.** Six countries experienced notable improvements in the rule-of-law category, as represented by a score change of .25 points or more: Albania, Bosnia, Hungary, Lithuania, Russia, and Ukraine. An additional five countries also noted positive gains of less than .25 points: Bulgaria, the Czech Republic, Macedonia, Romania, and Yugoslavia (Serbia and Montenegro).

Setbacks

- **Democratization.** Three countries—Georgia, Kazakhstan, and Kyrgyzstan—lost significant ground in 2002, as represented by a drop in score of .25 points or more. Armenia, Belarus, Bulgaria, Croatia, Moldova, Poland, and Russia experienced declines of .25 or less.

- **Rule of Law**. Three countries also experienced notable setbacks in the rule-of-law category—Croatia, Georgia, and Moldova—with scores changing by .25 points or more. An additional four countries saw more minor setbacks: Belarus, Kazakhstan, Kyrgyzstan, and Poland.

Regional Trends

- *Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan).* Although some observers expected that the new U.S. military presence and increased foreign aid would lead to positive domestic developments in the countries of Central Asia, little has changed on the ground. In Turkmenistan, one of the most repressive regimes in the region, Saparmurat Niyazov maintained what is described in the *Nations in Transit* report as an "iron grip" over the country. In Uzbekistan, government promises to improve compliance with political rights and civil liberties largely rang hollow. According to the report, independent Uzbek and international observers "claimed that the Uzbek government's newfound willingness to accede to international standards was little more than an opportunistic use of the threat of terrorism to deflect criticism from bogus democratic practice, routine violations of human rights, rampant corruption, nepotism and other conflicts of interest, and administrative incompetence." These examples are part of a troubling pattern in much of Central Asia.

  While the situation in Kyrgyzstan and Kazakhstan is slightly better, this year's *Nations in Transit* study documents particularly disturbing setbacks in both countries. As the report on Kyrgyzstan notes, "Throughout 2002, the regime led by President Askar Akayev...used direct and indirect pressure to silence its vocal opponents." In Kazakhstan, President Nursultan Nazarbaev and other top regime figures found themselves under investigation in the West for corrupt practices, while independent journalists and civil society activists feared retribution for their activities as the government "intensified a clampdown on political activists and members of the media who expose official corruption by incarcerating them on false or trumped-up legal charges." The report on Tajikistan notes that a "democracy deficit remains" as the country's leader, President Imomali Rahmanov, has "systematically prevented the rise of any viable alternatives" to his regime.

- *Caucasus (Armenia, Azerbaijan, Georgia).* The Caucasus also presented a negative picture in 2002. In Georgia, local elections were characterized by violence and voting irregularities, and independent journalists were often under attack. The *Nations in Transit* report on Georgia details a highly unstable territorial administration, weak institutional foundations, and anticorruption measures that have proven ineffective. Corruption is identified as a "major obstacle to political and economic development."

Armenia remained a "struggling nation with enormous socioeconomic difficulties, unresolved security issues, and a deeply flawed political order." Many observers considered the loss by the popular A1+ television channel of its air frequency to have been politically motivated. A1+ often aired criticism of the Armenian government.

Azerbaijan showed a slight improvement in its *Nations in Transit* score for democratization—largely owing to increased civic activism and the willingness of nongovernmental organizations (NGOs) to take their complaints against the government to international bodies such as the Council of Europe. However, the year in Azerbaijan was largely characterized by a pessimistic tone in negotiations on the settlement of the Nagorno-Karabakh conflict, speculation about possible presidential succession scenarios, and a national referendum on constitutional amendments that was characterized by fraud.

▮ *Western CIS (Belarus, Moldova, Russia, Ukraine).* Although Russia and Ukraine both showed improvements in the rule-of-law category in 2002, overall both countries have exhibited more regression than forward movement over the life of the *Nations in Transit* study. In the six transition categories Freedom House tracks, Russia has experienced regression in all but one (corruption) since the organization began rating post-Communist reform in 1997; Ukraine has experienced declines in ratings in all but two categories (civil society and corruption).

Freedom House did note that in 2002, there were some modest steps forward in Russia, including the passage by Parliament of laws designed to reform the judicial system and fight corruption. Ukraine's Parliament also approved a series of laws and measures designed to reform the country's economy and legal system. In both cases, it remains to be seen whether these legislative efforts will have a significant impact on the severe problems facing the countries. The improvement in Ukraine's democratization score is attributed to the success of the non-Communist opposition in the 2002 parliamentary elections and to the increasing vibrancy of civil society—particularly its willingness to press in coordinated fashion for democratic change.

Moldova also experienced serious setbacks, largely as a result of the efforts of Parliament and the government to suppress judicial independence and dampen political pluralism in the country. However, this development stands in contrast to a political opposition that took steps in 2002 to present a more effective and united

front and a civil society that appeared increasingly willing to protest government actions that it believes pose a threat to its interests. Alyaksandr Lukashenka, the autocratic and mercurial president of Belarus, used numerous tactics in 2002 to seek revenge on those who had opposed him in the 2001 presidential elections. The country squarely remained Europe's last dictatorship.

▮ *Southeastern Europe (Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Macedonia, Romania, Yugoslavia).* With some exceptions, the countries of Southeastern Europe experienced forward movement in 2002. Bulgaria and Romania received strong signals from the Western democracies that they continue to make important progress in their transitions. Both countries received an invitation to join NATO and the green light from the EU that they are on track for membership later this decade.

Although international intervention in Bosnia remained substantial and nationalist parties gained power, 2002 still saw a number of positive steps, including constitutional changes that formally ended discrimination against nondominant ethnic groups in the protectorate's two entities. In addition, voters participated in the first national elections organized solely by Bosnian, rather than international, authorities. Bosnia was also accepted into the Council of Europe.

In contrast, Croatia appears to have stagnated, if not backtracked, in some respects. Croatia's judiciary has lagged behind in reforming and has largely failed to prosecute war crimes cases as it is obligated to do by law. Macedonia showed some positive signs of recovery from its domestic insurgency in 2001, including in the holding of free and fair parliamentary elections. Yugoslavia, now officially recognized as Serbia and Montenegro, exhibited forward momentum in the strength and vigor of its civil society, the vibrancy of its media, and the progress of anticorruption efforts. However, the country was largely characterized in 2002 by stalemate and deadlock on the political front amid sharp divisions among the democratic forces that ousted Slobodan Milosevic. Albania made the fight against corruption a top priority in 2002 and outlined a detailed plan for pursuing reforms in areas such as public administration, public financing, and overall transparency in government.

▮ *Central Europe (Czech Republic, Hungary, Poland, Slovakia, Slovenia) and the Baltics (Estonia, Latvia, Lithuania).* The year 2002 proved historic for the countries of Central Europe and

the Baltics, with invitations to join NATO, the EU, or both marking significant milestones in their post-Communist development. Several countries showed further improvements in their *Nations in Transit* ratings and scores for 2002. These were Hungary, the Czech Republic, Lithuania, Slovakia, and Slovenia. Both Lithuania and Hungary showed notable improvements in the rule-of-law category in 2002, largely for stepped-up efforts to combat corruption.

Although Poland remained at the top of Freedom House's democratization rankings, some negative tendencies in 2002 are worth noting. Most worrisome was the strong showing of populist and nationalist parties in the 2002 local elections and their uncivil behavior in Parliament and in street protests throughout the year. Also problematic was the perceived increase in the politicization of Polish media. Evidence suggested that mainstream opposition parties were receiving less coverage on public television. What the government described as efforts to limit the concentration of media ownership drew concern from press freedom advocates, who worried that the actions were politically motivated and designed to restrict the influence of media groups that were critical of the ruling coalition.

Looking Ahead

After nearly a century of focus on the fate and security of Europe, the events of September 11, 2001, shifted the attention of the United States decidedly south and east. Since then, the former Soviet republics in Central Asia and the Caucasus have received increased attention and assistance from the U.S. government. As Fiona Hill of The Brookings Institution points out in her essay in this volume, September 11 "placed issues that were often the sole items on the Central Asian agenda in Washington—human rights, religious freedom, media censorship, and failings in economic reform—in a larger security context." In the case of Uzbekistan in particular, this led to the signing of an agreement in 2002 between the U.S. and Uzbek governments on various forms of cooperation, including economic, military, security, humanitarian, science, and environmental.

Also front and center in the agreement between Washington and Tashkent were democratization and the rule of law, and commitments by Uzbekistan's government to "intensify the democratic transition of society." As this new relationship moves forward and additional assistance dollars are committed to the region, the United States should hold Uzbekistan's leadership more accountable for its abuses of political rights and civil liberties and make sure Tashkent feels consequences when it does not live up to

its promises. At the same time, significant resources in aid and assistance programs for the country should focus on empowering civic groups and supporting independent media. The same should be true for other states in Central Asia and the Caucasus that have entered into enhanced strategic relations with the United States.

The bulk of the former Communist states continue to recede as priority recipients of American assistance. This is evidenced in part in federal budget proposals for FY 2004 to reduce overall funding under the Freedom Support Act, which provides aid to the non-Baltic states of the former Soviet Union, and the Assistance for Eastern Europe and the Baltic States Act, which covers programs in the remaining post-Communist states of Central and Southeastern Europe and the Baltics. Although the process of reducing support and devising exit strategies for some countries had begun even before September 11, 2001, foreign policy priorities since then appear to have made the shift more imperative. In some cases—notably Russia and Ukraine, where democracy and basic freedoms are under pressure, and in Belarus, where basic rights are systematically trampled upon—such a withdrawal of resources and engagement is worrisome. In other cases—the countries of Central and Eastern Europe—such a shift in priorities appears justified, given the *Nations in Transit* survey findings.

Yet even in the most advanced states, significant problems remain, and it would be naive to think that they could fully overcome 50 years or more of government-sanctioned corruption, violence, and control over society in as little as 12 years. At a Freedom House conference organized in Budapest in January 2003, concerns about the necessity of deepening the gains of the last decade in the Central and Eastern European countries emerged as a central topic of discussion. Participants from throughout the post-Communist world had gathered to discuss bridging the new divide that has emerged between these states and Russia. What became clear, though, was this: Bringing Russia into Europe must happen simultaneously with sustained efforts in the more advanced countries of Central and Eastern Europe to build societies in which individuals are actively engaged in the work of political parties and civic groups, to cultivate mature and independent media outlets, and to instill values that shun corruption at all levels.

Countries such as Poland, Hungary, and the Czech Republic have graduated from U.S. assistance programs. Others, such as Bulgaria and Croatia, are now on the path to graduation, and planning should begin now to devise public and private mechanisms for addressing their future needs. In many cases, new resources are filling the breach. There is still a significant need, though, to support efforts and strategies that allow the countries of Central and Eastern Europe to continue making reforms at home and, at the same time, engage these states in promoting further positive change in

the Balkans and jump-starting reform in the CIS countries. In March 2002, for example, NATO's candidate countries issued a statement in which they committed themselves to "do our part to accelerate the integration of a democratic Russia into the Euro-Atlantic community." Governments and private foundations in the United States and Europe should accept the offer.

As this year's *Nations in Transit* report makes clear, the long-term trends in Russia are disturbing. Despite some improvements in 2002 in the area of the rule of law, elections in Russia remain marred by serious irregularities and pressures on opposition political forces; independent journalists continue to fear retribution for solid, investigative reporting; and corruption continues to pervade all aspects of political and economic life. However, global strategic concerns seem to be trumping the need to hold Russian leaders accountable for their behavior. Those in Russian civil society who need outside assistance most are slated to receive even less support from the United States in the coming years. The same is true for Ukraine, where corruption in the ruling elite is rampant and civil society needs significant resources to ensure that the country's crucial presidential elections in 2004 are conducted transparently, fairly, and freely.

While the states in the former U.S.S.R. are sovereign, Russia's influence on the other CIS countries remains pervasive—both through Russia's considerable foreign investments in the region and through the influence and impact of Russian-based media in such countries as Moldova, Belarus, and Ukraine. Moreover, this influence is only likely to increase if Russia's ambitious President Vladimir Putin has his way. As a result, if President Putin's message to other CIS leaders continues to be that democracy isn't a genuine priority in Russia, then democracy will never be a priority in places like Belarus, Moldova, Kyrgyzstan, and Uzbekistan. Indeed, Russia has worked actively to provide support for discredited authoritarians like Belarus's President Lukashenka and Ukraine's President Leonid Kuchma. The United States and other Western nations should continue to use their resources and leverage to act as a counterweight against such harmful influence, encouraging Russia itself to move more forcefully toward democracy and pressing Russia not to block but to encourage the liberalization of neighboring states.

TABLES AND MAPS

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Table 1: Nations in Transit 2003 Rating and Score Summary

	Democratization				
Country	EP	CS	IM	GOV	*DEM Score*
Albania	3.75	3.75	4.00	4.25	3.94
Armenia	5.50	3.50	5.00	4.75	4.69
Azerbaijan	5.75	4.25	5.50	5.75	5.31
Belarus	6.75	6.50	6.75	6.50	6.63
Bosnia	3.75	4.00	4.25	5.25	4.31
Bulgaria	2.00	3.25	3.50	3.75	3.13
Croatia	3.25	3.00	3.75	3.75	3.44
Czech Rep.	2.00	1.50	2.25	2.25	2.00
Estonia	1.75	2.00	1.75	2.25	1.94
Georgia	5.25	4.00	4.00	5.50	4.69
Hungary	1.25	1.25	2.25	2.50	1.81
Kazakhstan	6.50	5.50	6.25	6.25	6.13
Kyrgyzstan	6.00	4.50	6.00	6.00	5.63
Latvia	1.75	2.00	1.75	2.25	1.94
Lithuania	1.75	1.50	1.75	2.50	1.88
Macedonia	3.50	3.75	4.00	4.50	3.94
Moldova	3.75	3.75	4.75	5.25	4.38
Poland	1.50	1.25	1.75	2.00	1.63
Romania	2.75	2.75	3.75	3.75	3.25
Russia	4.75	4.25	5.50	5.00	4.88
Slovakia	1.50	1.50	2.00	2.25	1.81
Slovenia	1.50	1.50	1.75	2.25	1.75
Tajikistan	5.25	5.00	5.75	6.00	5.50
Turkmenistan	7.00	7.00	7.00	6.75	6.94
Ukraine	4.00	3.50	5.50	5.00	4.50
Uzbekistan	6.75	6.50	6.75	6.25	6.56
Yugoslavia*	3.75	2.75	3.25	4.25	3.50
Median	3.75	3.50	4.00	4.50	3.94
Average	3.81	3.48	4.09	4.32	3.93

NOTES:

Democratization Score (DEM) = average of Electoral Process (EP), Civil Society (CS), Independent Media (IM), and Governance (GOV) ratings

Rule of Law Score (ROL) = average of Constitutional, Legislative, and Judicial Framework (CLJF) and Corruption (CO) ratings

Rule of Law

Country	CLJF	CO	*ROL Score*
Albania	4.25	5.00	4.63
Armenia	5.00	5.75	5.38
Azerbaijan	5.25	6.25	5.75
Belarus	6.75	5.50	6.13
Bosnia	5.00	5.00	5.00
Bulgaria	3.50	4.25	3.88
Croatia	4.25	4.75	4.50
Czech Rep.	2.50	3.50	3.00
Estonia	1.75	2.50	2.13
Georgia	4.50	5.75	5.13
Hungary	1.75	2.75	2.25
Kazakhstan	6.25	6.25	6.25
Kyrgyzstan	5.50	6.00	5.75
Latvia	2.25	3.50	2.88
Lithuania	1.75	3.50	2.63
Macedonia	4.50	5.50	5.00
Moldova	4.50	6.25	5.38
Poland	1.50	2.50	2.00
Romania	4.25	4.50	4.38
Russia	4.50	5.75	5.13
Slovakia	2.00	3.25	2.63
Slovenia	1.75	2.00	1.88
Tajikistan	5.75	6.00	5.88
Turkmenistan	7.00	6.25	6.63
Ukraine	4.50	5.75	5.13
Uzbekistan	6.50	6.00	6.25
Yugoslavia*	4.25	5.00	4.63
Median	4.50	5.00	5.00
Average	4.12	4.78	4.45

Ratings and scores are based on a scale of 1 to 7, with 1 representing the highest level and 7 representing the lowest level of democratic development. The 2003 ratings and scores reflect the period January 1 through December 31, 2002.

*Serbia and Montenegro

Table 2: Nations in Transit Scores 1997 to 2003

	DEM Scores						
Country	1997	1998	1999	2001	2002	2003	
Albania	4.55	4.75	4.38	4.13	3.94	3.94	
Armenia	4.70	4.80	4.50	4.56	4.56	4.69	
Azerbaijan	5.60	5.55	5.50	5.56	5.44	5.31	
Belarus	5.90	6.20	6.44	6.56	6.56	6.63	
Bosnia	na	5.35	5.13	4.94	4.56	4.31	↑↑
Bulgaria	3.90	3.55	3.31	3.06	3.00	3.13	
Croatia	4.20	4.25	4.19	3.25	3.25	3.44	
Czech Rep.	1.50	1.50	1.75	1.81	2.13	2.00	
Estonia	2.10	2.05	2.06	2.00	1.94	1.94	
Georgia	4.70	4.55	4.00	4.19	4.44	4.69	↓↓
Hungary	1.50	1.50	1.75	1.94	1.94	1.81	
Kazakhstan	5.30	5.35	5.38	5.56	5.88	6.13	↓↓
Kyrgyzstan	4.65	4.70	4.88	5.13	5.38	5.63	↓↓
Latvia	2.15	2.15	2.06	1.94	1.94	1.94	
Lithuania	2.15	1.95	2.00	1.94	1.88	1.88	
Macedonia	3.90	3.95	3.44	3.75	4.13	3.94	
Moldova	3.90	4.00	3.88	3.94	4.19	4.38	
Poland	1.50	1.45	1.44	1.44	1.50	1.63	
Romania	3.95	3.85	3.19	3.31	3.31	3.25	
Russia	3.80	4.10	4.25	4.63	4.81	4.88	
Slovakia	3.80	3.65	2.50	2.25	1.94	1.81	
Slovenia	2.00	1.95	1.94	1.94	1.81	1.75	
Tajikistan	6.20	5.95	5.69	5.44	5.50	5.50	
Turkmenistan	6.94	6.94	6.94	6.94	6.94	6.94	
Ukraine	4.00	4.25	4.31	4.44	4.69	4.50	
Uzbekistan	6.35	6.45	6.44	6.50	6.56	6.56	
Yugoslavia*	na	4.90	5.50	4.63	3.63	3.50	
Median	**3.95**	**4.25**	**4.19**	**4.13**	**4.13**	**3.94**	
Average	**3.97**	**4.06**	**3.96**	**3.92**	**3.92**	**3.93**	

↑↑ and ↓↓ indicate changes in scores of .25 or more from 2002 to 2003

*Serbia and Montenegro

	ROL Scores			
Country	1999	2001	2002	2003
Albania	5.50	5.00	4.88	4.63 ↑↑
Armenia	5.38	5.38	5.38	5.38
Azerbaijan	5.75	5.75	5.75	5.75
Belarus	5.88	6.00	6.00	6.13
Bosnia	6.00	5.63	5.38	5.00 ↑↑
Bulgaria	4.13	4.13	4.00	3.88
Croatia	5.00	4.13	4.13	4.50 ↓↓
Czech Rep.	2.75	3.13	3.13	3.00
Estonia	2.63	2.38	2.13	2.13
Georgia	4.50	4.63	4.88	5.13 ↓↓
Hungary	2.13	2.50	2.50	2.25 ↑↑
Kazakhstan	5.75	6.00	6.13	6.25
Kyrgyzstan	5.50	5.63	5.63	5.75
Latvia	2.75	2.75	2.88	2.88
Lithuania	2.88	2.75	2.88	2.63 ↑↑
Macedonia	4.63	4.63	5.13	5.00
Moldova	5.00	5.00	5.13	5.38 ↓↓
Poland	1.88	1.88	1.88	2.00
Romania	4.25	4.38	4.50	4.38
Russia	5.25	5.38	5.38	5.13 ↑↑
Slovakia	3.13	3.00	2.63	2.63
Slovenia	1.75	1.75	1.88	1.88
Tajikistan	5.88	5.88	5.88	5.88
Turkmenistan	6.38	6.63	6.63	6.63
Ukraine	5.25	5.25	5.38	5.13 ↑↑
Uzbekistan	6.25	6.25	6.25	6.25
Yugoslavia*	6.00	5.88	4.75	4.63
Median	**5.00**	**5.00**	**4.88**	**5.00**
Average	**4.53**	**4.51**	**4.49**	**4.45**

Table 3: Regional Trends in Reform

CENTRAL AND EASTERN EUROPE

	DEM Score					
Country	1997	1998	1999	2001	2002	2003
Albania	4.55	4.75	4.38	4.13	3.94	3.94
Bosnia	..	5.35	5.13	4.94	4.56	4.31
Bulgaria	3.90	3.55	3.31	3.06	3.00	3.13
Croatia	4.20	4.25	4.19	3.25	3.25	3.44
Czech Rep.	1.50	1.50	1.75	1.81	2.13	2.00
Estonia	2.10	2.05	2.06	2.00	1.94	1.94
Hungary	1.50	1.50	1.75	1.94	1.94	1.81
Latvia	2.15	2.15	2.06	1.94	1.94	1.94
Lithuania	2.15	1.95	2.00	1.94	1.88	1.88
Macedonia	3.90	3.95	3.44	3.75	4.13	3.94
Poland	1.50	1.45	1.44	1.44	1.50	1.63
Romania	3.95	3.85	3.19	3.31	3.31	3.25
Slovakia	3.80	3.65	2.50	2.25	1.94	1.81
Slovenia	2.00	1.95	1.94	1.94	1.81	1.75
Yugoslavia*	..	4.90	5.50	4.63	3.63	3.50
Median	**2.15**	**3.55**	**2.50**	**2.25**	**2.13**	**2.00**
Average	**2.86**	**3.12**	**2.98**	**2.82**	**2.73**	**2.68**

FORMER SOVIET UNION (Excluding Baltics)

	DEM Score					
Country	1997	1998	1999	2001	2002	2003
Armenia	4.70	4.80	4.50	4.56	4.56	4.69
Azerbaijan	5.60	5.55	5.50	5.56	5.44	5.31
Belarus	5.90	6.20	6.44	6.56	6.56	6.63
Georgia	4.70	4.55	4.00	4.19	4.44	4.69
Kazakhstan	5.30	5.35	5.38	5.56	5.88	6.13
Kyrgyzstan	4.65	4.70	4.88	5.13	5.38	5.63
Moldova	3.90	4.00	3.88	3.94	4.19	4.38
Russia	3.80	4.10	4.25	4.63	4.81	4.88
Tajikistan	6.20	5.95	5.69	5.44	5.50	5.50
Turkmenistan	6.94	6.94	6.94	6.94	6.94	6.94
Ukraine	4.00	4.25	4.31	4.44	4.69	4.50
Uzbekistan	6.35	6.45	6.44	6.50	6.56	6.56
Median	**5.00**	**5.08**	**5.13**	**5.29**	**5.41**	**5.41**
Average	**5.17**	**5.24**	**5.18**	**5.29**	**5.41**	**5.49**

*Serbia and Montenegro

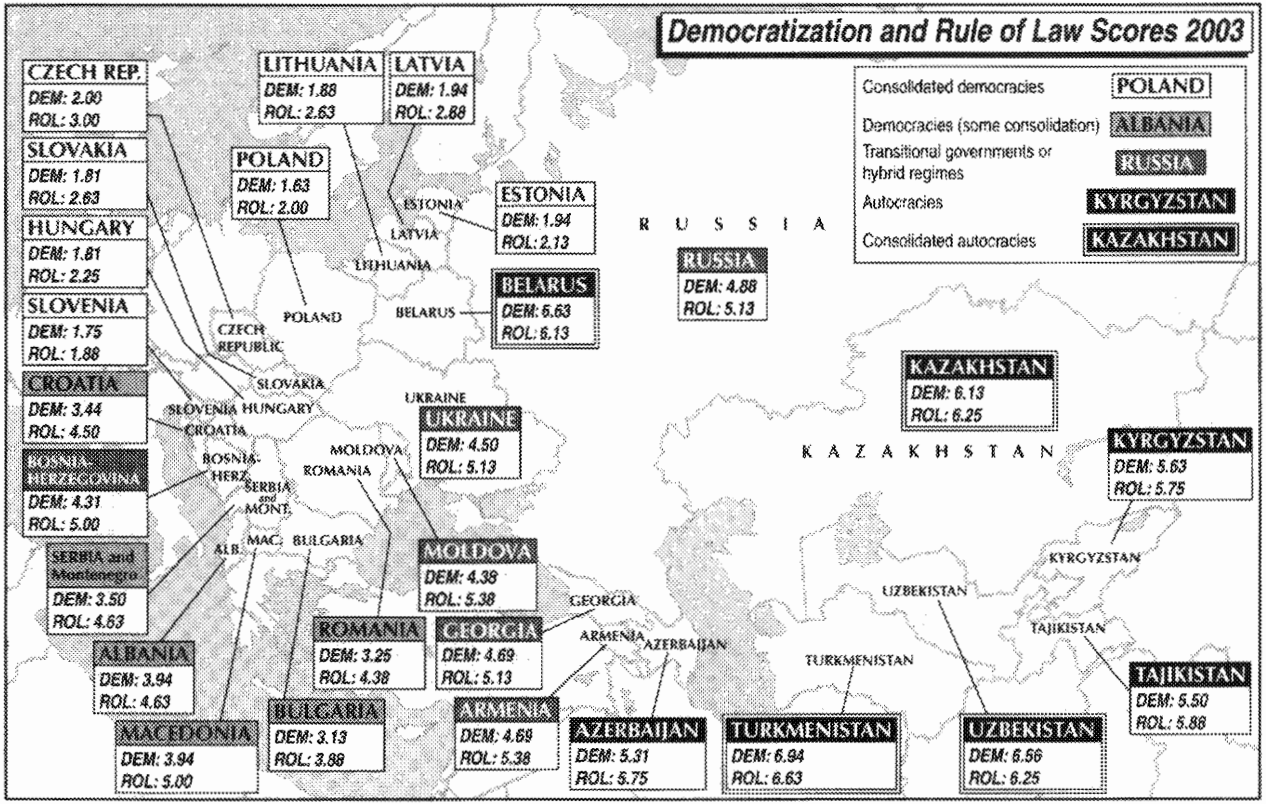
	ROL Score			
Country	1999	2001	2002	2003
Albania	5.50	5.00	4.88	4.63
Bosnia	6.00	5.63	5.38	5.00
Bulgaria	4.13	4.13	4.00	3.88
Croatia	5.00	4.13	4.13	4.50
Czech Rep.	2.75	3.13	3.13	3.00
Estonia	2.63	2.38	2.13	2.13
Hungary	2.13	2.50	2.50	2.25
Latvia	2.75	2.75	2.88	2.88
Lithuania	2.88	2.75	2.88	2.63
Macedonia	4.63	4.63	5.13	5.00
Poland	1.88	1.88	1.88	2.00
Romania	4.25	4.38	4.50	4.38
Slovakia	3.13	3.00	2.63	2.63
Slovenia	1.75	1.75	1.88	1.88
Yugoslavia*	6.00	5.88	4.75	4.63
Median	**3.13**	**3.13**	**3.13**	**3.00**
Average	**3.69**	**3.59**	**3.51**	**3.43**

	ROL Score			
Country	1999	2001	2002	2003
Armenia	5.38	5.38	5.38	5.38
Azerbaijan	5.75	5.75	5.75	5.75
Belarus	5.88	6.00	6.00	6.13
Georgia	4.50	4.63	4.88	5.13
Kazakhstan	5.75	6.00	6.13	6.25
Kyrgyzstan	5.50	5.63	5.63	5.75
Moldova	5.00	5.00	5.13	5.38
Russia	5.25	5.38	5.38	5.13
Tajikistan	5.88	5.88	5.88	5.88
Turkmenistan	6.38	6.63	6.63	6.63
Ukraine	5.25	5.25	5.38	5.13
Uzbekistan	6.25	6.25	6.25	6.25
Median	**5.63**	**5.69**	**5.69**	**5.75**
Average	**5.56**	**5.65**	**5.70**	**5.73**

Table 4: Nations in Transit 2003 Democratization Rankings

	DEM Score	ROL Score
Consolidated democracies		
Poland	1.63	2.00
Slovenia	1.75	1.88
Hungary	1.81	2.25
Slovakia	1.81	2.63
Lithuania	1.88	2.63
Estonia	1.94	2.13
Latvia	1.94	2.88
Czech Rep.	2.00	3.00
Democracies (some consolidation)		
Bulgaria	3.13	3.88
Romania	3.25	4.38
Croatia	3.44	4.50
Yugoslavia*	3.50	4.63
Albania	3.94	4.63
Macedonia	3.94	5.00
Transitional governments or hybrid regimes		
Bosnia	4.31	5.00
Moldova	4.38	5.38
Ukraine	4.50	5.13
Armenia	4.69	5.38
Georgia	4.69	5.13
Russia	4.88	5.13
Autocracies		
Azerbaijan	5.31	5.75
Tajikistan	5.50	5.88
Kyrgyzstan	5.63	5.75
Consolidated autocracies		
Kazakhstan	6.13	6.25
Uzbekistan	6.56	6.25
Belarus	6.63	6.13
Turkmenistan	6.94	6.63

*Serbia and Montenegro


Democratization and Rule of Law Scores 2003
Consolidated democracies
POLAND
Democracies (some consolidation)
ALBANIA
Transitional governments or hybrid regimes
RUSSIA
Autocracies
KYRGYZSTAN
Consolidated autocracies
KAZAKHSTAN
CZECH REP.
DEM: 2.00
ROL: 3.00
SLOVAKIA
DEM: 1.81
ROL: 2.63
HUNGARY
DEM: 1.81
ROL: 2.25
SLOVENIA
DEM: 1.75
ROL: 1.88
CROATIA
DEM: 3.44
ROL: 4.50
BOSNIA-HERZEGOVINA
DEM: 4.31
ROL: 5.00
SERBIA and Montenegro
DEM: 3.50
ROL: 4.63
ALBANIA
DEM: 3.94
ROL: 4.63
MACEDONIA
DEM: 3.94
ROL: 5.00
BULGARIA
DEM: 3.13
ROL: 3.88
ROMANIA
DEM: 3.25
ROL: 4.38
MOLDOVA
DEM: 4.38
ROL: 5.38
UKRAINE
DEM: 4.50
ROL: 5.13
BELARUS
DEM: 6.63
ROL: 6.13
POLAND
DEM: 1.63
ROL: 2.00
LITHUANIA
DEM: 1.88
ROL: 2.63
LATVIA
DEM: 1.94
ROL: 2.88
ESTONIA
DEM: 1.94
ROL: 2.13
RUSSIA
DEM: 4.88
ROL: 5.13
KAZAKHSTAN
DEM: 6.13
ROL: 6.25
KYRGYZSTAN
DEM: 5.63
ROL: 5.75
TAJIKISTAN
DEM: 5.50
ROL: 5.88
UZBEKISTAN
DEM: 6.56
ROL: 6.25
TURKMENISTAN
DEM: 6.94
ROL: 6.63
AZERBAIJAN
DEM: 5.31
ROL: 5.75
ARMENIA
DEM: 4.69
ROL: 5.38
GEORGIA
DEM: 4.69
ROL: 5.13
R U S S I A
K A Z A K H S T A N
CZECH REPUBLIC
SLOVAKIA
POLAND
LITHUANIA
LATVIA
ESTONIA
BELARUS
UKRAINE
MOLDOVA
ROMANIA
SLOVENIA
HUNGARY
CROATIA
BOSNIA-HERZ.
SERBIA and MONT.
ALB.
MAC.
BULGARIA
GEORGIA
ARMENIA
AZERBAIJAN
TURKMENISTAN
UZBEKISTAN
TAJIKISTAN
KYRGYZSTAN

Central and Eastern Europe
Gulf of Bothnia
FINLAND
Lake Ladoga
SWEDEN
Helsinki
G. of Finland
St. Petersberg
Stockholm
Tallinn
ESTONIA
Lake Peipus
Pskov
Yaroslavl
Volga
BALTIC SEA
LATVIA
Riga
Dvina
RUSSIA
Moscow
LITHUANIA
Vitebsk
Smolensk
Oka
Volga
Kaliningrad
RUS.
Vilnius
Gdansk
Minsk
GERMANY
Berlin
BELARUS
Don
Poznan
Vistula
Warsaw
Brest
Pripyat
Gomel
Voronezh
POLAND
Wroclaw
Lublin
Bug
Kyiv
Dnieper
Kharkiv
Prague
Oder
CZECH REP.
Krakow
Lviv
UKRAINE
Dniprepetrovsk
Kirovohrad
Donetsk
SLOVAKIA
Dniester
Vienna
Bratislava
Chernivtsi
Bug
AUSTRIA
Budapest
MOLDOVA
SLOVENIA
HUNGARY
Chisinau
Sea of Azov
Odessa
Ljubljana
Zagreb
Crimea
ROMANIA
Simferopol
Sevastopol
CROATIA
BOSNIA-HERZ.
Belgrade
Bucharest
Constanta
Sarajevo
Danube
BLACK SEA
Adriatic Sea
SERBIA and MONTENEGRO
BULGARIA
Varna
Sofia
ITALY
Skopje
Naples
Tirana
MACEDONIA
Istanbul
ALBANIA
Thessaloniki
TURKEY
Ankara
GREECE
Aegean Sea
Izmir
Ionian Sea
Athens
0 100 200 300 miles

Western Russia
BARENTS SEA
NORWAY
SWEDEN
FINLAND
Gulf of Bothnia
Murmansk
White Sea
Arkhangelsk
Mezen
Pechora
Pinega
Helsinki
BALTIC SEA
Gulf of Finland
Tallinn
ESTONIA
Lake Ladoga
St. Petersberg
Sukhona
RUSSIA
Lake Peipus
Novgorod
Pskov
LATVIA
Riga
LITHUANIA
Vilnius
RUS.
Dvina
Vitebsk
Smolensk
Minsk
BELARUS
Gomel
Kaliningrad
Yaroslavl
Volga
Nizhniy Novgorod
Moscow
Oka
Ryazan
Kirov
Perm
Kama
Izhevsk
Vyatka
Kazan
Ufa
Ulyanovsk
Samara
Ural
Voronezh
Saratov
Oral (Uralsk)
Kyiv
Desna
Belgorod
Don
UKRAINE
Kharkiv
Donetsk
Dnipropetrovsk
Volgograd
KAZAKHSTAN
Guryev
MOLDOVA
ROMANIA
Odessa
Rostov-Na-Donu
Sea of Azov
Crimea
Astrakhan
Sevastopol
Krasnodar
Stavropol
BULGARIA
BLACK SEA
CASPIAN SEA
Aqtau (Aktau)
Grozny
Istanbul
GEORGIA
AZERBAIJAN
ARMENIA
Ankara
TURKEY
IRAN
0 120 200 300 miles

The Caucasus Region
Volga
Astrakhan
R U S S I A
Kuban
Stavropol
Kuma
Budennovsk
Maikop
Cherkessk
Mineralnye Vody
Pyatigorsk
Prigorodnyi District
Caspian Sea
Sochi
Karachai-Cherkessia
Kabardino-Balkaria
Nalchik
Terek
Grozny
Chechnya
Khasavyurt
Makhachkala
Sukhumi
North Ossetia
Ordzhonikidze
Caucasus
Mountains
Black Sea
Kutaisi
GEORGIA
Tbilisi
Rustavi
Kura
Derbent
Batumi
Trabzon
Coruh
Kars
Gyumri
ARMENIA
Lake Sevan
Yerevan
Ganca
AZERBAIJAN
Nagorno Karabakh
Stepanakert
Sumqayit
Baku
Euphrates
Aras
Erzurum
TURKEY
Nakhichevan
AZER.
Araks (Aras)
Muratı
Lake Van
Van
IRAN
Tabriz
Diyarbakir
Lake Urmia
0 50 100 150 miles

Central Asia
R U S S I A
Samara
Ufa
Chelyabinsk
Saratov
Volgograd
Volga
Ural (Uralsk)
Orenburg
Aqtobe (Aktobe)
Orsk
Petropavlovsk
Qostanay (Kostanay)
Ishim
Omsk
Irtish
Ob
Novosibirsk
Yenisey
Pavlodar
Astana
Semey (Semipalatinsk)
Qaraghandy (Karaganda)
Oskemen (Ust Kamenogorsk)
MONGOLIA
Astrakhan
Atyrau
K A Z A K H S T A N
Caspian Sea
Tbilisi
Aqtau (Aktau)
Aral Sea
Bayqongyr (Baykonyr)
Sir Darya
Qyzylorda (Kyzylorda)
Balkash
Lake Balkhash
Urumqi
AZERBAIJAN
Baku
Turkmenbasy
Dasoguz
Urganch
U Z B E K I S T A N
Amu Darya
Shymkent
Taraz
Almaty
Bishkek
Tashkent
KYRGYZSTAN
Ferghana
Osh
Yarkand
C H I N A
T U R K M E N I S T A N
Ashgabat
Turkmenabat
Bukoro
Samarqand
Mary
Dushanbe
T A J I K I S T A N
Tehran
I R A N
Mazar-e Sharif
AFGHANISTAN
PAKISTAN
Herat
0 100 200 300 miles

Western Conditions and Domestic Choices: The Influence of External Actors on the Post-Communist Transition

Alexander Cooley

The prevailing wisdom of the last dozen years has been that the presence of external economic and political actors in the 27 post-Communist countries of Central and Eastern Europe and the former Soviet Union would facilitate their transition to Western-style democracies and market economies. Although this formulation was not necessarily wrong, it certainly has proved incomplete. Some types of external actors have facilitated the transition, but others, quite unintentionally, have preserved entrenched state-oriented institutions of the Soviet era. What explains the variation in the degree of transformative impact of Western actors?

A reexamination of the assumptions of the Western integration thesis against the transition-era record of five different types of Western external actors—international nongovernmental organizations (INGOs), multinational companies (MNCs), international financial institutions (IFIs), the European Union (EU), and the North Atlantic Treaty Organization (NATO)—leads to two main arguments. First, external actors have facilitated significant positive change in those regions that were independently committed to enacting substantial reforms at the outset of the transition. Western actors have had the most positive effects on the Central European and Baltic states (Croatia, Czech Republic, Estonia, Hungary, Latvia,

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Lithuania, Poland, Slovakia, and Slovenia).* However, the progress of most of these countries towards liberalization was predetermined by their existing civil societies, favorable geographies, and anti-Communist political cultures. Deeply resentful of their Russian-dominated Communist past, the majority of these states chose to vigorously court and benefit from their interaction with Western actors.

Conversely, external actors had far less impact on the countries of the Commonwealth of Independent States (CIS). Constrained by Soviet-era practices, extensive, corrupt bureaucracies, and top-down patronage networks, the CIS countries have found it more difficult to extricate themselves from the Communist era, despite the prevalence of many external actors in the region. Even those post-Soviet countries that presented themselves as eager Western-style reformers at the outset of their transition—most notably Armenia, Georgia, Kazakhstan, Kyrgyzstan, Moldova, and even Russia—often used the material resources offered by external actors not to enact sustained reforms, but to maintain the political power of Soviet-era elites and state agencies. As this year's *Nations in Transit* ratings indicate, many of these CIS countries remain at the same level as in the early 1990s and many actually have regressed in recent years. The states of Southeastern Europe and the Balkans (Albania, Bosnia, Bulgaria, Macedonia, Romania, and Serbia & Montenegro) lie somewhere in the middle. While initially slow to implement meaningful transitions, they have been moving in a much more positive direction since the late 1990s, in large part as a result of the influence of the EU and NATO.

Second, the degree of external-actor influence has varied according to the severity of conditions imposed by each type of actor. NATO and the EU, the external actors with the highest levels of conditionality, have been the most successful in enforcing meaningful domestic reforms in the post-Communist states. INGOs and MNCs have had the least impact. IFIs, such as the International Monetary Fund (IMF) and the World Bank, which impose only economic conditions, lie somewhere in between. Accordingly, those countries in Central and Southeastern Europe and the Baltics with the highest levels of NATO and EU contact are now implementing reforms to meet the accession requirements imposed by these organizations, whereas the CIS states—with few prospects of joining either the EU or NATO—remain relatively stagnant.

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* For geographical, historical, and comparative purposes, this essay places Croatia in the category of the Central European and Baltic states. Data obtained from the EBRD, and IMF.

Low Conditionality and Limited Transformative Impact

INGOs and MNCs have affected the overall course of post-Communist transition the least, even though their activities have drawn much public attention. Because INGOs do not impose conditions on their project recipients, they have very few means through which to enforce change in reluctant countries. Consequently, INGOs have been able to help reform only those countries that have demonstrated a true commitment to change.

The proliferation of INGOs throughout the post-Communist world has been nothing short of spectacular. Whether promoting democracy, advising on economic reforms, assisting in the drafting of legal and judicial reforms, or campaigning for the rights of women and minorities, hundreds of INGOs have inserted themselves into almost every part of post-Communist life. They have done so through direct activities in Central and Eastern Europe and the former Soviet Union and by organizing and funding domestic groups. In many countries, the nascent civil society is composed predominantly of new NGOs, most of which have Western partners or rely on Western funding.

INGOs promoting democracy and civil society have been most effective in the states of Central Europe and the Baltics, which possess long traditions of independent civil society. Politically, INGOs successfully helped these states consolidate their democratic transformations and assisted in the process of creating electoral systems, constitutions, and representative political parties. NGOs sponsored by both the EU's PHARE program (originally, Poland and Hungary: Assistance for Reconstruction of the Economy) and the U.S. Agency for International development (USAID) made important contributions as well in enacting civil service reforms, reorganizing state bureaucracies, and helping maintain public services in the transition period. Other groups working on rule-of-law initiatives and programs designed to promote independent judiciaries were particularly effective in the Czech Republic, Estonia, Hungary, and Slovenia.

Many smaller NGOs sponsored by Western foundations made great inroads in building civic associations and issue-advocacy networks across a wide range of social and human rights–related issues. Educational efforts also received substantial support from external NGOs. The flagship Central European University in Budapest was established by George Soros in 1991 to provide Western-style social science instruction to students from former Communist states. In 2001, the university received an additional $250 million from the Hungarian philanthropist, which made it the most heavily endowed center of higher learning in Europe after the universities at Oxford and Cambridge.

On the economic front, Western INGOs (both nonprofit and for-profit) played key roles in helping countries draft new legal codes and enact the institutional reforms necessary to support their emerging market economies. These efforts included reforming tax codes, creating capital markets,

redefining regulatory functions, managing new liberalized trade and exchange rate regimes, routinizing the budgetary process, developing independent central banks, and redesigning entitlements and social welfare programs. As with Western organizations promoting political and social reforms, INGOs working on economic reforms were most successful in the Central European reformer states such as the Czech Republic and Poland and the Baltic states, where USAID and EU-sponsored technical-assistance projects often were completed ahead of schedule. As partners to states that already had demonstrated an internal willingness to vigorously pursue political and economic liberalization, Western NGOs have been helpful in the post-Communist transition.

A look beyond Central Europe and the Baltics, however, reveals that the record of NGOs in facilitating reforms is more mixed. As Thomas Carothers, a democracy expert with the Carnegie Endowment for International Peace, argued in a 1999 piece entitled *Aiding Democracy Abroad: The Learning Curve*, democratic assistance is particularly effective in countries that demonstrate a willingness to reform, but less so in countries that lack this commitment. Throughout the CIS, INGOs have made little headway in altering the entrenched stranglehold that Soviet-era patrimonial authoritarian systems maintain on power. In addition, even well-intentioned NGOs have drawn resentment from government agencies and bureaucracies that perceive that their governing authority is being undercut by these better-equipped and better-funded external organizations. For example, in many former Soviet countries the local branch of the Soros Foundation, which is committed to promoting open societies and educational reforms, is commonly referred to as the "shadow ministry of education" and is viewed as a competing parallel provider of public goods.

Structural problems in the donor-funding process have also hampered NGO performance. Because many INGOs rely on short-term contracts from countries and international agencies, INGOs are perpetually in the position of having to renew existing contracts and secure new ones just to maintain their fiscal solvency. A widespread perception exists in many of the post-Communist states that Western assistance was designed more for the benefit of supporting Western NGOs than for actually helping targeted countries. Such perceptions are especially prevalent in the CIS and in conflict-torn areas of the Balkans such as Bosnia, Macedonia, and Kosovo, where a massive influx of uncoordinated humanitarian and social INGOs failed to develop a coherent blueprint for rebuilding these war-ravaged societies.

Finally, a more fundamental problem has arisen for many INGOs and technical-assistance providers, especially in the CIS. Across a diverse range of issues such as economic reform, environmental planning, civil service reform, and police reform, Western NGOs often have identified a lack of institutional capacity as the central organizational problem facing state-run

agencies and bureaucracies. Consequently, they have focused their efforts on upgrading technology and providing material resources to these agencies without fundamentally questioning the broader set of political relations in which these state agencies are embedded. As a result, these projects have often had a counterproductive effect, that is, strengthening the capacity of these agencies without truly redefining their Soviet-era organizational roles and responsibilities in a liberalizing political society.

A similar picture emerges from an examination of the role of MNCs and foreign direct investment (FDI) in the post-Communist world. The conventional wisdom holds that FDI inflows will promote the private sector and strengthen the accompanying legal framework that guarantees private transactions. In turn, guarantees of private property should promote political liberalization and individual freedoms. For the Central European and Baltic countries this formulation has held true, as they have received the greatest regional levels of FDI. According to the European Bank for Reconstruction and Development (EBRD), FDI between 1989 and 2001 in Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia totaled $98.3 billion, or about $1,365 per capita. In the same time period, by contrast, FDI in Southeastern Europe totaled $15.2 billion, about $296 per capita, while in the CIS it totaled $34.4 billion, or a paltry $128 per capita. FDI in the Central European and Baltic states has also been relatively diverse. From investments by multinational automobile makers such as Ford and Volkswagen to the development of robust agribusiness, these countries have taken advantage of their skilled and relatively cheap workforces, their geographical proximity to Western Europe, and a favorable legal and institutional climate to develop a wide range of economic sectors.

An analysis of the CIS countries shows that some forms of FDI may not strengthen the market sector or promote the rule of law, as has commonly been assumed. Specifically, investments in extractive sectors, such as those involved with hydrocarbons and precious metals, might actually retard economic liberalization if deals are struck with state-owned or state-controlled companies. This has been particularly true of certain countries in the Caucasus and Central Asia. According to the EBRD, between 1992 and 2001, FDI totaled $4.1 billion in Azerbaijan and $11 billion in Kazakhstan, which ranked them first and third (with Russia second) in terms of absolute FDI flows among the post-Soviet states. Yet, the lion's share of this FDI has been directed at state-owned or state-affiliated oil and gas sectors, and has thus allowed these post-Soviet governments to use hydrocarbon revenue streams to perpetuate state control over the economy and maintain their quasi-authoritarian holds on power. As writer Thomas Goltz observed in his 1998 book *Azerbaijan Diary*, "oil and civil society don't mix," and poor governance and rampant corruption extending to the highest levels of leadership

have marred the CIS oil economies. Similarly, lucrative gold and precious metals contracts signed by Western mining companies in Kyrgyzstan and Uzbekistan have contributed little to the overall liberalization of these economies, but have precipitated a series of bribery scandals involving government officials. For example, in 1992 the Kyrgyz government awarded the concession to develop the Kumtor gold deposit, the world's eighth largest, to the Canadian company Cameco without an international tender.

What is sorely lacking in the CIS is FDI in manufacturing, light industry, and other productive sectors. Productive investment is much more likely to have a positive effect on promoting the rule of law and strengthening market institutions than FDI in purely extractive industries. Indeed, comparative history shows that countries implementing development strategies based on extractive endeavors such as hydrocarbon and mineral production have suffered from a lack of economic diversification and have lagged far behind their counterparts that focus on productive industries in consolidating political and economic liberalization—this is the so-called "natural resource curse."

Moderate Conditionality and Mixed Transformative Impact

IFIs constitute the second category of active external actors in the post-Communist sphere. Of these, the IMF has attracted the most attention for its work in the region. Shortly after the collapse of the Soviet Union, the organization established missions in all transitional countries and created the Systemic Transformation Facility especially for the countries of Central and Eastern Europe and the former Soviet Union, in addition to offering access to its regular Structural Adjustment Facility, General Resource Account, and Poverty Reduction and Growth Facility. To date, the IMF has extended loans to all but Turkmenistan.

The IMF operates on a principle of economic conditionality. In exchange for a short-term loan designed to stabilize the current account of an economy, the borrowing country agrees to implement a set of economic reforms designed to promote market-oriented policies while restricting the domestic aggregate demand that contributes to balance-of-payments difficulties. The exact details of each standby agreement have varied for each post-Communist country, but every package has included some measures to combat inflation and achieve macroeconomic stability, eliminate state subsidies and free price controls, privatize state-owned enterprises, and liberalize the trade and foreign exchange regimes.

While the IMF has no formal means of enforcing its conditions, it has used two mechanisms of note to encourage compliance. First, the IMF has refused to release subsequent loan installments to countries perceived to be lagging in the implementation of agreed-upon reforms. For instance, the IMF completely cut off payments to Belarus in 1995 after only six months

for noncompliance, and it has delayed loan dispersals to a number of countries, including Albania, Georgia, Moldova, Romania, Russia, and Ukraine, for refusing to meet reform conditions in a timely fashion. Second, by setting ceilings for external debt and borrowing, the IMF has effectively regulated access to the private capital markets. Without the IMF's seal of approval, countries such as Moldova, Kyrgyzstan, and Ukraine have found it difficult to secure a favorable, investment-grade rating from the major independent rating agencies such as Moody's and Standard and Poor's. Beyond threatening access to future borrowing, however, the IMF can do little else to enforce its agreements.

Substantively, critics of the IMF's transition policy have argued that the organization hastily embraced neo-liberal prescriptions (the so-called Washington consensus) for comprehensive and rapid reforms and that these measures have contracted economies adversely and have resulted in unnecessary losses of economic output, employment, and social services. Critics also charge that the IMF has focused too much on meeting certain macroeconomic (lowering of inflation) and microeconomic (enacting of widespread privatization) targets, while neglecting the institutional and legal dimensions of market reform, such as drafting new commercial codes and tax laws and reforming the functions of regulatory agencies. Defenders of IMF policies counter that the organization has been a convenient political scapegoat for post-Communist elites wanting to externalize the blame for enacting necessary, but politically unpopular, economic reforms.

A regional comparison of the IMF's activities suggests that the organization has not had the lasting influence on the post-Communist economies that its proponents had hoped for. While the IMF played an active, perhaps even decisive, role in drafting initial structural reform programs in several post-Communist countries, it has not loaned money to the advanced reformers, such as Lithuania, Hungary, and the Czech Republic, since the mid 1990s. In other cases, states touted by the IMF as successful reformers in the mid-1990s, such as Armenia, Georgia, Moldova, and Kyrgyzstan, have not sustained economic reforms and now suffer from endemic corruption and an economically crippling lack of institutional capacity to support a functioning market. IMF conditionality therefore has not had the long-term transformative impact on CIS countries that many had expected, and several heavy borrowers now find themselves saddled with excessive debt repayments with no additional funds in sight. It is also worth noting that unlike the regional disparities in FDI inflows, disbursements of IMF credits per capita between 1989 and 2002 were relatively equal across Central Europe and the Baltic states (60 SDR), Southeastern Europe (78 SDR), and the CIS (78 SDR).* In other words, there seems to be little correlation be-

* According to the IMF, the SDR—special drawing rights—is "valued on the basis of a basket

tween the amount of IMF funding received and the degree of market reforms adopted.

Several other international financial institutions have not attracted nearly as much publicity or controversy as the IMF, but they have been involved throughout the region. The World Bank has funded numerous projects, usually with the aim of strengthening or restructuring a state's infrastructure or domestic institutional capacities. Energy reform has been a prime target of the organization, as it has sought to develop new sources of power within these emerging market environments. The bank has also promoted broad-based initiatives in reforming health care, education, the civil service, and social services and has taken the lead in promoting land and agricultural reform.

The geographical distribution of the success of World Bank projects mirrors that of economic reforms more generally. For example, private property in the agricultural sector has been institutionalized across Central Europe, the Baltic states, and even in Armenia and Georgia, but many Soviet-era forms of collectivized and state-dominated land regimes and practices endure in Belarus, Moldova, Russia, and the countries of Central Asia, despite several World Bank–sponsored initiatives. In addition to the World Bank, the UN Development Program and the EBRD have funded numerous projects in the region, while the Asian Development Bank has been active in the Central Asian states (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan). These donors have usually provided funds for large-scale infrastructural projects, as well as for reforms at certain state monopolies (energy, utilities, telecommunications) along market-oriented principles. The record of these programs in promoting institutional reform has been decidedly mixed. In some cases, much-needed infrastructural reforms were implemented, while in others, external project finance encouraged rent-seeking and corruption among connected state officials.

Indeed, the presence of multiple IFIs within a single country has often complicated the transition process. IFIs and economic policy INGOs have shown different preferences about how exactly to enact a reform and what technical criteria to implement. Often, they have worked at cross-purposes when involved in reforming the same sector and have even competed against one another to enact their particular reform designs. For example, in the area of legal reform, USAID and the EU, reflecting their home countries' diverse legal traditions, have very different conceptions of an institutional structure such as the organization of a judiciary. It is not uncommon to find three to a half dozen different Western

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of key international currencies and serves as the unit of account of the IMF and a number of other international organizations."

IFIs and contractors working in the same sector with little or no cooperation or coordination among them. This has been a significant problem in many of the aid-dependent states of the former Soviet Union and Southeastern Europe.

High Conditionality and Major Transformative Impact

Of all the external actors, the EU and NATO have exerted the most profound impact on the transition process. In order even to receive invitations for accession, the post-Communist applicants have to fulfill detailed conditions governing almost every aspect of their political, economic, and social institutions. The record now indicates that these conditions have promoted significant change within applicant states and legal harmonization with their Western counterparts.

At a summit in Copenhagen on December 13, 2002, the EU invited 10 countries—including the post-Communist states of the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia—to join as full members in May 2004, in what will be the biggest expansion in the organization's history. The invitations were the culmination of years of painstaking accession and standardization negotiations that covered more than 80,000 pages of EU law. These elements were divided into 31 distinct negotiating chapters encompassing economic, environmental, political, and social legislation.

Economically, detailed and extensive conditions for market reform have forced applicants to enact a number of changes designed to ease the integration of candidate countries into the EU. These measures have included capping public debt at 5 percent of gross domestic product (GDP), liberalizing prices on a host of goods and services, reforming regulatory frameworks, and allowing foreign-based ownership of privatized assets—a move that actually accelerated the privatization process in Poland and Hungary, but was accepted with reluctance in Slovakia and Slovenia. EU harmonization has also had a positive impact on the social policies of certain applicant countries. The EU's insistence on guarantees for minority rights was responsible for Lithuania's and Estonia's changing their restrictive citizenship laws, which had denied basic suffrage to second-generation Russians. It also spurred Hungary, the Czech Republic, and Slovakia to curb institutionalized state and local discrimination against their Roma (Gypsy) communities. While much work remains to be done in these areas of social policy, the EU has clearly been a positive force for combating social and ethnic discrimination.

EU harmonization does have its critics, who argue these standardization measures have adversely undermined state sovereignty. Nationalist politicians claims that stringent EU dictates on the economy, environment, and citizenship rights fundamentally impede traditional customs and domestic

political processes. As with IMF conditionality, critics charge that EU conditionality has inflicted excessive austerity and economic pain, exacerbating socioeconomic conditions for already vulnerable segments of society that are dependent on the state. Unemployment rates are also alarmingly high, reaching 20 percent in Slovakia and 25 percent in Slovenia in 2002. In some cases, applicant countries actually have been forced to protect their economies against their wishes, as when the Baltic states were instructed to raise their tariff levels for trading partners outside the EU, thus reversing some of the most liberal trade policies in the world. The cost of implementing all these changes is quite significant too, with estimates running from 1.5 to 3 percent of GDP each year to adapt to EU environmental standards alone.

Not surprisingly, in recent public opinion surveys in the Czech Republic, Estonia, Latvia, and Slovenia, respondents have expressed their concern about trading in their hard-won freedoms and sovereignty for membership in another bureaucratic federal body such as the EU. There is also a growing resentment that despite all the lengthy negotiations and high accession costs, new countries are being offered a "lower tier" of EU membership than that enjoyed by current members. The new post-Communist entrants will have to wait 7 years for the free movement of labor within the EU and 10 years before they are eligible for full farm subsidies under the Common Agricultural Policy.

While not as detailed and painstaking as EU admission criteria, most of the technical criteria for NATO admission greatly overlap with EU requirements. NATO's conditions for admission require applicants to demonstrate that they have a functioning democracy and a market economy, institutionalize democratic civilian control over the military and an accountable defense ministry, resolve outstanding active territorial disputes or conflicts with neighboring countries, commit to stamping out state corruption and organized crime, and demonstrate active involvement in the organization's Partnership for Peace (PfP) program. Beyond these institutional changes, countries must commit to spending at least 2 percent of GNP on defense and upgrading their various military equipment, logistics, and weapons systems so as to become NATO-compatible and interoperable among member countries. These requirements have imposed significant costs on applicants.

At first, NATO's accession processes were a bit vague, especially in comparison with EU negotiations. As momentum for enlargement grew throughout the 1990s, though, Brussels monitored these accession conditions more formally. Founded in 1994, the PfP program initiated cooperation with former Warsaw Pact members and became the vehicle through which the first applicants—the Czech Republic, Hungary, and Poland—were guided through the steps to NATO compatibility before their formal invitation at Madrid in 1997 (they were accepted in 2000).

In 1999 the organization formally institutionalized the Membership Action Plan (MAP) as a preparatory program for prospective members; it outlined an elaborate planning and review process comparable to the EU's. Consisting of five distinct chapters covering political and economic institutions, defense and armed forces modernization, resource issues, security and intelligence issues, and legal standardization, each MAP is designed to ensure that a country's domestic institutions are brought into line with those of the organization's other members. In November 2002 at the Prague summit, the alliance formally invited seven countries with MAP agreements—Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia—to begin accession talks as part of its second-wave of post-Communist expansion. Currently, the new capabilities commitment adopted at the Prague summit requires all members and applicants to upgrade 400 areas of defense planning.

As with the EU, NATO conditions have had a measurable and significant impact on the domestic affairs of candidate countries. NATO membership and candidacy have played a key role in stabilizing Hungarian-Romanian relations and disputes over borders and minority rights. Bowing to NATO pressure, both Estonia and Latvia amended post-independence laws that required local election candidates to pass a national language test and thereby excluded Russian speakers from participating in democratic institutions. NATO supervision also has expedited defense industry conversion and reorganization in countries such as Romania and Bulgaria and has provided the impetus for these candidate states to clamp down on the trafficking of people and restricted materials, weapons, and drugs across their non-EU borders.

By making membership in a Western international organization contingent on the adoption of strict and detailed conditions, both NATO and the EU have done far more to expedite the transition process than the other external actors and their aid packages taken together. Indeed, EU aid programs directed at countries of the former Soviet Union are often trivial compared to the benefits that these countries could attain through actual membership. For example, EU programs to aid agricultural liberalization in Moldova or Ukraine are of little benefit given that the EU refuses to open its markets to these countries' commercial agricultural products.

Even the prospect of joining these organizations has forced certain states that initially lagged in the reform process to accelerate the pace of their reforms. The best case in point is that of Slovakia. The small Central European state was left off the first group of post-Communist countries invited to EU accession talks and was omitted from NATO's 1997 list of invitees. Both exclusions were justified on the grounds that Slovakia had demonstrated insufficient progress on domestic political reforms. Shortly after, these exclusions prompted Prime Minister Mikulas Dzurinda to lead a coalition to oust the authoritarian nationalist Vladimir Meciar and to rapidly jump-

start economic, political, and social reforms. Just a few years later, Slovakia was at the top of the accession lists of both organizations.

The extensive political conditions imposed by the EU and NATO have most significantly transformed the domestic institutions of applicant countries that showed little inclination to reform at the outset of the transition. Albania, Bulgaria, Macedonia, Romania, and Slovakia have all made considerable strides in response to the political conditionality of these Western organizations and now appear more likely to follow in the footsteps of countries like Poland and Hungary rather than remain behind with the stagnating states of the CIS. The recent progress of these states suggests that the domestic institutions of countries that are not initially predisposed to liberalization are more likely to be changed by broad-based, sweeping reforms and the promise of full membership in the institutions of the West than by piecemeal and often uncoordinated projects.

The Split over Iraq and the End of the Transition

The year 2003 has proved to be a critical turning point in the post-Communist region's historical evolution in relation to the West. In particular, Central and Eastern Europe's controversial support of the U.S. position on Iraq in opposition to France and Germany may have been a prelude to a more fundamental choice facing the post-Communist states: to be part of a U.S.-led or a European-led "Western" order. Their choices will not only affect the evolution of the former Communist states, but will also redefine the future political map of Europe itself.

Throughout the post-Communist transition, both analysts and policy makers have assumed that the states of Central and Eastern Europe and the former Soviet Union would join a relatively uniform Western political block. The strict accession criteria advanced by NATO and the EU have overlapped to a great extent and have encouraged the institutionalizing of democracies, market economies, and guarantees for individual and group liberties. For their part, the advanced reformers of the Czech Republic, Hungary, and Poland viewed admission to NATO and the EU as complementary processes of Western integration. Although the technical criteria for admittance to these institutions were quite similar, very little was made of the potential differences in the foreign policy orientation of these bodies.

However, the international diplomatic crisis preceding the U.S.-led war in Iraq has highlighted the growing division between an American-led Atlantic West, as embodied in NATO, and a Franco-German–led European West, as embodied in the EU. The comment of U.S. Defense Secretary Donald Rumsfeld in February 2003 that France and Germany represent the "old Europe" was followed shortly afterward by a public letter from eight European nations—including the Czech Republic, Hungary, and Poland—supporting the prewar U.S. position on Iraqi disarmament. Central and East-

ern European leaders were particularly upset that France and Germany consulted with Russia during the crisis and ignored their opinions on the matter. Two days later, 10 additional post-Communist countries (Albania, Bulgaria, Croatia, Estonia, Latvia, Lithuania, Macedonia, Romania, Slovakia, and Slovenia), known as the Vilnius Ten, issued a communiqué supporting the United States and declaring that Iraq was in "material breach" of UN Security Council Resolution 1441.

The final nail in the coffin of European unity was the refusal of France, Germany, and Belgium to grant Turkey's NATO request for defensive measures against a potential Iraqi attack. This public snub of a fellow NATO member stunned and perplexed the new Central European members and Baltic states, which were committed to the principles of Western collective security embodied in the organization. Newspaper editorials and observers in Estonia, Lithuania, and Poland openly questioned whether France and Germany might once again ignore these principles in the event of a future Russian security threat on their own borders. French President Jacques Chirac caused further consternation among the Vilnius Ten by publicly rebuking them for not supporting the German and French position, and even hinted that their "reckless" and "infantile" comments might jeopardize their entry into the EU. Romanian President Ion Iliescu countered by calling Chirac's statement "totally unjustified, unwise and undemocratic."

The future orientation and very purpose of NATO is now uncertain, and the Iraq crisis is likely to have as lasting an effect on relations within Europe as between Europe and the United States. The Central and Eastern European states' support for the United States was driven not only by their experience with authoritarian regimes during the Communist era, but also by their eagerness to demonstrate their potential value as future military partners and hosts of U.S. military installations similar to the one currently in Taszar, Hungary. Increasingly, it appears likely that many U.S. bases operating in Germany will relocate to "new European" countries such as Bulgaria, Poland, and Romania, thereby solidifying those states' alliances with the United States and undercutting French initiatives to deepen the defense structures of the EU. Chirac's ill-timed comments to the Vilnius Ten also vindicated critics of the EU in the post-Communist European states who claim that the organization will never accept them as equals. The citizens of Central and Eastern Europe may not want to choose between the United States and the EU, but they have no interest in trading in their former Soviet patron for an EU that publicly threatens them and makes no attempt to systematically include them as partners in its decision-making processes.

Some of these ambiguities and fears are now showing up in lower than expected voter turnout for the EU membership referendums. In April 2003, Slovenia's voters solidly approved EU membership with a turnout of 52 percent. In Hungary, though, a historically low turnout of only 46 percent

of eligible voters marred the 84 percent show of support for joining. Polish turnout in the country's June referendum was a more respectable 58 percent. Leaving nothing to chance, Lithuania changed its electoral laws in anticipation of the EU votes, removing the requirement that 50 percent of all eligible voters must approve the measure in favor of simple majorities. As of this writing, the upcoming September referendums in Estonia and Latvia appear to be close-run affairs, as polls continue to show a rough split in support for EU accession. In the end, even if none of the admitted post-Communist candidate countries actually rejects EU membership, the votes will be closer than previously thought. There is especially greater public deliberation over the actual costs and benefits of European integration.

Conclusion

As this essay attempts to make clear, Western actors have had an impact ranging from minor to substantial upon the post-Communist transition depending on the conditions they impose on states. However, recent events point to a future reversal in the direction of this influence. While many of the CIS states remain politically and economically stagnant, several European post-Communist states have become active members of the West to the point that they are now vigorously asserting their preferences within NATO and the EU. Thus, future analysts may find it fruitful to consider not only the influence of Western actors on the post-Communist transition, but also the profound impact that the post-Communist states are likely to have in shaping the future orientation of the West as we know it.

Central Asia and the Caucasus: The Impact of the War on Terrorism

Fiona Hill

The September 11, 2001, terrorist attacks were, in many respects, like a seismic event in Central Asia and the Caucasus. Although the epicenter of the earthquake was far away in the United States, the shock waves and the aftershocks, in the form of the war on terrorism, were felt in every regional capital. As in the case of a seismic event, the war on terrorism effected a change in the morphology of the two regions—although geopolitically rather than geophysically. Some issues were pushed onto a different trajectory, some remained the same, and some regional fissures widened and deepened, just as one might expect from an earthquake. The aftershocks of September 11 put Central Asia, and to a lesser extent the Caucasus, firmly on America's map of the world. But for any lasting positive change to take place, the United States must make a long-term commitment to helping resolve the challenges facing these regions.

Geopolitical Changes in Central Asia and the Caucasus

The war on terrorism pushed Central Asia along with Afghanistan from the bottom of the list of U.S. foreign policy priorities to the top, at least in the short-term. On the most superficial level, it propelled Central Asian presidents into Oval Office meetings with President George W. Bush and placed issues that were often the sole items on the Central Asian agenda in Washington—human rights, religious freedom, media censorship, and failings in economic reform—in a larger security context. Central Asian states were suddenly allies to work with, not just lists of problems to solve.

The war on terrorism also brought American and international forces to bases in Uzbekistan and Kyrgyzstan, and saw U.S. military flights over Central Asian airspace. It destroyed the paramilitary forces of the Islamic

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Movement of Uzbekistan (IMU) that had terrorized the border regions of Uzbekistan, Kyrgyzstan, and Tajikistan for several years. Moreover, it brought in new U.S. foreign assistance for border security and other regional threats, as well as a reemphasized U.S. commitment to support long-term economic and political development.

In the Caucasus, the war on terrorism paved the way for a new level of U.S. bilateral relations with both Azerbaijan and Armenia through the repeal of Section 907 of the 1993 Freedom Support Act, which had denied aid to Azerbaijan in response to its war with Armenia over Nagorno-Karabakh. As in Central Asia, it also stimulated U.S. thinking about the consequences of the precarious security and domestic situations of the Caucasus countries. Georgia, a state which the United States was already concerned about, was elevated in U.S. regional preoccupations. The war on terrorism also facilitated the implementation of a "train and equip" program for the floundering Georgian military to help it deal with the incursion of Chechen fighters and radical Islamist militants in the Pankisi Gorge.

Improved Security in Central Asia

In many respects, Central Asia experienced the greatest initial improvement in its regional security environment as a result of the war on terrorism. Prior to September 2001, there was a distinct security vacuum in the region and increasing challenges threatened to overwhelm regional states. In the 1990s, the withdrawal of Russian troops from all but Tajikistan left Central Asian militaries in poor shape. Air forces were virtually nonexistent, border guards in disarray, and equipment obsolete. None of the states had light border or mountain forces suited to operating on their own terrain to counter cross-border militant groups like the IMU. The major new threats to regional security all emanated from instability in Afghanistan, not from Europe, the United States, China, or Iran, and not even from a resurgent and reassertive Russia.

After the 1979 Soviet invasion of Afghanistan, Central Asia's and Afghanistan's fates became closely tied together. Central Asian Muslims drew inspiration from the mujahideen guerrilla fighters, and the creation of international Muslim brigades to fight the occupying Soviet forces set the tone and provided the manpower for Islamist insurgents elsewhere in the region after the 1989 Soviet withdrawal from Afghanistan. From 1992 to 1997, during the Tajikistan civil war, opposition forces found a safe haven and staging ground across the border in Afghanistan. At the end of the civil war, those who refused to participate in a new, united Tajik government stayed in Afghanistan and joined the Tajik-dominated Northern Alliance. Others joined forces with the IMU, which was formed by two ethnic Uzbeks from the Fergana Valley with the goal of overthrowing the government of President Islam Karimov and establishing an Islamic state in Uzbekistan.

Using Tajikistan as its base, the IMU carried out kidnappings, assassinations, and other atrocities, including a series of armed raids deep into Kyrgyzstan and Uzbekistan that also targeted foreign visitors and tourists. Eventually, it relocated its base of operations to Afghanistan, extended its mandate to overthrowing all regional governments, and threw in its lot with the Taliban. On the eve of September 11, 2001, Central Asia seemed on the verge of becoming an extension of the turmoil in Afghanistan, with potentially disastrous consequences.

In response to these developments and the resultant security vacuum, regional states, including Russia and China, improvised mechanisms to combat terrorism. A Central Asian antiterrorism center with rapid reaction forces was proposed, and joint military exercises were conducted. However, the new arrangements were stronger on process than on concrete action and did little to improve the general security situation or to deter the IMU. It was only the U.S. intervention in Afghanistan that curtailed IMU activities in Central Asia. The IMU's military commander was killed in action with the Taliban near Mazar-e Sharif in Afghanistan in November 2001, and its political leader went into hiding.

The U.S. overthrow of the Taliban and the demise of the IMU had the single greatest effect on Central Asian security since the collapse of the U.S.S.R. These events removed, or at the very least diminished, a threat that had hung over the region since the 1990s. They also eased border tensions inflamed by militant incursions and galvanized other major powers into action. Russia and China took additional steps to bolster their security mechanisms with Central Asian states, and the proposed regional antiterrorist center acquired a building and staff in Kyrgyzstan's capital, Bishkek. More joint training exercises were conducted, including between China and Kyrgyzstan in October 2002, and in December 2002, Russia began to deploy aircraft and troops from Tajikistan to Bishkek to form the backbone of the new rapid-reaction forces and to underscore its own continuing security interests in Central Asia.

New Impetus for Repression in Central Asia

The mitigation of the Taliban and IMU threat was seen as paving the way for a new phase of political and economic reform in Central Asia. With the advent of the war on terrorism, there was great hope (if not expectation) among regional observers that the new spotlight on the region, combined with improved security and increased foreign policy attention, and technical and financial assistance from the United States, would open up Central Asia. Nevertheless, although the war on terrorism has changed security calculations, it has had little positive impact on domestic developments. Indeed, in the case of Central Asia, the war on terrorism has empowered governments to continue aggressive campaigns against their opponents and given an added

impetus to repression. It has provided further justification for eliminating political dissent and social protest, and for clamping down on unsanctioned forms of religious expression and observance. Unfortunately, this has been particularly true in Uzbekistan, which became a declared ally of the United States in the antiterror effort.

A positive change in the position of the Uzbek government toward reform is especially critical to broader progress in Central Asia. Uzbekistan is the linchpin state for the region. It is the most strategically located, bordering all the other four Central Asian states—Kazakhstan, Kyrgyzstan, Tajikistan, and Turkmenistan—as well as Afghanistan (although it has no direct border with either Russia or China). It also has the largest population and the most significant military capabilities and resources. In the Soviet period, its capital, Tashkent, was the principal administrative, communications, and intellectual center for the whole of Central Asia. What happens in Uzbekistan has a direct impact on all of its neighbors.

Increasingly in the 1990s, Uzbekistan became a source of regional tension as well as the logjam for regional economic development. At home, on the political front, the Uzbek government adopted a brutal and blanket approach to countering the activities of the IMU. There was no real attempt to distinguish between observant Muslims who were political moderates and those with more radical views or affiliations in identifying potential sympathizers and activists. The government squeezed out opposition parties and closed unofficial mosques. It carried out mass arrests and inflicted harsh punishments (including torture) on suspected IMU members, actively persecuting their families.

On the economic front, the Uzbek government succeeded in enshrining stagnation as the status quo. It muddled along without significant reforms, thanks to a mixture of currency and exchange-rate controls, state orders for its two main export commodities (cotton and wheat), and the good fortune of being self-sufficient in energy as well as having substantial gold resources. Abroad, the Uzbek government engaged in water, energy, and territorial and border disputes with its neighbors. It threatened military intervention in response to IMU raids from Tajik and Kyrgyz territory and mined its borders. It also ruptured communication routes with Tajikistan, Kyrgyzstan, and Kazakhstan and blocked regional trade with high tariffs and customs regimes. In doing so, Uzbekistan succeeded in constraining the abilities of other Central Asian states to interact with each other as well as with the outside world.*

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*It should be noted here that within Central Asia, Turkmenistan's president, Saparmuryat Niyazov (the self-styled Father of the Turkmen, or *Turkmenbashi*), has turned political repression and isolation into an art form. Niyazov has created a Soviet-style personality cult and systematically unraveled the political, economic, and social fabric of the Turkmen

With its heavy-handed interventions, the Uzbek government also helped to radicalize the nature of politics within the region. Throughout the 1990s, internal and external observers traced a link between political repression and popular support for groups advocating radical or violent approaches to political confrontation. Government repression in Uzbekistan after IMU raids in 1999, for example, could be correlated directly with an increase in militant numbers in the subsequent period. Secular, as well as moderate Islamic, political movements were pushed out of the political arena in Uzbekistan, which encouraged clandestine groups with outside financing—like Hezb ut-Tahrir, a London-based Islamic movement that steadily increased its influence in Central Asia in the 1990s—to try to fill the space.

Like the IMU, Hezb ut-Tahrir espouses the creation of a region-wide Islamic form of governance. Unlike the IMU, Hezb ut-Tahrir has, so far, focused on addressing grievances through the restoration of traditional Islamic values and grassroots activism. It has gained popular support as the champion of social and economic justice and has rapidly become an alternative political movement for disaffected populations with other opposition constrained. Hezb ut-Tahrir is now seen as the new threat to Central Asian security if its members choose to turn to violence under pressure from the Uzbek government.

A Need for Cooperation and Reform in Central Asia

U.S. government and other analysts of Central Asia were (and still are) well aware of the likelihood that success in the war on terrorism in the region will be contingent on linking strategies to counter extremist and militant groups to political reform and improving social conditions. Central Asian governments and state institutions remain weak. Economic collapse, isolation from global markets, high birthrates and high unemployment, the absence of social safety nets, inadequate education and increasing illiteracy, heroin trafficking and intravenous drug use, public health crises, the erosion of traditional social institutions, and the infiltration of radical ideologies all challenge each of the states to a greater or lesser degree. Broader regional development issues, such as water resource management, energy development, and trade, can also not be tackled without the concerted effort of all states.

Although the war on terrorism brought more cooperation between individual Central Asian states and the United States in 2002–2003, it did not increase cooperation among the states themselves. Nor did it bring political

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state. He has diverted, for example, energy revenues to grandiose construction projects and replaced the national educational curriculum with his own writings. For now, given Turkmenistan's location on the edge of the region (albeit bordering Uzbekistan, Afghanistan, and Iran), the particular and peculiar quirks of the Niyazov regime have not thwarted broader Central Asian developments to the degree that Uzbekistan's policies have.

and economic reform to Uzbekistan—in spite of some small cosmetic changes, including the long-awaited registration of an independent Uzbek human rights organization, a decrease in the arrests of religious activists, and some initial efforts to work with the International Monetary Fund (IMF) in crafting a new market reform in 2002. Indeed, throughout 2002 and the first part of 2003 there were many well-documented reports by regional and international human rights groups of political prisoners being rearrested after early releases from prison, as well as of deaths in police custody. Independent Uzbek journalists were openly persecuted and arrested for pursuing stories on corruption and religion.

In 2002 and early 2003, Uzbekistan's government was pressed by international organizations to end torture as a systematic feature of its law enforcement. It failed to cooperate fully with the UN Special Rapporteur on torture during a visit to the state in December 2002 and to address the rapporteur's subsequent recommendations. During the European Bank for Reconstruction and Development's (EBRD) Annual Meeting in Tashkent in May 2003, an anticipated statement by President Karimov condemning torture was not forthcoming. This led to sharp public rebukes from EBRD President Jean Lemierre and Clare Short, chair of the EBRD Board of Governors and U.K. Secretary of State for International Development, during a live telecast of the event. Rather than outlining the possibilities for political and economic reform in Uzbekistan, Karimov's speech emphasized the persistence of threats to Central Asia from terrorism and instability in Afghanistan, Uzbekistan's strategic alliance with the United States in the war on terrorism, and Uzbekistan's support for the U.S.-led war against Iraq. In addition, by May 2003, the Uzbek government had failed to meet the benchmarks laid down by the IMF in 2002 and had imposed new restrictions on imports, exports, and small business activity.

Elsewhere in Central Asia, Uzbekistan's example set the tone, although not the tempo, for political backsliding. In Kazakhstan, opposition leaders were jailed on charges of corruption and abuse of power following a power struggle between political factions with links to the presidential administration. More ominously, harassment of independent journalists increased. Publications were suspended by the authorities, arson attacks were carried out on newspaper offices, and journalists received death threats. In one well-publicized case a decapitated dog was hung outside a journalist's office and the dog's head deposited at her home. Finally, a prominent critic of the Kazakh government was arrested and imprisoned on rape charges on the eve of a trip to the United States to discuss government corruption and abuses of energy revenues. Similarly, journalists and other activists in Kyrgyzstan and Tajikistan found themselves under increasing pressure, leading the U.S. government to conclude in its annual human rights report for 2002–2003 that "human rights observance remains poor in all five coun-

tries." Although the other Central Asian states were not quite as blatant as Uzbekistan in trying to justify their actions by the exigencies of the war on terrorism, it was clear that the antiterror campaign had provided neither the basis nor the encouragement for a new phase of reform in Central Asia.

Initial Positive Developments in the Caucasus

Across the Caspian Sea, the war on terrorism has not had a significant impact on the domestic situations of the Caucasus states. Nor has it raised particular expectations of a new phase of domestic reforms. However, the war on terrorism has had notable geopolitical consequences.

All three states in the Caucasus—Armenia, Azerbaijan, and Georgia—offered general support for the war on terrorism and the use of their airspace, although they did not become a base of operations for the U.S. campaign in Afghanistan. Their offers of support effected a symbolic change in the region. The war on terrorism essentially made Armenia, Azerbaijan, Georgia, ***and*** Russia all part of the same—however loose—coalition with the United States. It also temporarily papered over cleavages from competition around Caspian energy development and export routes, and from regional conflicts in the 1990s, which had at times seen Russia and Armenia in one camp, and the United States, Azerbaijan, and Georgia in another. The sense that the United States and Russia seemed to be pursuing a common goal in the war on terrorism after September 11 suggested the possible transformation of the Caucasus into an arena for cooperation rather than competition.

The possibility for cooperation was bolstered further in 2002 by the lifting of U.S. congressional restrictions on U.S.-Azeri relations contained in Section 907 of the Freedom Support Act. Following Azerbaijan's blockade of Armenia in the early stages of the war in Nagorno-Karabakh, Section 907 precluded a range of U.S. programs, including military assistance, otherwise offered to former Soviet states under the terms of the act. The U.S. government responded to the congressional provision by foregoing military cooperation with Armenia as well. With the restrictions removed, U.S. military engagement with both countries was now possible.

In addition to the change in U.S. relations with Azerbaijan, a rapprochement between Azerbaijan and Russia offered new promise. The new phase in the countries' relations began prior to September 11, when they resolved differences over the delimitation of the Caspian Sea on the basis of mutual economic interest in energy development. Chechnya was also downgraded as a bone of contention. After Russia accused Azerbaijan of having aided Chechen rebel forces in the summer of 2000, the Azeri government moved quickly to counter Russian accusations. A period of intense diplomacy and some goodwill gestures ensued. Russian President Vladimir Putin made his first visit to Baku, the capital of Azerbaijan, in January 2001, and in summer

2001 Russia backed Azerbaijan in a standoff with Iran over oil exploration in the Caspian. Relations continued to improve after September 11; Azerbaijan participated in Russian exercises in the Caspian Sea, Azeri President Heydar Aliyev visited Moscow in September 2002, and Russian ministers subsequently visited Baku.

Deepening Fissures in the Caucasus

For the most part, however, the new opportunity to change relations in the Caucasus was not seized, just as opportunities for reform were rejected in Central Asia. Old habits, old suspicions, and old conflicts die hard. Antagonism between Azerbaijan and Armenia remained acute, and the stalemate over Nagorno-Karabakh persisted. Even as Russian-U.S. and Russian-Azeri relations improved, Russian-Georgian relations took a considerable turn for the worse. A serious clash provoked by Russia's pursuit of its war in Chechnya was barely avoided in 2002.

In 2000, refugees and fighters from Chechnya moved into Georgia's Pankisi Gorge, an isolated area with an indigenous Chechen population. Georgia initially did little to address the problem in spite of considerable pressure from Russia. Like the Central Asian states, its military and border guards were few and poorly equipped to deal with incursions across mountainous terrain. The Georgian government was also consumed with internal squabbles, the increasing unpopularity of President Eduard Shevardnadze, social unrest, entrenched corruption, widespread criminality, and the challenges of dealing with its own secessionist regions of Abkhazia and South Ossetia. External observers, especially in Moscow, began to refer to Georgia as a "failed state."

Abkhazia was a major preoccupation for Georgia and another source of conflict with Russia. Having played a role in Abkhazia's secession, Russian forces manned the ceasefire line, and Russia functioned as Abkhazia's only link with the outside world. The secessionist republic's economy was heavily dependent on its ties to Russia, and the Russian ruble circulated as the official currency. In 2002, ignoring protests from Tbilisi, Moscow issued travel documents to Abkhazian residents to replace expired Soviet-era documents. The secessionist region increasingly came to be seen as a Russian dependency.

In April 2002, the launch of the U.S. "train and equip" program to strengthen the capacity of the Georgian military gave a temporary boost to Shevardnadze's government and the country's general security. However, by September, Russia and Georgia were at loggerheads over the Chechen forces in the Pankisi Gorge. After a tense period of mutual recriminations, covert Russian bombing raids inside the gorge, Russian threats to send troops into Georgian territory despite (or perhaps even because of) the U.S. presence, and American diplomatic intervention, the Georgian government finally launched its own counter-terrorism operation. Chechens, as well as

Arab militants with reported links to the al-Qaeda terrorist network were rounded up and handed over, respectively, to Russia and the United States.

This operation and a Russo-Georgian agreement to carry out joint border patrols provided a temporary solution to a festering problem. In this instance the war on terrorism played a direct role in the evolution and the nature of the conflict between the two states. From the very beginning of its confrontation with Georgia, Russia reserved the right to intervene in Georgian territory to protect itself from terrorist activity, using the same language of justification that the United States had used in launching its military campaign in Afghanistan.

Altering the Trajectory of U.S.-Russian Relations

In the final analysis, looking outward from this conflict and from Central Asia and the Caucasus, the war on terrorism altered the trajectory of U.S.-Russian relations by transforming, almost overnight, a period of initial confrontation between Washington and Moscow after the inauguration of President Bush. The September 11 attacks drew attention to the realization in both capitals that the strategic issues for the United States and Russia had changed dramatically since the collapse of the Soviet Union. Beyond the residual issues of Cold War nuclear arsenals, the two countries were no longer a credible military threat to each other. Gone were the days when Russia might have contemplated an invasion of Europe, or the United States might have threatened Russia's weak flank in the Pacific. Any circumstance under which either side might consider a nuclear strike against the other seemed highly improbable. The primary source of threats to both states' security emanated from transnational actors, such as terrorists operating in the weak states to Russia's south. The greatest risk of all (in the bilateral security sense) was the proliferation of poorly secured Russian nuclear material, or the theft of a weapon by a terrorist group for use against a U.S. target.

In the wake of September 11, the war on terrorism was initially seen as a mechanism for transcending differences. It offered possibilities for concrete cooperation, especially when unprecedented Russian intelligence assistance proved instrumental in the U.S. campaign in Afghanistan. Through the war on terrorism, the United States and Russia both gained a new appreciation of Russia's importance in world affairs. Russia's location in Eurasia and its history gave it a set of relations with the string of countries stretching from Turkey in the west to North Korea in the east that became central to U.S. security concerns after September 11. Russia was restored to its previous position as an important bilateral interlocutor for the United States, having been downgraded in the 1990s.

At the same time, however, the war on terrorism also brought the United States militarily into Russia's traditional "backyard" in Central Asia and the Caucasus and increased the potential for new frictions. Although the Penta-

gon had spearheaded a series of bilateral training programs, including some large-scale joint exercises with key Central Asian states in the 1990s, Central Asia and the Caucasus were always low on U.S. security priorities. The United States remained at a literal and metaphorical distance from the regions until September 11 dragged it into Afghanistan.

By 2001–2002, the United States was on the ground in Central Asia, and a real force to be reckoned with after the swift dispatch of the Taliban regime. The Afghanistan campaign resulted in the physical deployment of approximately 2,000 U.S. troops and some additional international forces at bases in Uzbekistan and Kyrgyzstan, the establishment of aircraft refueling posts in Turkmenistan and Tajikistan, and significant new U.S. security-related funding for regional governments. The "train and equip" program in Georgia also entailed the deployment of a contingent of U.S. military trainers.

The physical presence of American military personnel in Central Asia and the Caucasus sent ripples of anxiety around Moscow. It raised the possibility of the United States' establishing long-term bases or at least securing permanent access to facilities in the two regions. It also underscored Russia's own dwindling military influence in the former Soviet states. Although Moscow grudgingly accepted that the United States was solving a major threat to Russia itself in Central Asia and Afghanistan, Russian security forces were quick to question U.S. intentions in the Caucasus. This certainly exacerbated the already tense situation in Georgia in late 2002. Russia's open opposition to the extension of the war on terrorism to Iraq in 2003 further soured relations with the United States. In sum, although the events of September 11 and the war on terrorism drew a definitive line under the preoccupations of the end of the Cold War and opened a new chapter in international relations, the change in outlook alone did not prove to be the panacea for all ills in the bilateral U.S.-Russian relationship.

More Tremors Ahead

A look to the future suggests that the geopolitical tremors in Central Asia and the Caucasus are certainly not over. Regional states have ample potential for their own earthquakes, and the U.S. war in Iraq will produce more aftershocks. This will prove especially true if America becomes overwhelmed by the task of rebuilding Iraq and loses interest in Central Asia—as some observers both within and outside the region predict—with political and economic reconstruction in Afghanistan barely underway and reforms frozen in Uzbekistan. If stability cannot be ensured in Afghanistan over the long-term, and if there is a resumption of the Afghan civil war, then Central Asia will face the same prospects of spillover and entanglement that it did in the 1990s.

In the Caucasus, turmoil in Georgia and poor relations with Russia seem set to continue irrespective of any symbolic change in the broader regional

security environment from the war on terrorism. Although the Georgian military is now better prepared to deal with cross-border militant threats, the Georgian state is increasingly precarious as Shevardnadze's term of office draws to a close and presidential elections loom in 2005. Presidential succession is also a major issue in Azerbaijan, where President Aliyev's health is fading, and in Central Asia. In Turkmenistan, in particular, President Saparmurat Niyazov's increasingly despotic and quixotic regime seems poised to end in a bloody overthrow and another failed-state scenario.

In conclusion, the war on terrorism put the states of Central Asia and the Caucasus firmly on America's map of the world. The regions' internal security problems and the states' development challenges should ensure they remain there for some time to come. The United States must stay the course in the renewed commitment it made to regional governments and peoples in the wake of September 11. The United States must also emphasize its continued economic and political engagement as well as build on its new security presence. There are too many risks in the region to be distracted by the new task of reconstructing Iraq.

In the Caucasus, the main issue will be pushing for and supporting processes leading to a peaceful transfer of executive power in Georgia and Azerbaijan. In Georgia, the United States, along with other outside actors—including individual European states, the European Union (EU), and bodies like the Organization for Security and Cooperation in Europe (OSCE) that are interested in political transition in the Caucasus—must push hard on the issue of "free and fair" elections, both parliamentary and presidential. Continued progress on political reforms must be balanced by efforts to enhance Georgia's security. This implies keeping issues such as peacefully resolving the conflict in Abkhazia, bringing security to the Pankisi Gorge, and changing the negative tenor of relations with Russia firmly on the agenda.

In the case of Azerbaijan, the loss of President Aliyev, the central and dominant figure in Azeri politics since the late Soviet period, will inflict a major blow to the stability and coherence of the state. The United States, again in conjunction with other external actors, should already be working on a contingency plan for his demise rather than waiting for events to take their course. The interests of Azerbaijan's immediate neighbors (Russia, Turkey, and Iran) in the state's future, and real prospects for a renewed outbreak of war with Armenia with the loss of Aliyev—who has acted as a check on some of his own supporters and the Azeri opposition for the resolution of the Nagorno-Karabakh conflict by force—all point to the imperative of such a contingency plan. Absent concerted action by the United States and other interested parties, Azerbaijan could easily be plunged into the kind of chaotic, anarchic, and violent political upheavals that marked its emergence as an independent state in the 1990s.

In Central Asia, given the interaction between political repression, mounting social problems, and the infiltration of outside radical groups, the United States needs to establish a balance between its military goals—in continuing to stamp out the remnants of the Taliban and al-Qaeda in Afghanistan—and encouraging economic and political development. In Uzbekistan in particular, extremist Islamic groups such as the IMU and Hezb ut-Tahrir have found fertile ground for their development precisely because the Uzbek government has squeezed the space for political participation and civic activism, leaving the population with few outlets for political expression and no organized alternative political structures.

Many U.S.-based and international organizations are involved in civil society development and human rights protection in Central Asia, and they are endeavoring to offer populations reliable sources of information and contacts with the outside world. These efforts have some U.S. government and international support, but they could have more. They could also be specifically emphasized in U.S. funding as the central element in both development-focused *and* security-oriented policies in the region.

Without political change in Uzbekistan and real progress on reform in this pivotal state, including on reversing the trend of human rights abuses, there can be no real progress elsewhere in Central Asia. Furthermore, there can be no hope of fostering interstate cooperation on the range of transnational threats to public health and safety—such as environmental degradation, water quality and supply, drug trafficking and intravenous drug use, and the growing menace of infectious diseases like HIV/AIDs and SARS—that also put the region's future in jeopardy. A long-term view, a similarly long-term commitment, and contingency planning are the only solutions to dealing with the challenges of Central Asia and the Caucasus in the wake of the war on terrorism.

COUNTRY REPORTS

Albania

Capital:	Tirana
Polity:	Presidential-parliamentary democracy
Economy:	Capitalist-statist
Population:	3,100,000
GDP per cap at PPP:	$3,506
Private sector as % of GDP:	75
Ethnic Groups:	Albanian (95 percent), Greek (3 percent), other (2 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	4.25	4.50	4.25	4.00	3.75	3.75
Civil Society	4.25	4.25	4.00	4.00	3.75	3.75
Independent Media	4.75	4.75	4.50	4.25	4.00	4.00
Governance	4.75	5.00	4.75	4.25	4.25	4.25
Democratization Scores	**4.55**	**↓4.75**	**↑↑4.38**	**↑↑4.13**	**↑3.94**	**3.94**
Constitutional, Legislative, and Judicial Framework	4.75	5.25	5.00	4.50	4.50	4.25
Corruption	na	na	6.00	5.50	5.25	5.00
Rule of Law Scores	**na**	**na**	**5.50**	**↑↑5.00**	**↑4.88**	**↑↑4.63**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

INTRODUCTION

Although democratic institutions in the Republic of Albania continue to gain strength, their performance remains inadequate, and an overall lack of legislation enforcement critically challenges the rule of law. Moreover, there has been a growing popular distrust of public authorities in general and pessimism regarding the ability of political leaders to cope with the country's most severe problems. While the 2001 parliamentary elections in Albania reflected a deepening political maturity, they also were marked by serious irregularities in the later rounds. The ruling Socialist Party, which has led the government since 1997, retained power, yet bitter infighting within the party and subsequent crises have hindered successive governments from working coherently. The Socialists' division became predominant in the lead up to the June 2002 presidential election, the outcome of which was basically ensured after the two main political parties agreed, under international pressure, to achieve a consensual nomination. On June 24, Parliament elected Alfred Moisiu president.

Whereas civil society benefits from a strengthened legislative framework, it still lacks to some extent indigenous movements and public commitment. Local nongovernmental organizations (NGOs) have been shaped primarily by the international community, and their ongoing dependency on foreign funding has hindered them from carrying out comprehensive and long-term programs. Therefore, despite the increasing contribution of NGOs to policy making, Albanian civil society as a whole is not yet able to balance and monitor government power independently and effectively.

Guaranteed by the 1998 Constitution, freedom of expression, press freedoms, and access to public information are regularly challenged by politicians and the judiciary. During the period covered by this report, critical media still faced direct or indirect forms of intimidation and retaliation. Media outlets, especially print media, are polarized between the two main political factions, and reporting is viewed as unfair, biased, and having questionable sources. Moreover, the Albanian media's critical financial situation makes it vulnerable to corruption and influence from political and business interests.

Despite solid constitutional and legal provisions, transparency and public input in the legislative process have progressed only modestly. Governance and public administration continue to struggle with inefficiency, partisanship, and subsequent poor public confidence. However, the national

ombudsman may play a role in heightened government accountability. In 2001, a total of 2,194 complaints were sent to this newly established institution, a third of which were addressed to the Justice Ministry. With regard to local governance, the 2001 State Budget Law granted local authorities increased control of their expenditures and marked yet another step in the decentralization process.

The 1998 Constitution further reinforced the principle of separation of the legislative, executive, and judicial powers, and mechanisms have been implemented to ensure respect of this principle. However, the undue prolongation of court proceedings and the problematic enforcement of civil judgments remain key problems in the Albanian judicial system. During the reporting period, serious violations of detainees' rights, including their right to legal defense, were brought forward, as were cases of ill-treatment perpetrated by police. The Ministry of Public Order disciplined or dismissed several police officers convicted of physical abuse against civilians. In September 2002, the Albanian government outlawed the death penalty under all circumstances.

In spite of a growing and formal denunciation of corruption in Albania, citizens' tolerance and practice of corruption is still high. The respondents to a survey carried out in 2002 ranked corruption first among the socioeconomic problems faced by the country, before political instability and unemployment. Although the government continues to strengthen the legal anticorruption framework and has ratified relevant international agreements, it acknowledges that implementing and enforcing legislation remains a challenge. In the course of 2002, several high-ranking officials were arrested for alleged abuse of power and embezzlement. With regard to trafficking in human beings, the government adopted a comprehensive action plan and conducted large antitrafficking operations. The latter were also meant to demonstrate to Western countries Albania's determination to combat human trafficking and the smuggling of narcotics and cigarettes.

Albania continues to experience a slow but stable economic transition to the free market. Gross domestic product (GDP) grew by an estimated 7.5 percent in 2001, while inflation was negligible; the official unemployment rate decreased slightly to 16 percent. However, about 29 percent of Albania's 3.5 million inhabitants live below the poverty level. Migration estimates suggest that nearly 15 percent of the population lives abroad. According to the International Monetary Fund, Albanian emigrants send home some $600 million a year, which amounts to a fifth of the country's GDP. During the period covered by this report, the European Union (EU) called on Albania to speed up reforms and boost domestic investment and job creation. The EU was expected to formally open negotiations on a Stabilization and Association Agreement with Albania early in 2003, giving the country the long-term prospect of EU membership.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
4.25	4.50	4.25	4.00	3.75	3.75

The parliamentary elections held in Albania in June, July, and August 2001 allowed the ruling Socialist Party, which has led the government since 1997, to retain power. Five rounds of voting were necessary to complete the process owing to mutual accusations of electoral fraud that highlighted structural weaknesses in Albania's mixed proportional system. While noting "serious irregularities" in the voting process, particularly in the later rounds, the Organization for Security and Cooperation in Europe (OSCE) considered in its final report that "the 2001 parliamentary elections provided an opportunity for further consolidation of democratic standards after the local government elections in October 2000, which marked significant progress towards meeting the standards for democratic elections." However, the OSCE also noted that the election process was "protracted, litigious, uncertain, and fragmented."

During the campaign, political pressure at times appeared to compromise the performance of the Central Election Commission (CEC). In addition, coverage by Albanian Television (TVSH), the public television broadcaster, deteriorated after the first round in favor of the ruling Socialist Party. The Albanian Helsinki Committee (AHC) noted that many irregularities seemed to be related to the poor functioning of the zonal election commissions and polling stations. Following recommendations from the OSCE, the Parliament in 2002 established a bipartisan commission to investigate "concerns surrounding [the] elections" and propose remedies.

Although the CEC registered 38 parties, the 2 main political parties, the Democratic Party (DP) of former president Sali Berisha and the Socialist Party (SP), dominated the 2001 elections. The center-right New Democratic Party (NDP), a splinter group of former DP members led by Genc Pollo, emerged as the country's third political force. The SP won 73 seats in the 140-seat unicameral Parliament, the coalition led by the DP won 46 seats, and the NDP won 6 seats. Directly elected candidates filled 100 seats, and the remaining 40 seats were divided proportionally among party lists. To qualify, a party had to receive no less than 2.5 percent of the vote in the first round and party coalitions no less than 4 percent. Voter turnout was significantly lower than in previous parliamentary elections, perhaps indicating an increasing level of voter apathy.

Although no legal impediments hinder the full participation of women in politics and government, their current representation is low. Albanian

women first entered Parliament in 1945 and garnered about one-third of all parliamentary seats during the period from 1974 to 1990. This ratio has decreased since 1991, and in the 2001 parliamentary elections, women won only 5.7 percent of seats (8 out of 140), down from 7.1 percent in 1997 and 15 percent in 1996. Moreover, no woman is a full member of the Central Electoral Commission, and only a few are members of local commissions. Despite their constitutional right "to unite in organizations and associations for the protection of their interest and identity," in some cases national minorities may also be inadequately represented. Ethnic Greeks constitute the largest minority group in Albania and are particularly active in the Human Rights Union Party.

The 1998 Constitution guarantees the right of Albanian citizens "to organize collectively for any lawful purpose." However, it prohibits the formation of any political party or organization that is totalitarian; incites and supports racial, religious, or ethnic hatred; uses violence to take power or influence state policies; or is nontransparent in character. Passed in February 2000, Law No. 8580, For Political Parties, detailed new procedures for the organization and registration of political parties. The law authorizes parties to receive funds from the state budget, membership fees, and donations from businesses, but it prohibits funding from state-run companies and foreign governments. Party newspapers and the rental of party-owned real estate are the only businesses political parties are now allowed to maintain. According to the Finance Ministry, the government in 2002 funded 32 parties, down from 35 in 2001. Some 70 percent of those funds, amounting to $1.15 million in 2002, went to the SP and the DP, which have 65,000 and 60,000 registered members, respectively. Newly formed parties receive initial state aid.

The relationship between the Socialist Party and the Democratic Party is characterized by polarization, and conflicts within the ruling SP became predominant in the lead up to the June 2002 presidential elections. This bitter infighting led to the resignation of Prime Minister Ilir Meta on January 29, 2002, and left the country without a government for four weeks. Meta blamed unacceptable pressure from SP chairman Fatos Nano, who had accused his government of cronyism and his ministers of corruption, forcing four key ministers to resign in December 2001. Nano had sought Meta's support in his bid for the presidency, but Meta refused, arguing that Nano would concentrate too much power and eventually isolate the country. On February 6, 2002, the party leadership named Defense Minister Pandeli Majko, who was prime minister during the 1998–1999 Kosovo crisis, as Meta's successor. The two main rival factions within the SP were represented in the new cabinet—one around Majko and Meta and the other around Nano—yet Majko's government became hostage to developments within the SP.

The vote on March 19, 2002, to dismiss Arben Rakipi, the prosecutor-general, further exposed the division between SP parliamentarians and allowed the main opposition Democratic Party to exploit the feuding. Meta's supporters voted with the opposition to oust Rakipi—considered a supporter of Nano—against meager votes from parliamentarians loyal to Nano. Rakipi was replaced by Theodhori Sollaku. Never before in Albania's post-Communist history had members of the ruling party joined with the opposition against another faction of the ruling party. Sali Berisha blamed Rakipi for failing to curb corruption, while Meta accused him of succumbing to political influence. Rakipi had started several corruption investigations against Meta supporters, including former ministers. Nano called the motion against Rakipi "antidemocratic and unconstitutional." The Constitutional Court on April 25 ruled that the Parliament's decision to dismiss Rakipi was illegal, prompting the Parliament Speaker, Namik Dokle, to resign. Dokle was replaced by Servet Pellumbi. Later, Parliament rejected the Court's ruling.

On June 24, the Parliament elected 73-year-old Alfred Moisiu as Albania's new president. Head of the Albanian North Atlantic Association that supports the country's bid to enter NATO, Moisiu served briefly as defense minister in 1991 and 1992 and advised the DP on defense from 1992 to 1997. Moisiu succeeds Rexhep Meidani, who was elected president by the SP-controlled Parliament in July 1997.

Under the 1998 Constitution, "only an Albanian citizen by birth who has been a resident in Albania for not less than the past 10 years and who has reached the age of 40 may be elected President." The president is elected with a three-fifths majority vote of Parliament—84 out of 140 votes—to serve a five-year term and is eligible for reelection only once. Five unsuccessful attempts to elect a president triggers early parliamentary elections within 60 days.

The outcome of the June 24 vote—Moisiu gathered 97 votes—was basically assured after the SP and the DP agreed to present a single candidate. The agreement came under international pressure to achieve a consensual nomination and barred both Nano and Berisha from the presidential bid. The European Union made the election of a consensual president one of its requirements before opening negotiations that would lead to a Stabilization and Association Agreement. Moisiu's candidacy was put forward after Artur Kuko, Albania's ambassador to the European Union, turned down the nomination.

Some observers hailed Moisiu's joint nomination and election as spelling the end of 12 years of political deadlock. Others questioned whether he could resist pressure from the two leading political parties. Still others feared Moisiu might be only a puppet president. Shortly before he was elected, Moisiu said he would work to further unify political forces and establish the rule of law. Albanian political leaders said the election marked a historic

change, "an irreversible path of cooperation to achieve national development and Euro-Atlantic integration," Nano noted. The U.S. International Research and Exchange Board (IREX) in Albania also welcomed the consensual move as something that could "distance Albanian politics from the psychology of war and confrontation."

In July 2002, the SP leadership elected Fatos Nano as prime minister. Nano became Albania's third prime minister since the 2001 general elections and replaced Majko, who had agreed to resign. The SP's internal crisis had hindered the ability of successive governments to work coherently and led to growing pressure from the opposition and public opinion to call early elections. Nano persuaded his party to nominate him to lead a cabinet that would effectively tackle corruption and trafficking, reform public administration, improve the economy, and work more closely with the opposition. Analysts stress that the Socialists must settle down to the task of government if they want to stay in office until their term expires in 2005. The election of Nano as prime minister, with Ilir Meta as deputy prime minister and foreign minister, might mark some reconciliation within the SP. Furthermore, after years of extreme confrontation between the SP and the DP, a more normal government opposition relationship has started to develop. However, it remains to be seen whether Nano will be willing and able to work in the long run with his old rivals, both in his own party and in the Democratic Party.

Civil Society

1997	1998	1999	2001	2002	2003
4.25	4.25	4.00	4.00	3.75	3.75

Although there may be as many as 800 NGOs in Albania, their impact on daily life is limited. International donors primarily have shaped local NGOs, and the harsh competition for funding has often led groups to imitate inadequate models and to neglect the needs they are intended to serve. Moreover, dependency on foreign funding often hinders the ability of NGOs to set long-term strategies. The Albanian Institute for International Studies stresses that civil society in Albania lacks indigenous "popular movements" and that NGOs are "fashioned according to the availability of foreign donors' funds."

A survey carried out by Partners Albania, an Albanian NGO focused on civil society development and conflict management, in late 2001 shows the uneven geographical distribution of NGOs throughout the country. Yet both the overall number of NGOs and the number of NGOs outside Tirana have increased over the past five years. In 2001, democracy-related NGOs ranked first in number and received the most substantial foreign funding. In addi-

tion, there has been an increase in the number of and funding for NGOs dealing with women, youth, health and social issues, business, and the environment. According to the report, the scope of Albanian NGOs' activities changed with the 1999 Kosovar refugee crisis, when groups turned largely to the provision of services, as opposed to information dissemination activities.

The new legislative framework adopted by the Parliament in 2001—including Law No. 8788, On Nonprofit Organizations, and Law No. 8789, On the Registration of Nonprofit Organizations—defines legal forms for nongovernmental organizations, sets ground rules for the registration and internal governance of nonprofits, recognizes the right of NGOs to receive international funding, and protects NGOs from governmental interference. NGOs are entitled to tax exemptions on profits and face no legal restrictions on income generation, membership fees, or other forms of fund-raising. The registration of NGOs is now centralized at the Tirana Municipal Court, and a national registry is being developed.

Nevertheless, most NGOs still lack the institutional capacity to develop, carry, monitor, and lobby adequately for their work. Their management structures usually include a board of directors responsible for strategic planning and decisions and an executive staff responsible for implementing activities. Yet an organization's lack of staff and resources is often an obstacle to a clear division of responsibilities, as well as to the fulfillment of its mission statement. Less than half of all NGOs operate with permanent staffs, and hiring is done on an ad hoc basis. Furthermore, NGOs often lack offices and equipment. Little is done to encourage or build upon volunteerism, which has been discredited by decades under communism of forced participation in so-called voluntary activities.

Cooperation among NGOs is increasing, and networks, including cross-border networks, have been set up to enhance effectiveness and share strengths. Overall cooperation with central and local governments is also improving, and there is now a core group of approximately 40 public policy NGOs that work regularly with the government to set policy priorities and draft laws. Other NGOs have developed watchdog programs. Most NGOs surveyed by Partners Albania considered their relations with media outlets as unsatisfactory and criticized the sensationalist nature of media coverage. Cooperation with businesses was considered very limited.

The 1998 Constitution is, in part, responsible for the progress in civil society's access to government. The section on fundamental rights guarantees the rights of Albanian citizens to attend meetings of elected bodies, organize for "any lawful purpose," and petition organs of government. Article 81 of the Constitution stipulates that any group of 20,000 voters may initiate legislation at the national level. Supplementing the right to propose laws is the right, upon the motion of 50,000 voters, to call a national referendum on the

abrogation of a law. However, despite NGOs' increasing contribution to policy making, Albanian civil society as a whole is not yet able to independently and effectively balance and monitor the power of government.

According to the Open Society Institute's Women's Program, Albania currently maintains about 120 women's NGOs focused on women's rights and gender issues, domestic violence, and trafficking in women. The Women's Program has supported the launch of a reintegration program for trafficked women, in cooperation with the Albanian government and the International Organization for Migration, as well as the first telephone counseling line for women in Albania. It also strongly supports networking and cooperation among women's NGOs. In March 2001, the Albanian women's movement celebrated its 10th anniversary with the opening of the first Gender Studies Center at the University of Tirana.

The 1998 Constitution provides for the right to unite freely in labor organizations (Article 50) and grants employees the right to strike (Article 51) within some boundaries (to ensure essential social services). Also, the 1995 labor code sets forth legal requirements for unions pertaining to registration, the ability to represent employees' interests in court, the raising of tax-exempt funds, and the right of unions to operate without interference from the government, employers, or employer organizations. The two main trade unions in Albania are the Confederation of Trade Unions of Albania (KSSH) and the Union of Independent Trade Unions of Albania (BSPSH). Despite a large (but declining) membership, trade unions have lost power, and their influence is now limited primarily to state-owned companies.

In its country assessment report for the year 2002, the Albanian Center for Economic Research noted the existence of hundreds of rural associations. Yet there is a low level of understanding of the need for organization and for pooling resources. The report also emphasized that rural business associations tend to be more established than farmers associations. It recommended setting up resource centers in rural areas to provide associations with accurate information, targeted training, and funding opportunities.

In the May 2002 Albanian Response to the Millennium Development Goals, the United Nations Development Program and the Albanian government set concrete targets for improving standards of living, health, and education to be achieved by 2015. First among those goals is the reduction by half of the number of Albanians who live in poverty, which is estimated to be a third of the overall population. Education is also identified as a major challenge. Primary school enrollment has been declining steadily since 1990 (falling to 81 percent in 2000), while illiteracy is on the rise, especially in younger age groups. However, overall literacy was still 87.7 percent in 2000. State financing of the public education system has remained at 9–10 percent of annual public expenditures over the past 10 years, with some 75 percent of those funds covering salaries. The Albanian government's National Strat-

egy for Socioeconomic Development also identified increased school attendance and teaching quality as key objectives.

Independent Media

1997	1998	1999	2001	2002	2003
4.75	4.75	4.50	4.25	4.00	4.00

Freedom of expression and freedom of print and electronic media are expressly guaranteed by Article 22 of the Albanian Constitution, which also prohibits "prior censorship of a means of communication." The right to access information about "the activity of state organs, and of persons who exercise state functions" is provided for by Article 23. But access to information in Albania is often and arbitrarily denied to journalists in apparent retaliation for critical reporting. In 1996, the Albanian Parliament ratified the European Convention on Human Rights (ECHR), under which the media are entitled to the greatest protection when they cover matters of public interest. In case of conflict, Albanian judges must theoretically apply the provisions of the ECHR and give them priority over domestic laws. In practice, however, the incapacity or unwillingness of the Albanian judiciary to enforce the guarantees set forth in the Constitution and in international conventions ratified by Albania is of serious concern.

In May 1997, Parliament passed Law No. 8221, On Public and Private Radio and Television in the Republic of Albania, which sanctioned private broadcasting for the first time. This law was replaced in September 1998 by Law No. 8410, which provides for a politically diverse National Council on Radio and Television to regulate and supervise broadcasting and reiterates guarantees of freedom and independence. The regulatory body, both by reputation and deed, has so far acted as an independent organization devoid of political influence. The 1998 Law on Electronic Media also protects private electronic media and the public broadcaster Albanian Radio and Television (RTSH), which consists of Radio Tirana and TVSH, from external interference and prohibits censorship. In addition, the law prohibits advertisers from interfering with the content and scheduling of programs (Article 61) and bans political parties, religious organizations, and state bodies from operating a private radio or television station (Article 26).

The 1995 criminal code includes several provisions that can be characterized as criminal defamation laws and are particularly threatening to a free press. Insult and libel against public officials and the president of the republic, as well as defamation of national symbols, are punishable with fines and/or up to three years' imprisonment. "Calls for national hatred" and the propagation of false information can result in penalties ranging from fines to sentences in prison of five years. These provisions and subsequent trials foster

self-censorship, blur the limits of legitimate criticism, and thus undermine good governance in general. In its 2002 report *The Cost of Speech: Violations of Media Freedom in Albania*, Human Rights Watch (HWR) called for the repeal of all criminal defamation laws in force in Albania, noting that these laws "are frequently used and abused by governments and the powerful to harass, intimidate, and punish the critical media."

Intimidation, unlawful arrests, and physical attacks against journalists are still widespread throughout the country and go largely unpunished. Carried out by police officials and organized crime groups, the attacks usually respond to press criticism of politicians and government officials. "The rise in violent attacks and defamation actions against the press by state officials accused of corruption appears also to coincide with an increased maturity, courage, and investigative capacity of the Albanian media in general," HRW noted. In late October 2002, the Koha Jone media company became the target of government pressure following the publication of commentaries critical of Prime Minister Nano. Shortly after the articles were published, several government agencies sent inspectors to check the group's compliance with financial, labor, and other regulations. The timing of the inspections has raised suspicions that they were being used for retaliation.

The 2001 Media Sustainability Index developed by IREX rated Albanian journalists' professional and ethical standards as low and the overall news coverage as politically based and biased. Media outlets, especially print media, are polarized between the two political factions, and reporting is viewed as unfair and lacking in objectivity; their sources are also questionable. "Each news facility prepares its own news agenda following the ideology of the ownership," the report noted, adding that "the oligarchs are in control and disinclined to change." Moreover, "The government blatantly manipulates content by using supportive media as advertising outlets" for government-controlled companies.

State advertising in Albania accounts for a major share of the total advertising space sold by newspapers, and its allocation is often used by the government to pressure the media or to influence their editorial line. Such advertising is particularly critical to the financial survival of press outlets that are not subsidized by political parties. A study conducted by the OSCE mission in Albania in November 2001 found that on average, 45.4 percent of all advertising space sold by the press was state advertising. The ratio reached 72 percent for *Zeri i Popullit*, the Socialist Party's newspaper.

All broadcast media in Albania are private except RTSH, which became an independent public entity in May 2000 but is still considered excessively pro-government. Three television channels broadcast at the national level—Albanian Television, TV Klan, and TV Arberia—and another 50 channels operate at the local level. Radio Tirana, a public broadcaster that operates 3 different channels, and Top Albania Radio operate nationally, while another

31 stations operate locally. There are 4 cable operators in Albania, providing between 18 and 25 channels each. In September 2002, the National Council on Radio and Television introduced a new mobile frequency control center that will locate unauthorized transmitters and monitor the transmission quality of local operators. A Department of Program Monitoring was also established to assess the programs' content from a legal point of view.

The printed press currently includes 16 daily newspapers, of which 15 are distributed nationwide, and about 150 weekly and monthly newspapers and magazines that are either local or national. Political groups, labor unions, associations, and other groups publish their own newspapers and magazines. With a daily circulation of more than 22,000 copies, the unaffiliated *Shekulli* is the largest Albanian newspaper. It is followed by the dailies *Gazeta Shqiptare*, *Korrieri*, *Koha Jone*, and *Albania*, also unaffiliated. The partisan newspapers include *Rilindja Demokratike* (DP), *Zeri i Popullit* (SP), and *Republika* (Republican Party), each with an average daily circulation of 5,200 copies. There are several minority-language newspapers, including Greek, Vlach, Romanian, and Roma.

Circulation for the printed press as a whole has been declining since 1998, owing to the low purchasing power of the population, a general distrust in papers, and the rise in popularity of electronic media. Albania's two major distribution companies are private, but they are allegedly corrupt and mishandle deliveries. The country's poor road infrastructure also adds to distribution problems. There are no legal restrictions on Internet access, and to date 15 newspapers and broadcasters have their own home pages. However, the number of Internet users is very limited, especially in rural areas.

In terms of printed press ownership, the figures gathered by the Albanian Media Institute for the year 2001 show that private companies, associations, and individuals own the great majority of titles, while about a fifth are owned by political parties and state institutions. None of the private print or electronic media are financially viable on their own, which makes them vulnerable, to say the least, to corruption and influence from political and business interests.

In 2001, the Albanian print and electronic media employed approximately 2,365 people full-time, compared to 1,830 the previous year. The gender distribution is more balanced in electronic media. Over 70 percent of Albania's print and electronic journalists work without a contract, which makes their situation highly insecure. Moreover, in the absence of a contract, employers do not make social insurance contributions, and journalists tend to move frequently from one media outlet to another to obtain higher salaries. The Koha Jone media company, which owns two newspapers, one television station, one radio station, and the daily newspaper *Gazeta Shqiptare*, has recently settled its employees' contracts. However, further decisive im-

provements might require the creation of a journalists trade union. The influence of the two main press associations in Albania—the Albanian Professional Journalists Association and the Albanian Journalists League—is limited.

In its 2002 *Annual Survey of Press Freedom*, Freedom House rated Albania's media as "Partly Free." In the period from 1994 to 1996, Albania's rating was downgraded to "Not Free" owing to continued government control over the media, including legal restrictions on private electronic media and threats against journalists. Albania's rating has remained "Partly Free" since 1997.

Governance

1997	1998	1999	2001	2002	2003
4.75	5.00	4.75	4.25	4.25	4.25

Although Parliament is the chief rule-making organ in Albania and passes legislation, the majority of the actual drafting takes place in the various ministries. Under Article 81 of the 1998 Constitution, it takes a three-fifths majority vote of all members of Parliament to approve or amend certain organic codes—that is, laws on elections or public functionaries. The president has the right to return legislation for review, but a majority of Parliament can overturn the veto. Articles 92–94 of the 1998 Constitution also restrict the president's power to issue decrees on a discrete list of topics that involve the traditional duties of a head of state or constitutional guardian.

In spring 1998, Parliament adopted new rules of procedure that strengthen transparency and public input in the legislative process. The new parliamentary rules define more clearly the process for reviewing draft laws, allow the public and the media to attend plenary sessions, and permit the latter to be broadcast. Access to information on draft laws and to parliamentary reports is granted to the public and the media, and NGOs and interested parties may attend the meetings of parliamentary commissions. These commissions may also hold public hearings to gather comments on draft legislation or other issues. Despite these provisions, there has been no systematic or consistent consultation among the public, interested parties, and Parliament.

In June 1999, Parliament adopted Law No. 8503, On the Right of Information for Official Documents, which allows anyone to request official information from the state and obligates the government to make official information public. In 2001, the government issued a number of new rules outlining how one obtains a security clearance and how the state classifies and declassifies information. In order to ensure proper publication and distribution of legal information such as High Court decisions and commentaries on all organic laws, legal indexes, and legal reviews, a State Publications

Office was established in 2000. The office currently publishes the *Official Gazette* but does not yet fulfill its mandate.

Reform of public administration and the civil service has been given high priority, with a view to improving professionalism and efficiency, reducing partisanship, and increasing public confidence in government. The 1999 Law on the Status of the Civil Servant (No. 8549), which sets forth uniform regulations for civil servants, and the improving performance of the Civil Service Commission contribute to that objective. Furthermore, the people's advocate, or national ombudsman, is explicitly empowered to "defend the rights, freedoms, and lawful interests of individuals from unlawful or improper actions or failures to act of the organs of public administration." Foreseen by the 1998 Constitution to increase government transparency and accountability, the People's Advocate Office was established by Law No. 8454 in February 1999. The institution's independence was reinforced with the adoption in April 2000 of Law No. 8600.

In 2001, the People's Advocate Office dealt with a total of 2,194 complaints, requests, and notifications, a third of which were addressed to the Justice Ministry. The extensive annual report presented in March 2002 by Ermir Dobjani, who was elected people's advocate in February 2000, reviews all cases, specific achievements, and obstacles, as well as further objectives. Among the shortcomings listed in the report is the lack of awareness and adequate compliance by public administrations, with recommendations submitted by the People's Advocate Office. The report also notes "the lack of entitlement to carry out inspections in places where human rights are eventually violated, such as prisons, police stations, mental hospitals."

The provisions on local governance in the 1998 Constitution sanction the principles of political and administrative autonomy of the European Charter for Local Self-Government (ratified by the Albanian Parliament in November 1999) and therefore represent an important step in the decentralization and overall transition process in Albania. Given high priority, decentralization is designed to bring appropriate services closer to local communities and to improve overall efficiency, democratic control, and citizens' involvement.

The National Committee for Local Government Decentralization was established in February 1999 to define a long-term and comprehensive strategy for local government in Albania and monitor its implementation. Using a participatory and consensus-building approach, a task force drew up the National Strategy for Decentralization and Local Autonomy, which was adopted by the government in January 2000. Two laws passed in July 2000 regulate the organization and functioning of local governments (Law No. 8652) and the territorial and administrative division of local governments (Law No. 8653). Law No. 8652 clearly defines the functions of local governments (own, shared, and delegated) and states their substantial autonomy

in the fields of public services, economic development, social and cultural activities, public order, and civil protection. In February 2001, Parliament passed Law No. 8743, which determines the immovable state property rights and management, and Law No. 8744, which regulates the transfer of state properties to local governments.

Until now, local governments have relied on national funds for about 95 percent of their total revenues. Moreover, local bodies have had almost no autonomy in determining the use of state funds. This situation changed in 1999, though, with the implementation of the block grant, which gives local governments some discretion in the allocation of operating expenditures. Since then, the share of local expenditures allocated to investment has increased significantly. Following a new provision introduced in the 2001 State Budget Law, local governments have obtained full control of 18 percent of their expenditures, which are to be funded through unconditional transfers from the state budget and revenues raised locally. In 2002, about 24 percent of local governments' revenues were raised locally. This ratio is expected to increase further in 2003.

Albania is divided into 65 municipalities and 309 communes at the first level of local government and 12 regions, which are further subdivided into 36 districts, at the second level. The elected bodies of local governments are the commune, municipal, and regional councils and the chairs of communes and municipalities. Municipal councils are elected directly, while regional councils are elected indirectly by the commune and municipal councils. Local government elections are held every four years.

The last local elections took place in October 2000 and according to the OSCE marked overall progress toward international standards. Like national voting, local voting favors the two main political parties—the Socialist Party and the Democratic Party—that to date gather the vast majority of councils' seats and chairs. In several southern communes, however, the Union for Human Rights Party, which represents the Greek minority, is well represented.

Three associations correspond to the various levels of local government: the Association of Albanian Municipalities, the Albanian Association of Regional Councils, and the Albanian National Association of Communes. Established in 1993, the Association of Albanian Municipalities is by far the most developed, and about 75 percent of all Albanian mayors are members. It aims at promoting the common interests of Albanian municipalities and at facilitating contacts with the government, Parliament, and foreign municipalities. With respect to promoting local government in Albania, the question of state-local authority relations is one of the most important issues to be addressed.

Although the law provides for the right of the public to attend local councils, its participation is very limited, and elected officials do not neces-

sarily encourage public involvement in the decision-making process. The lack of information on council functions and activities, as well as the overpoliticization of local bodies, explains the public's low participation. Projects undertaken by NGOs are intended to reverse that trend. In 2001, the Albanian Helsinki Committee carried out a fact-finding mission in Elbasan, central Albania, focusing on the efficiency of local self-government. Among the negative aspects pointed out by the respondents were the local authorities' failure to handle complaints in a timely manner, the practice of corruption, the poor dissemination of information on issues of public interest, and the local administration's dependence on political parties.

RULE OF LAW

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
4.75	5.25	5.00	4.50	4.50	4.25

After its change to pluralism in 1991, Albania operated on the basis of interim constitutional provisions. These were replaced in 1998 by the Constitution of the Republic of Albania. Passed in a national referendum and broadly praised by the international community, the new Constitution further reinforced the principle of separation of legislative, executive, and judicial powers.

Albania has a Constitutional Court and a three-tiered judicial system: courts of first instance, courts of appeal, and a Supreme Court. The nine-member Constitutional Court has jurisdiction primarily over cases involving the compatibility of the law with the Constitution's provisions and with international agreements. It is charged with making the final interpretation of the Constitution, and its decisions are binding on other courts. Courts of first instance operate in 36 judicial districts throughout Albania, while courts of appeal sit in 6 different regions. The Supreme Court is the highest appellate body in Albania. Judges of the Constitutional Court and Supreme Court are appointed for fixed nine-year terms by the president with the consent of Parliament. Judges of the courts of first instance and courts of appeal are appointed for indefinite terms by the president upon the recommendation of the High Council of Justice. Judges enjoy immunity, which can be lifted only by the organ that appointed them.

The majority of judges now being appointed in Albania have completed a three-year program at the Magistrates School. The 2001 Judicial Reform Index for Albania developed by the American Bar Association's Central and East European Law Initiative (ABA-CEELI) rated positively the appointment of judges: "While there is a possibility of undue political or personal

influence in some appointments, the system currently operates to provide a check on appointments through either the High Council of Justice or the Assembly." Under the law, cases are assigned to judges by random lottery, within the relevant subject matter division of the courts. While assignment rules seem largely to be respected, many judges interviewed by ABA-CEELI "believed that the process is manipulated in some high-value cases."

The undue prolongation of investigation and court proceedings is a key problem in the Albanian judicial system. Even simple cases often last for several months owing to the failure of the prosecution, lawyer, defendant, or witnesses to show up in court. In addition, while the situation has improved in recent years, the enforcement of civil judgments, particularly monetary judgments against the government, is still extremely problematic. Many civil judgments go unenforced.

Although judicial salaries overall have increased significantly since the year 2000 and salaries of judges and prosecutors were raised by 12 percent in July 2002, most judges still consider them inadequate and often resort to bribes and other illicit sources of income. Judicial corruption in Albania is rampant, and attempts to influence court cases aim predominantly at private gain. Governmental pressure, however, has become uncommon. The High Council of Justice has taken steps to curb corruption but has faced both a lack of resources and resistance by prosecutors and police in pursuing violators. The offer of a bribe sometimes accompanies threats, which ABA-CEELI said are still common in Albania. Yet such threats often go unreported. ABA-CEELI's 2001 index also emphasized that current resources are insufficient to protect judges and their families.

Despite legal provisions that provide for public and media access to court proceedings, mainly only high-publicity cases are open; access to average cases is more limited owing to the lack of courtroom space and insufficient notice of public access procedures. Moreover, judicial decisions are extremely difficult to obtain, and records of court proceedings are often inaccurate, incomplete, or not readily available to the public. Only decisions of the Constitutional Court and Supreme Court, along with laws and ministerial decisions, are published in the monthly *Official Gazette*.

Established in December 1999, the National Judicial Conference (NJC) is a voluntary, professional association of judges that aims at "strengthening the rule of law" and "the efficient functioning of the judiciary." The NJC holds annual national meetings that include educational seminars and has the constitutional mandate to elect 9 of the 15 judges of the High Council of Justice. In December 2000, the NJC adopted the code of judicial ethics, which addresses issues such as conflicts of interest, ex parte communications, and inappropriate political activity. However, sitting judges are not required to receive training in the code, and the NJC has no authority to sanction judges for misconduct. Unlike its predecessor, the National Judges

Association, which became inactive in 1995, the NJC to date has not encountered interference from the executive branch. However, the NJC lacks any real enforcement power and has yet to become an active player in the judicial reform process.

The 1998 Constitution guarantees all individuals, Albanian or foreign, with fundamental human rights and freedoms and makes the European Convention on Human Rights, which Albania signed in 1996, directly applicable. The adjudication of most alleged human rights and fundamental freedoms violations can initially take place in the regular court system.

In 2002, the Albanian Helsinki Committee noted serious violations of detainees' rights, including the failure to inform detainees of their rights, prohibiting their lawyers from being present during interrogations, and holding individuals in custody in excess of the legal detention period. Yet in 2000, the government passed Law No. 8570, For Some Changes to the Penal Procedure Code, which limits the extension of detention periods. The right to a legal defense, guaranteed by Articles 255 and 256 of the criminal procedure code, is frequently ignored, and numerous detainees interviewed by the AHC had made statements without the presence of a lawyer. Furthermore, the constitutional right of persons accused of crimes to a "free defense when [they do] not have sufficient means" is not yet properly upheld. The rights of minors are also violated. In all police stations monitored by the AHC, minors' parents had not been contacted and no legal or psychological support had been offered, despite the provisions in the criminal procedure code.

The Constitution also stipulates that no one can be subjected to torture or cruel and inhuman treatment. Yet one of the most serious human rights violations in Albania is grave misconduct by the police. Illegal arrests are frequently carried out, and suspects are held in detention for periods exceeding the legal time of custody without charges being raised. Despite steps taken by the government to improve the professional and human rights training of police, Amnesty International has expressed serious concerns that torture and ill-treatment remain widespread in Albania and that few police officers responsible for these violations of human rights are brought to justice. According to the Albanian ombudsman's report for 2001, the People's Advocate Office received 198 complaints against the police, of which 49 were complaints concerning ill-treatment. The complaints that were found to be justified generally led to lenient disciplinary measures against the officers. The ombudsman's report recommended that more severe measures be taken in the future, in addition to drafting a code of conduct for police interrogations, monitoring police work during investigation proceedings, and improving conditions for detainees in police custody.

In September 2002, the Albanian government outlawed the death penalty by approving Protocol No. 13 of the ECHR. In 1999, the Albanian

Constitutional Court stated that the death penalty is unconstitutional in times of peace, but it was still permitted during a state of war. Protocol No. 13 prohibits the death penalty under all circumstances.

With regard to minority rights, the Constitution provides for the equal treatment of all citizens and prohibits discrimination based on "gender, race, religion, ethnicity, language, political, religious or philosophical beliefs, economic conditions, education, social status, or ancestry." It also prohibits discrimination in property holding, or social protection, on the basis of ethnicity. Established in 2000, the Office of National Minorities monitors the country's conformity with minority-related international commitments such as the European Convention for the Protection of National Minorities. Although the overall climate in Albania is predominantly tolerant of minorities, much remains to be done to better integrate the Roma community, which is regularly discriminated against.

Corruption

1997	1998	1999	2001	2002	2003
na	na	6.00	5.50	5.25	5.00

The Regional Corruption Monitoring System analysis completed in spring 2002 by the Southeast European Legal Development Initiative (SELDI) revealed the overall perceptions of and attitudes toward corruption of 1,037 Albanian adults surveyed. The respondents ranked corruption first among the socioeconomic problems faced by the country, before political instability and unemployment. In 2002, 68.4 percent of those surveyed rated corruption as the top problem, compared to 60.8 percent in 2001. There is no similar increase in the Balkan region. In both 2001 and 2002, Albania rated the highest among Balkan countries in terms of public tolerance toward corrupt practices, yet its tolerance level decreased the most in the one-year period. Despite a growing formal denunciation of corruption in Albania, citizens' susceptibility to—but not necessarily involvement in—corrupt practices has increased, whereas public officials' pressure to engage citizens in corrupt behavior has declined.

The SELDI survey emphasized that "in the Balkan societies corruption continues to be perceived as an efficient mechanism of addressing problems and a convenient way of bypassing the bureaucracy." The vast majority of respondents cited customs and police officers; doctors; municipal, tax, and court officials; and government ministers as the most corrupt occupational groups. Found at the bottom of this rating are teachers, journalists, and NGO representatives. Among the main factors influencing the spread of corruption, respondents identified the low salaries of public officials and the striving of those in power to make fast money. The survey also registered

public skepticism about the ability of Albanian authorities to cope with the problem of corruption. In Transparency International's Corruption Perceptions Index (CPI) for the year 2002, Albania scored 2.5 out of a clean score of 10. The CPI reflects levels of corruption among politicians and public officials as perceived by businesspeople and country analysts.

The first document reflecting Albania's strategy to combat corruption was finalized in 1998 with the support of the World Bank. It focused primarily on the prevention of corruption through public administration reform, but it lacked implementation. The plan was reviewed in late 1999, and in April 2000 the government adopted a revised anticorruption plan that integrated the requirements of the Stability Pact Anti-Corruption Initiative. The government subsequently established the interministerial Anti-Corruption Commission and the Anti-Corruption Monitoring Group as state mechanisms to ensure and monitor the implementation of the national anticorruption strategy.

At the international level, Albania ratified the Council of Europe's Civil and Criminal Law Conventions on Corruption in 2000 and 2001, as well as the Convention on Laundering, Search, Seizure, and Confiscation of Proceeds of Crime. In June 2002, the Parliament ratified the Convention on Cybercrime and the second additional protocol to the European Convention on Mutual Assistance in Criminal Matters.

In the first serious effort to curb widespread corruption within the judicial system, the government in 2001 launched successful disciplinary actions before the High Council of Justice against more than a dozen judges and prosecutors. An attempt by the government in May 2001 to impeach three judges of Albania's highest court for having allegedly favored a suspected drug dealer failed to pass a vote in Parliament. This was in part due to the government's inability to substantiate the allegations, Human Rights Watch noted in its 2002 *World Report*.

In its 2002 anticorruption action plan, the Albanian government identified the fight against corruption as a top priority, "the objective being to reduce corruption to the point where it no longer undermines what Albania tries to achieve." While Albania has strengthened its anticorruption legal framework and ratified relevant international agreements, the government acknowledges that implementing and enforcing legislation remains a challenge. The 2002 anticorruption action plan and related matrix were discussed during the Second National Conference on Anticorruption, which was held in Durres in June. The matrix comprises over 160 objectives and measures, with deadlines, responsible institutions, expected outcomes, risks, and success indicators. Its objectives fall into five areas: public administration reform, improvement of legislation and consolidation of the rule of law, management of public finances, promotion of transparency and integrity in business operations, and public information and promotion of an active civil society.

In June 2002, the government approved the draft Law on Declaration of Assets and Liabilities of Public Officials and Politicians, which foresees the creation of a special oversight body empowered to investigate the declared property holdings of some 5,000 high- and medium-ranking officials. This body, whose members will be elected by Parliament, will enjoy broad jurisdiction extending all the way to the president's office. Since 1993, politicians and top state officials have been obliged to declare their property holdings; however, there has been no verification mechanism. The draft law, which Parliament had not adopted by year's end, was prepared in close cooperation with the Albanian Coalition Against Corruption (ACAC), which emphasized the principles of transparency and impartiality. Established under the umbrella of the ACAC in October 2001, the Citizen Advocacy Office provides legal support to victims of corruption and excessive bureaucracy. It is assisted by Management Systems International within a U.S. Agency for International Development–funded anticorruption project.

In terms of criminalization of corruption and money laundering, Albanian legislation does not yet fully comply with international standards. The criminal code classifies active and passive bribery of public officials and trading in influence as criminal offenses and stipulates fines of 3 to 10 years in prison; it does not cover all forms of corruption. With respect to money laundering, the legislation does not provide for a separate criminal offense and focuses on prevention instead. Yet the criminal code foresees the confiscation of proceeds of crime to some extent.

In October 2002, the vice governor of Albania's Central Bank was arrested on corruption charges. The alleged abuse of power relates to irregularities in granting a French company a contract to print bank notes for the Central Bank. Shortly after, the deputy minister of public order, the head of the police directorate, and the former head of the National Procurement Agency were also arrested for alleged abuse of power and embezzlement. The allegations relate to an international tender in 2001 for producing new Albanian passports, which cost the government an additional $2.8 million.

With regard to trafficking in human beings, Albania is considered a key country in southeastern Europe as a country of origin, transit, and, to some extent, destination. However, in its second annual report on human trafficking, released in June 2002, the U.S. State Department promoted Albania to a "Tier 2" country, indicating Albania's significant efforts to bring itself into compliance with international standards. Albania had previously been listed in "Tier 3," the lowest category.

In December 2001, the government adopted the National Strategy to Combat Trafficking in Human Beings. This plan of action, to be implemented until September 2004, sets a number of objectives, for each of which the responsible institution and a timetable for completion have been identified. The plan led to the creation of antitrafficking units in police districts

around the country and of the Regional Center for Anti-Trafficking, based in Vlora. In August 2002, Albanian law enforcement officials carried out the largest antitrafficking operation ever held, expanding efforts from the port city of Vlora to the entire coastline. The operation was intended to demonstrate to Western countries Albania's determination to combat human trafficking and the smuggling of narcotics and cigarettes.

Parliament passed new legislation in 2001 establishing trafficking in human beings as a serious criminal offense. However, bilateral cooperation agreements concluded among relevant ministries, public prosecution services, the police, and NGOs do not provide an answer to the main obstacles: protection of trafficked persons, length of investigations, and prosecution of traffickers. Moreover, there is a general perception of impunity of traffickers owing to corruption or inefficiency by the police or the judiciary. More criminal charges are brought against victims of trafficking, who are prosecuted for prostitution, than against traffickers.

In June 2002, a regional seminar organized in Slovenia by the Council of Europe's Program Against Corruption and Organized Crime in Southeastern Europe gathered over 100 judicial and law enforcement officials, representatives of NGOs, and experts from international organizations to discuss enhanced cooperation in the fight against corruption and organized crime. The meeting's final report stressed that "actual corruption or the perception of corruption among law enforcement and other criminal justice institutions is considered a major obstacle preventing cooperation and thus effective measures against trafficking in human beings." The recommendations that emerged for Albania included the removal of immunity from prosecution of judicial officials following an allegation of corruption, the classification of corruption as a form of severe crime to be dealt with by special courts, and the improvement of witness protection programs. Albania joined the Council of Europe's Group of States Against Corruption in May 2001. The country also participates in the Anti–Money Laundering Monitoring Mechanism.

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Armenia

Capital: Yerevan
Polity: Presidential-parliamentary democracy
Economy: Capitalist-statist
Population: 3,800,000
GDP per cap at PPP: $2,559
Private sector as % of GDP: 70
Ethnic Groups: Armenian (93 percent), Azeri (3 percent), Russian (2 percent), Kurd and others (2 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	5.50	5.75	5.25	5.50	5.50	5.50
Civil Society	3.50	3.50	3.50	3.50	3.50	3.50
Independent Media	5.25	5.25	4.75	4.75	4.75	5.00
Governance	4.50	4.50	4.50	4.50	4.50	4.75
Democratization Scores	**4.70**	**↓4.80**	**↑↑4.50**	**↓4.56**	**4.56**	**↓4.69**
Constitutional, Legislative, and Judicial Framework	4.75	5.00	5.00	5.00	5.00	5.00
Corruption	na	na	5.75	5.75	5.75	5.75
Rule of Law Scores	**na**	**na**	**5.38**	**5.38**	**5.38**	**5.38**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

INTRODUCTION

Eleven years after gaining independence and stepping onto the path of reform, Armenia remains a struggling nation with enormous socio-economic difficulties, unresolved security issues, and a deeply flawed political order. Its decade-long transition to democracy and the free market has not yet lived up to the expectations of the majority of Armenians. Although Armenia has built the main institutions of state and avoided long periods of instability, a host of factors have hampered the country's development, including the reversal of political reform in the early 1990s and the failure of Armenia's leaders to establish the rule of law. Equally devastating has been the persisting effects of the post-Soviet slump in living standards. Mass impoverishment is having a negative impact on the process of democratization and is undermining civic consciousness. Those who enthusiastically put an end to Communist rule in 1990 no longer feel that political participation and civic activism can help resolve their problems. They simply do not see democratization as the key to prosperity.

This fact makes it easier for government authorities to maintain Armenia's oligarchic political system. Although basic civil liberties are in place and the press is relatively free, the right of citizens to change their government has been severely, and at times brutally, restricted. Most elections held since 1995 have fallen short of international standards. These problems are compounded by a highly insecure geopolitical environment in the South Caucasus, stemming from the unresolved conflicts in Nagorno-Karabakh and elsewhere in the volatile region. The bitter territorial disputes preclude the reopening of traditional trade routes and a greater influx of foreign investment—a necessary condition for quick economic recovery in Armenia as well as neighboring Azerbaijan and Georgia. At least, the stalled Karabakh peace process, sponsored by France, Russia, and the United States, saw little progress in 2002.

Armenia's greatest reform achievements since 1990 are confined to the macroeconomic front. In 1992 and 1993, at the height of the war in Nagorno-Karabakh, the country suffered hyperinflation and a tremendous fall in living standards. Since 1994, the macroeconomic policy of successive Armenian governments has largely followed the prescriptions of the International Monetary Fund and the World Bank, resulting in eight consecutive years of economic growth averaging 5.5 percent annually. The annual infla-

tion rate has been among the lowest in the former Soviet Union since 1997. Most state assets have been privatized, and the country has adopted one of the most liberal trade regimes in the Commonwealth of Independent States. Gross domestic product (GDP) was on track to grow by over 8 percent in 2002 under 3 percent inflation.

However, Armenia's relatively strong macroeconomic performance has not yet translated into tangible improvements in living standards for most of the country's citizens, a phenomenon that a senior World Bank official termed an "economic paradox" in 2001. Indeed, economists agree that only a small segment of the population, made up of relatively young entrepreneurs and top government officials with business interests, has really benefited from the growth. So widespread is tax evasion among private businesses that the Armenian government's tax revenues make up only 15 percent of GDP, a very low figure even by former Soviet standards.

Tax evasion results from rampant government corruption and other serious problems with the rule of law, and Western donors are placing growing pressure on the authorities to improve the business environment in the country. Although Armenian authorities took steps in that direction by enacting a number of relevant laws and improving tax collection in the course of 2002, their commitment to serious microeconomic reform remains in doubt. In particular, there was little hope that a comprehensive anticorruption program, which the government had promised to unveil in late 2002, would remedy the situation.

Armenia's political life during the period covered by this report was shaped by preparations for presidential and parliamentary elections due in February and May 2003, respectively. President Robert Kocharian, who will seek another five-year term in office, had effectively launched his reelection campaign by the middle of 2002. As the year drew to a close, he made more and more public appearances across the country designed to persuade Armenians that things are getting better despite persisting hardship.

In an effort to scuttle Kocharian's reelection plans, the president's hitherto divided political opponents moved to form a united front against the 48-year-old incumbent. In September, 16 political parties representing virtually the entire opposition spectrum announced the creation of a loose coalition whose aim would be to put forward a single presidential candidate for the February 2003 vote. However, there was widespread skepticism about the group's ability to put aside long-standing differences, and subsequent developments proved the skeptics right. In time it became evident that these diverse opposition parties could hardly agree on who their common candidate should be. Some opposition leaders were even suspected by their allies of secretly cooperating with the regime.

It is no wonder, then, that Kocharian sounded untroubled by the opposition's unification efforts and let it be known that he expected to

win a landslide victory by garnering more than 50 percent of the vote in the first round. He also argued that a second round, like the one held in 1998, would hurt the Armenian economy by prolonging political tension and uncertainty. But the opposition shrugged off that argument, saying that the president is simply looking for an easier way to falsify election results. Some independent observers likewise feared that government officials who are in a position to affect the election results may have received a clear signal to make every effort, both legal and illegal, to ensure Kocharian's first-round victory.

A number of events in 2002 gave cause for these alarming predictions. In April, Armenia's leading independent television station, A1+, was forced off the air by the authorities after losing a competitive but dubious tender for its air frequency. The de facto closure of A1+, the only national channel to have aired criticism of Kocharian regularly, was a big blow to press freedom in Armenia and was condemned by local and international media watchdogs, the United States, and the Council of Europe (COE).

The Parliamentary Assembly of the Council of Europe (PACE) mentioned the A1+ closure in a resolution on September 26 that criticized Armenia for failing to fulfill some of its membership obligations. The PACE also warned that Yerevan would risk facing serious sanctions if it failed to unconditionally abolish the death penalty in peacetime by June 2003. Armenia's new criminal code, approved by Parliament in December 2002, scraps capital punishment but has a special clause allowing death sentences for the perpetrators of the October 1999 terrorist attack on the Parliament building, in which Prime Minister Vazgen Sarkisian, Speaker of Parliament Karen Demirchian, and six other officials were murdered. The five gunmen remained on trial in 2002.

While strengthening his hold on power, Kocharian continues to rely on a shaky support base made up of senior civil servants, wealthy businesspeople with strong government connections, and several loyal parties represented in the government—notably the Armenian Revolutionary Federation (ARF) and the Republican Party of Armenia (RPA), led by Prime Minister Andranik Markarian. Despite their shared interest in seeing Kocharian stay in power, these groups often squabbled over government posts and other power levers in 2002. The ARF and other pro-Kocharian groups were increasingly jealous and unhappy with the RPA's growing influence, which came to light during the latter's landslide victory in the October 2002 local elections. The outcome of these elections reinforced Markarian's position and enhanced the Republicans' significance in the eyes of Kocharian, who was widely expected to become even more reliant on the RPA in his bid to win a second term in office.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
5.50	5.75	5.25	5.50	5.50	5.50

Unlike Georgia and Azerbaijan, the other two states in the Caucasus, Armenia has avoided long periods of strife since independence. The country's political stability has been threatened on two occasions: in the wake of the 1996 presidential elections and after the 1999 shootings in Parliament. In both cases, though, the country did not slide into chaos. In addition, the population as a whole and most of the leading political groups have been unwilling to engage in radical forms of political participation.

Nevertheless, Armenia's long-term political stability will remain in question as long as legitimate, democratic mechanisms for changing the government are not respected by its elite. The repeated failure of authorities to hold free and fair elections is a serious hindrance to the establishment of a democratic, stable, and predictable political order. Endemic voting irregularities heighten political tensions, and political groups and actors spend most of their energy manipulating elections (if they are in government) or ensuring their freedom and fairness (if they are in opposition). As a result, political debate is often diverted from pressing issues facing Armenia, and voter apathy and cynicism are only deepened.

Although the most recent national elections, held in May 1999, were largely democratic, the events that have followed have given political observers cause for concern. Ever since the 1999 killings in Parliament, for example, President Kocharian has used his sweeping constitutional powers to strengthen his position and neutralize his political opponents. The presidential and parliamentary elections of 2003 will be a serious test for Armenia's democratic credentials.

In fact, preparations for those elections were already under way for much of 2002. The Armenian opposition sought to scuttle Kocharian's reelection plans first by trying, though unsuccessfully, to bring impeachment proceedings against him and then by joining forces for the forthcoming presidential ballot. In June, the opposition disrupted the session of Armenia's Azgayin Zhoghov (the National Assembly, or Parliament) by occupying the main Parliament rostrum and protesting Speaker Armen Khachatrian's refusal to place the issue on Parliament's agenda. Parliament's pro-Kocharian majority responded by empowering the Speaker to punish unruly lawmakers.

On August 29, 2002, 16 leading opposition parties announced the creation of a united preelection front against Kocharian. In a joint declaration, they vowed to transform their loose coalition into an electoral alliance and

"participate in the presidential elections with a joint candidate and platform." They also pledged joint action to preclude electoral fraud. However, rivalry among several opposition leaders stood in the way of agreement on a single candidate. One of them, National Unity Party leader Artashes Geghamian, made it clear afterward that he will run for president even if he is not endorsed by the other 15 parties. At least two other opposition heavyweights, Stepan Demirchian (son of the slain Speaker) of the People's Party of Armenia (PPA) and Vazgen Manukian of the National Democratic Union (NDU), were also expected to go it alone.

Kocharian, meanwhile, surprised observers in September when he stated that he would prefer to face a common opposition contender in the first round of voting, arguing that this would lessen the likelihood of a politically and economically costly runoff ballot. The announcement came amid opposition allegations that the incumbent is determined to secure his reelection at any cost. In particular, the opposition pointed to controversial amendments to Armenia's Law on Elections that Parliament passed in April 2002. The amendments transfer authority from the government to the president to appoint three of the nine members on election commissions at various national and subnational levels in the country. Six parties represented in Parliament, three of which support Kocharian, have the authority to fill the remaining seats on election commissions, thereby giving the president de facto control of the electoral process.

Kocharian's efforts to win another five-year term in office enjoy the backing of the so-called power class, which is made up of senior government officials, businesspeople with government ties, and three major political groups: Prime Minister Markarian's Republican Party of Armenia, the Armenian Revolutionary Federation, and the Country of Law Party. The RPA has the largest faction in Parliament and, like the ARF, controls several government ministries.

Although the so-called power ministries are headed by presidential loyalists, the status of the ministers of defense, interior, national security, and foreign affairs is the same as that of other cabinet members under the Armenian Constitution. All are nominated by the prime minister and appointed by the president. The president must reckon with Parliament, which can unseat the entire government with a vote of no confidence. Nevertheless, parliamentary majorities have rarely been at odds with the head of state in post-Soviet Armenia, not least because of the president's right to dissolve the legislature. One such standoff, which was sparked by the October 1999 massacre in Parliament, ended in May 2000 in a victory for Kocharian.

RPA backing will be vital for Kocharian's electoral victory. Throughout 2002, the prime minister's party quietly enhanced its clout by recruiting more top bureaucrats and widening its control of many local

government bodies. However, its relations with the ARF and other pro-presidential factions are far from cordial, and this could prove damaging for the Kocharian campaign.

There were more than 100 registered political parties in Armenia as of November 2002. Over time, though, that number is expected to fall considerably owing to toughened registration requirements that Parliament introduced in July 2002. The new law requires parties to have at least 200 members and have branches in at least one-third of Armenia's regions. Only a dozen parties play a role in the nation's political life, but even they are not strong enough to affect governance, not least because of the sweeping powers that the Constitution vests in the office of the president.

The May 2003 legislative elections should increase the importance of the parties. Under amendments to the Law on Elections that Parliament also passed in July 2002, parties will fill 76 of the 131 Parliament seats under the system of proportional representation. During previous polls, only 56 seats were contested on the party list basis. The increase to 76 will come at the expense of single-mandate constituencies. Most Armenian parties have long argued that proportional representation makes vote rigging more difficult and fosters development of a multiparty democracy. They have denounced the RPA and nonpartisan deputies for opposing an increase in the share of seats filled by party lists.

The last legislative elections occurred on May 31, 1999. The Organization for Security and Cooperation in Europe (OSCE), which sent a 200-member mission to monitor the elections, characterized the vote as a "relevant step toward [Armenia's] compliance with OSCE standards" and concluded that it had been "conducted in a generally peaceful and orderly manner which was free of intimidation." The Unity bloc, formed by Soviet-era Communist chief Karen Demirchian and then Defense Minister Vazgen Sarkisian in the run-up to the elections, capitalized on Demirchian's populist appeal and won a landslide victory.

At the time, Demirchian and Sarkisian were the leaders of the PPA and RPA, respectively. The bloc, which fell apart less than a year after their assassination, won 41.7 percent of the proportional vote and took about half of the single-member districts. It won 61 seats in the 131-member Parliament and enjoyed the backing of about 25 ostensibly independent deputies that have strong governmental ties. The Armenian Communist Party (ACP) finished a distant second, with 12 percent of the proportional vote and 9 seats in Parliament. Two nationalist groups, the ARF and the Right and Accord bloc, each won 8 seats. Two center-right parties, the Country of Law Party and the opposition NDU, also cleared the 5 percent threshold needed to gain seats under the system of proportional representation. Each party won 6 seats. None of the elected deputies represented an ethnic minority, and only 4 seats were held by women. Two women's groups that participated in the election failed

to receive a mandate. Most political opponents accepted the legitimacy of Unity's victory, despite their criticism of the election's handling.

The most recent presidential election, which took place in March 1998, was far more controversial. Kocharian's main challengers were Karen Demirchian, then a factory director, and NDU leader Vazgen Manukian. Kocharian won 38.76 percent of the vote and Demirchian 30.67 percent, according to official results. Since neither contender won a majority, a run-off election was held on March 30. Kocharian won this round with 59.48 percent of the vote. Demirchian received 40.52 percent. Demirchian and his supporters refused to accept defeat and charged that massive vote fraud had occurred. The OSCE, which had sent a monitoring mission, declared that the election "[did] not meet OSCE standards" but noted "improvements in some respects" over the serious fraud in the previous presidential election held in September 1996.

Voter turnout has varied considerably since independence but tends to be higher during presidential elections. The record high figure, 70 percent, was registered in the 1991 presidential elections. Turnout for legislative polls has hovered between 50 and 55 percent.

Civil Society

1997	1998	1999	2001	2002	2003
3.50	3.50	3.50	3.50	3.50	3.50

Armenia entered the post-Communist period with strong prerequisites for a vibrant civil society, with hundreds of nongovernmental organizations (NGOs) emerging after the first democratic elections in 1990. However, subsequent developments have taken a heavy political and socioeconomic toll on the country and resulted in deindustrialization, mass impoverishment, and a decline in civic consciousness. Social polarization and the absence of a strong middle class have weakened the country's nascent civil society, thereby easing public pressure on the ruling oligarchy. The year 2002 saw little positive change in this regard.

According to the Ministry of Justice, there were some 2,800 registered NGOs in Armenia as of November 2002. Of these, approximately 1,000 were registered over the previous year. Only a fraction, though, actually operate in practice. The scope of NGO activities is very broad and includes areas such as politics, human rights, benevolence, labor, business, and social and women's affairs. Many groups exist thanks to Western (mainly American) grants and financial assistance from the diaspora. This is particularly true of Armenian charities. On paper, there are hundreds, but few manage to operate without external sources of funding. Locally funded philanthropy is confined largely to wealthy individuals, as most Armenians are too poor to help others.

The largest domestically based charity, the All-Armenian Hayastan Fund, raises the bulk of its funds from diaspora communities. It has spent over $75 million on various projects in Armenia and Karabakh since its creation in 1992. Of that, $10 million was spent on the rebuilding in the mid-1990s of a strategic 80-kilometer highway linking the Armenian-controlled disputed region to Armenia proper. In 2000, Hayastan launched a $25 million project to link the northern and southern parts of Karabakh with a modern road. In November 2002, it raised $5 million at an annual "telethon" in the United States. Fund officials said the money would allow them to complete half of the 170-kilometer highway in 2003.

Other leading diaspora charities such as the Armenian Benevolent Union, the Lincy Foundation, and the Armenian Relief Society are active in Armenia as well. On its own, Lincy, founded by Armenian American billionaire Kirk Kerkorian, has set aside $165 million for various projects in Armenia. A large part of the Lincy funds go to pay for the repair of 420 kilometers of highways across Armenia as well as the construction of two major mountain tunnels. Some $43 million is to be spent by 2004 on the construction of 4,000 new apartments in the country's northwestern regions, which were devastated by a catastrophic earthquake in 1988. Lincy also has allocated $17 million for the renovation of virtually all Armenian museums and theaters and $14 million for the refurbishing of the main streets in central Yerevan.

Even religious groups that engage in benevolence rely on external funding. The largest and most influential of them, the Armenian Apostolic Church, finances most of its charitable activities with diaspora donations. The small Armenian Evangelical Church does the same. Other foreign religious charities that are present in Armenia include the United Methodist Committee on Relief and the Catholic Relief Societies.

There are more than 50 registered women's organizations, but few of them are active. In September 2002, several women's NGOs agreed to form a nationwide coalition to promote women's political participation. According to Svetlana Aslanian, chairwoman of the Center for Civil Society Development, the NGO network will be particularly concerned with boosting female representation in local governments.

Two long-running projects funded by the U.S. Agency for International Development (USAID) have enabled many Armenian NGOs to receive funding and training. In early 2001, the American group World Learning began implementing a four-year USAID project to assist Armenian NGOs that specialize in "advocacy, coalition building, and networking." USAID also provides the bulk of funding for the NGO Training and Resource Center, which the Armenian Assembly of America created in 1994 with the stated aim of promoting "positive social, political, and economic transformation in Armenia." In October 2000, the center won a $2.2 million grant from USAID to continue its activities.

Despite these opportunities, the impact of NGOs on government policies remains quite limited. And even though World Learning has launched grants in the fields of advocacy, Armenian civic groups have not been very active in lobbying the government or Parliament for passage of legislation. The activities in 2002 of an NGO called Havat (Faith) provided a rare example of successful policy advocacy. Havat succeeded in urging Parliament to pass amendments to the Law on Social Security of Handicapped People aimed at better integrating the disabled into society. Another NGO, Antenna, likewise lobbied for changes in the controversial Law on TV and Radio in collaboration with other media associations.

Also worth mentioning is a new group set up in April 2002 by Raffi Hovannisian, Armenia's U.S.-born former foreign minister, apparently with private diaspora funding. The National Citizens' Initiative, whose leadership comprises several prominent public figures, has the stated goal of promoting civic activism and public participation in the country's political life. For much of the year it was busy organizing roundtable discussions and seminars that attracted considerable media coverage. Those efforts were widely seen as being part of Hovannisian's growing involvement in active politics. (In December 2002, he announced plans to contest the February 2003 presidential elections.) Also furthering Hovannisian's agenda was the daily newspaper *Orran,* which he set up in early 2002.

The public's attitude toward the NGO sector is generally positive, and the media's coverage of NGOs is equally so. However, the government's attitude is rather indifferent. Only one nominally apolitical organization has received strong government attention: the Yerkrapah Union of veterans of the Nagorno-Karabakh war. The authorities have in the past used the paramilitary group, which comprises some top army commanders, for suppressing the opposition. However, Yerkrapah's political influence has declined substantially since the assassination of its founder, Vazgen Sarkisian, in the 1999 Parliament massacre.

The registration of Armenian NGOs with the Ministry of Justice is a fairly easy process. Nonprofit organizations are subject to taxation on property, vehicles, and employee incomes. NGOs must disclose revenue sources in order to establish their tax liability. They may collect cost recovery fees and earn income, but they cannot make a profit.

Armenia has several moribund trade unions that show little sign of activity. Strikes have largely been confined to the public sector when employees demand payment of back wages. Strikes in the private sector are extremely rare because workers are generally not protected against arbitrary dismissal and, thus, fear losing their jobs. Far more active are business associations. The largest, the Union of Industrialists and Entrepreneurs, unites many of Armenia's wealthy individuals. Two other groups represent the interests of small businesses.

Most Armenian businesspeople further their interests by exploiting extensive government connections. Lobbying is not regulated or defined by the law. Unofficial business groups, which are often referred to as clans, act largely behind the scenes. By law, only parties may engage in political activities.

There are two major private think tanks in Armenia: the International Center for Human Development (ICHD) and the Armenian Center for National and International Studies (ACNIS). The ICHD is controlled by former Prime Minister Armen Darpinian, the ACNIS by Raffi Hovannisian. Each has its own publications and periodically holds conferences and seminars. The ACNIS focuses on international geopolitical developments affecting Armenia, while the ICHD specializes in projects aimed at strengthening civil society, poverty alleviation, good governance, and free market institutions. Projects implemented by the ICHD have examined, among other things, licensing requirements for doing business and the role of women in Armenia. However, there is no evidence to assert that either institution has a serious impact on government policies yet.

Armenia depoliticized its education system when Communist rule ended in 1990. According to the Ministry of Education, there are around 90 institutions of higher education in the country. Over 80 percent of them are private. However, state-run universities continue to maintain higher educational standards. Their curriculums are free of political influence and propaganda.

Independent Media

1997	1998	1999	2001	2002	2003
5.25	5.25	4.75	4.75	4.75	5.00

The relative press freedom in Armenia, which provides some hope about the future of democratization, was dealt a major blow during the period covered by this report when the authorities effectively shut down the country's leading independent television. It was also threatened by a highly controversial draft Law on Mass Media that prompted a wave of condemnations by most media organizations. The media continued in 2002 to offer a wide variety of opinions, including harsh attacks on the authorities and President Kocharian in particular, but remained hamstrung by financial constraints and a lack of professionalism.

The year bore out the most pessimistic forecasts fueled by the passage in late 2000 of a new Law on Broadcasting. In accordance with one of its most controversial provisions, Kocharian appointed in January 2002 all nine members of the newly created National Commission on Television and Radio, empowered to issue and revoke broadcasting licenses by administering

biddings for air frequencies. The first such tender, held on April 2, resulted in the closure of the popular A1+ channel, which had often aired criticism of the authorities. The commission awarded the A1+ frequency to an entertainment company reportedly linked to Kocharian, saying that it submitted a stronger bid.

However, the A1+ staff, backed by local and international media watchdogs, believed that the decision was politically motivated, arguing that the commission was appointed by and is therefore dependent on the president. (Incidentally, the chairman of the commission, Grigor Amalian, was the deputy chief of Kocharian's staff before holding the current post.) They also argued that the move was part of an effort by Kocharian to ward off any criticism ahead of his reelection campaign. The U.S. embassy in Yerevan said in a statement that the outcome of the bidding "raises serious questions about the future of free and independent media in Armenia," while the New York–based Committee to Protect Journalists accused Kocharian of "blatantly abusing the frequency licensing system in an attempt to silence a critical media voice." The closure of A1+ also triggered a series of opposition demonstrations in Yerevan that in turn heightened political tensions in the country.

Responding to domestic and international criticism, the authorities promised to hold another tender before the end of 2002, in which A1+ would stand a good chance of winning a new air frequency and resuming its broadcasts. However, the bidding, scheduled for November 2002, was postponed under dubious circumstances, stripping A1+ of its last chance to cover the 2003 presidential and parliamentary elections.

Compounding the media's woes was a new draft Law on Mass Media that the government put into circulation in February 2002. The proposed legislation would, among other things, require journalists to pay for interviews with officials and create a government agency to "monitor" the media. It is no wonder, then, that the legislation drew strong criticism from the overwhelming majority of media organizations, including those usually supporting the authorities.

The government eventually withdrew the bill before introducing an amended version to Parliament in November. The amended bill did not contain most of the controversial provisions. It also allowed for the launch of media outlets without an official registration. Nonetheless, local journalist groups remained unhappy with the proposed legislation.

The legal framework for the functioning of the Armenian media was already flawed and inadequate. Article 24 of the Armenian Constitution guarantees to everyone "the right to freedom of speech, including, independent of state borders, the right to seek, receive and disseminate information and ideas by any means of information communication." But freedom of speech can be restricted "by law, if necessary, for the protection of state

and public security, public order, health and morality, and the rights, freedoms, honor, and reputation of others."

The Soviet-era criminal code (still in use in Armenia in 2002) provides criminal liability for defamation of character. Thus, in Armenia libel is a criminal, not a civil, charge. If defamation is made in writing or through broadcasting, it can lead to a three-year prison term. Defamation does not have to be malicious and deliberate to be deemed a crime. The 1991 Law on Press and Mass Media also permits libel suits against journalists and media organizations publishing "false and unverified reports."

There was only one major libel suit in 2002. In March, Nikol Pashinian, the young editor of the independent *Haykakan Zhamanak* daily, was formally charged with insulting Hovannes Yeritsian, then head of the government's civil aviation agency, facing his second criminal prosecution in just over two years. Yeritsian sued the paper after it put his picture on its front page with the following caption: "Degenerate officials recruited for the civil service." State prosecutors unexpectedly dropped the case in April.

More alarmingly, 2002 saw increased violence against journalists. In October, for example, a well-known independent journalist, Mark Grigorian, was seriously wounded in a grenade attack in central Yerevan. Nobody was arrested or prosecuted in the official inquiry that followed. The year ended with the mysterious murder of Tigran Naghdalian, head of state television and radio and a figure close to President Kocharian. The motives for the killing are unknown.

The overwhelming majority of media organizations in Armenia are privately owned and funded. There are dozens of private television stations across the country. A1+ was the only major channel that provided objective and impartial news coverage. This fact made its closure all the more alarming. Other national private networks such as Prometevs and Armenia TV are owned by wealthy businesspeople who are reluctant to challenge the authorities. They are much better equipped and have been quite successful with entertainment programs. The state-run Armenian Public Television is the main mouthpiece of government propaganda. It is extremely hostile and biased toward Kocharian's opponents and rarely airs criticism of the regime.

Government pressure on electronic media is much stronger in areas outside Yerevan, where TV channels are periodically harassed by local government chiefs and their cronies. In August 2002, for example, the managers of a private TV station in the city of Abovian were attacked and beaten up by a group of young men allegedly linked to the city's mayor. Law enforcement authorities pledged to investigate the incident but never charged anyone.

There are at least eight independent FM radio stations based in Yerevan and one such station in the second largest city of Gyumri. They confine their programming largely to music and brief newscasts. State radio retrans-

mits the daily programs of Radio Free Europe/Radio Liberty and the Voice of America.

According to official figures, 82 newspapers were published in Armenia as of April 2002. Of these, the government owns only a handful. The only state-owned national daily, *Hayastani Hanrapetutyun*, has a circulation of 6,000 copies per issue. There are also six privately owned national dailies that offer a wide variety of opinions. Only one of them, *Azg* (3,000), is affiliated with a political party.

The daily paper *Hayots Ashkhar* (3,500), the biweekly papers *Iravunk* (17,000) and *Golos Armenii* (3,500), and the *Yerkir* weekly (2,500) tend to cover events from a leftist, and somewhat nationalist, perspective. *Azg*, *Hayots Ashkhar*, *Golos Armenii*, and *Yerkir*, which is controlled by the ARF, normally support Kocharian. The dailies *Aravot* (5,000) and *Haykakan Zhamanak* (3,500) have a liberal, and usually pro-Western, orientation. Like *Iravunk*, these two papers are very critical of the current authorities. Two new independent dailies, *Orran* (3,000) and *Or* (2,500), began publishing in early 2002. All papers regularly use information provided by Armenia's five news agencies.

Print media in Armenia are, for the most part, unprofitable and financially dependent on sponsors and/or patrons who are often intent on promoting their own political or economic interests. Low living standards limit newspaper sales, and low circulation rules out major advertising revenues. The quality of news reporting is hampered because many newspapers depend on subsidies instead of earned income and, therefore, are vulnerable to manipulation by government officials, parties, and wealthy individuals. Broadcast media are more financially viable, thanks to larger audiences.

The absence of freedom of information legislation enables the government to hamper newsgathering by continuing to withhold important facts from the public. Much information comes to light only through information leaks. In 2002, the government again failed to privatize the Haymamul agency, which distributes more than half of the nation's publications, despite promising to do so for the past several years. While most Haymamul kiosks across the country were sold off in the course of 2002, the agency is still run by a government-appointed director. This fact played a major role in a scandal that broke out in October 2002 after unknown individuals bought up the entire daily print run of *Aravot* before it reached newsstands. The issue of the newspaper that disappeared carried an article accusing close associates of Prime Minister Markarian's of corruption. Not surprisingly, the *Aravot* staff pointed the finger at Markarian, who denied any involvement. Markarian placed the blame with Haymamul and ordered the sacking of the agency's sales manager.

There are several press associations in Armenia, but none of them represents the majority of local journalists. There is generally little coordina-

tion among the press associations, even though they sometimes issue joint statements in the face of unacceptable government actions. No code of ethics binds the Armenian journalistic community.

The Internet is not subject to formal restrictions, but poverty is so widespread in the country that only a small percentage of private households are actually connected to it. Instead, regular users generally have access at work, at universities, or in increasingly popular Internet cafés. There are a dozen Internet service providers in Armenia, all of which rely on the ArmenTel national telecommunications operator for Internet connection with the outside world. These providers contend that ArmenTel's 15-year legal monopoly on telecom services, which the government granted in March 1998 during the group's takeover by Greece's Hellenic Telecommunications Organization, has slowed the development of Armenia's information technology sector.

Governance

1997	1998	1999	2001	2002	2003
4.50	4.50	4.50	4.50	4.50	4.75

Despite frequent changes of government—Armenia has had 10 prime ministers since 1990—Armenia has shown continuity in its macroeconomic policies by sticking to fiscal and monetary austerity measures prescribed by Western lending institutions. This, in turn, has been conducive to overall political stability. Nevertheless, the authorities are still far from meeting the minimum standards of good governance because the effectiveness and efficiency of the country's highly centralized government system still leave much to be desired. The absence of an independent civil service and the lack of powers vested in local governments are serious obstacles to better governance. The long-term stability of the government system will remain in question without further democratization of Armenia's political life.

The 131-member National Assembly has exclusive legislative authority. Parliament may dismiss the government by a vote of no confidence and unseat the president with a two-thirds majority if the Constitutional Court finds him guilty of grave offenses. In general, though, it lacks oversight powers to hold the executive in check. The legislature has on several occasions formed special commissions to investigate government activities and held hearings on issues of popular concern. Yet the practical impact of those inquiries has been negligible. The post-Soviet Constitution, enacted in 1995, allows the president to dissolve Parliament practically at will. The president does not need lawmakers' consent to appoint judges, prosecutors, and members of supervisory government agencies.

Although the national press widely publicizes parliamentary debates in Yerevan, local governments function less transparently. Draft legislation is

generally available to the media and the public, but local businesspeople often complain about what they see as frequent changes in economic legislation.

Provincial governors and the mayor of Yerevan, whose rank is equivalent to that of a provincial governor, are appointed by and accountable to the president rather than the local population or Parliament. Locally elected councils of elders and locally elected district administrators (city or village mayors) govern the urban and rural communities (villages, towns, cities, and city districts) in Armenia's 10 provinces. Under the 1996 Law on Local Self-Government, district administrators form their own staffs to run the day-to-day affairs of their communities. The councils of elders, for their part, approve community budgets, supervise their implementation, and assess local taxes and fees. Their consent is required for important decisions on communal land and other property.

The prime minister can remove district chiefs upon the recommendations of provincial governors, who, under the Constitution, act as representatives of the central government and are responsible for implementing its policy. The dependence of community administrations on provincial and central authorities limits their impact on local affairs. Addressing several thousand local government representatives in September 2002, President Kocharian pledged to ensure devolution of more powers to their communities in the event of his reelection. His proposed constitutional reform envisages some corresponding changes in Armenia's basic law.

In the meantime, the central government controls all taxation, and the Ministry of Finance considers all budgetary requests from local governments. Technically, municipalities are free to determine spending priorities, but the scarcity of money leaves them few choices. Taxes on land and property, fixed state tariffs, and 15 percent of all income and profit taxes collected in a community go directly to its budget. This means that the bulk of local funds come from the central government in the form of annual budget allocations. But delays in their disbursement have been chronic. The Finance Ministry, for example, owed some communities $7 million in earmarked subsidies as of October 2002.

The most recent local elections in Armenia took place on October 20, 2002. Thousands of candidates contested top posts and legislative seats in more than 650 cities, towns, villages, and Yerevan districts. Markarian's RPA emerged as the clear winner of the elections, winning control of at least 170 communities across the country. The victory boosted the RPA's political clout at the national level, making the party even more significant in the eyes of Kocharian. He was widely expected to become more reliant on the RPA ahead of the February 2003 presidential elections. Most opposition parties largely ignored the polls, deciding instead to concentrate on the approaching presidential race. A monitoring mission from the Council of Europe concluded that the local elections were largely democratic.

The year 2002 saw the start of a major reform of the Armenian civil service, mandated by a law that Parliament passed in 2001. In January, Kocharian appointed all seven members of the Civil Service Council, which is supposed to ensure civil service independence by protecting government employees against arbitrary dismissals. The absence of such a protection had forced many bureaucrats to side with the ruling regime in political battles. A provision in the Law on Civil Service empowers the council to select staff for most government agencies and regularly check the professional fitness of government officials. Its passage had been blocked for months by opposition factions in Parliament that argued that the oversight body cannot be independent and impartial because it is appointed by Kocharian.

The council held the first competition for vacant government posts in October 2002, selecting 55 members of its staff from a pool of 560 applicants. More such contests were held later in the year. Local pundits were generally skeptical about the fairness and positive effects of the supposedly competitive hires, not least because the commission administering them is perceived to be dependent on Kocharian.

The government, meanwhile, restructured 15 different agencies by either merging them into appropriate ministries or subordinating them directly to the prime minister's office. According to Manuk Topuzian, chairman of a special government commission overseeing the civil service reform, more than 1,000 government jobs were slashed between January and June as a result of the restructuring. More staff cuts were in store. Yet many independent observers remained convinced that while the reforms might indeed contribute to better governance, low public sector wages will continue to provide fertile ground for corruption and inefficiency.

Rule of Law

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
4.75	5.00	5.00	5.00	5.00	5.00

Armenia's post-Soviet Constitution, which was enacted in 1995, has clearly failed to put in place a system of checks and balances among the branches of government. Instead, a disproportionately large set of powers has been vested in the presidency. The president of the republic acts as a supreme judge overseeing executive, judicial, and legislative authority and is able to dodge responsibility for any policy failure. This constitutional order has precluded the emergence of a strong and independent judiciary and made effective parliamentary oversight of the executive virtually impossible. This in turn

has had a negative impact on the rule of law, problems with which remain among the most acute in Armenia.

A promised major reform of the Constitution, which many hoped would render the country's government system more democratic, was due to occur in 2002 but was shelved for political considerations. Initially, President Kocharian had planned to call a nationwide referendum on a package of constitutional amendments that would curtail his sweeping powers to a certain degree. However, the draft amendments, unveiled in 2001 by a special presidential commission, faced unexpectedly strong opposition in Parliament, where opposition factions proposed their own alternative Constitution that would turn Armenia into a parliamentary republic.

The six opposition parties represented in Parliament announced in January 2002 the creation of a joint "constitutional movement" aimed at enabling voters to choose between the two variants of constitutional reform at the referendum. And although the pro-presidential parliamentary majority rejected such an option, the opposition succeeded in complicating Kocharian's efforts to push his proposals through the National Assembly. Kocharian publicly admitted that his constitutional amendment package would not be backed by the majority of voters if it were put on the referendum along with the more radical opposition proposals. He eventually abandoned his plans to hold the referendum in the spring of 2002 in an apparent effort to avoid what would have been a costly battle with the opposition ahead of the 2003 presidential election.

Kocharian's constitutional package envisaged some major curbs on presidential authority. The president, for example, would need Parliament's consent to appoint a prime minister; would no longer be able to approve or veto government decisions; and would be allowed to dissolve the legislature only in six specific cases. The amendments would also abolish the death penalty; introduce a separate article on press freedom; allow noncitizens to vote in local elections; and lift the ban on dual citizenship. Nevertheless, Kocharian's proposal was not as far-reaching as many Armenian politicians would like. The president would remain the most powerful official in the nation, and the government's executive authority would remain rather limited.

Armenia's Constitutional Court is the main body charged with interpreting and enforcing the basic law. Only the president of the republic, one-third of Parliament's deputies, and election candidates can make appeals to the Court. This fact renders the Court virtually inaccessible to ordinary Armenians. Not surprisingly, appeals to the Court have been rare. There were only two such reported cases in 2002. In June, the Court annulled the results of a parliamentary by-election in northern Armenia after an opposition candidate lodged a complaint about alleged vote irregularities. And in October, the body ruled that one of the amendments to the election law that were passed in July is unconstitutional. The amendment would have barred

any changes to voter lists less than 48 hours prior to an election. Kocharian's proposed constitutional amendments would make the Court far more accessible by allowing ordinary citizens to appeal to it directly.

The Constitutional Court has never been perceived as independent of the executive. In 1996, for example, it certified the results of what many believe was a fraudulent presidential election. The Court has never handed down rulings that threatened the power held by Kocharian or his predecessor, Levon Ter-Petrossian.

The 1995 Constitution, which introduced a new judicial system, guarantees the presumption of one's innocence, the rights of persons to not incriminate themselves, and access to a "public hearing by a fair and impartial court." In December 2002, Parliament passed in the second reading a new criminal code that formally abolishes the death penalty—a key condition for Armenia's accession to the Council of Europe. However, lawmakers left a loophole in the code, allowing courts to sentence to death the five jailed gunmen who perpetrated the October 1999 attack on Parliament. Council of Europe officials rejected the clause as unacceptable. The organization's Parliamentary Assembly warned in September that Armenia could face serious sanctions unless it completely and unconditionally scraps capital punishment by June 2003.

Under Armenian law, police officers may detain and keep suspects in custody for up to 72 hours before leveling criminal charges. They need a court decision to turn detention into an arrest. Article 18 of the Constitution states that a person "can be arrested [pending trial] only by the decision of the court." Only prosecutors may authorize searches, but this legal provision is violated frequently. Armenia's post-Soviet code of procedural justice sets a one-year maximum period for criminal inquiry. However, excessive delays in the criminal justice system remain a problem, with many judges complaining about having to deal with several court cases at a time.

The police still frequently abuse suspects and prisoners—a fact that international human rights groups continued to highlight during the period covered by this report. In its annual report released in January 2002, Human Rights Watch charged that "the willingness of judges to admit coerced evidence abetted the routine police practice of extracting confessions through beatings and other forms of torture." A similar report in May by Amnesty International pointed to the widely held belief that official investigations into the allegations of police brutality "were not adequate." In July 2002, for example, a pro-government member of the Armenian Parliament was reportedly beaten up in police custody after a verbal argument with the then Yerevan police chief, Ashot Gizirian. The incident was never thoroughly investigated.

Prison conditions in Armenia remain harsh, owing mainly to a lack of public funds. The authorities say that about 300 inmates, or 5 percent of the

entire prison population, suffer from tuberculosis. It is hoped, though, that the opening in October 2002 of a special tuberculosis ward at the country's main prison hospital, constructed with help of the International Committee of the Red Cross, will help improve the situation. The PACE noted in its September 26, 2002, resolution on Armenia that prison conditions improved somewhat after most Armenian prisons were transferred from the jurisdiction of the Interior Ministry to that of the Justice Ministry in October and November 2001.

Chapter 2 of the 1995 Constitution guarantees a full range of civil and political rights, including the right to life, confidentiality, privacy, freedom of movement and residence, freedom of emigration, freedom of speech and thought, freedom of association, choice of employment, and the right to vote. There are also guarantees for health care, education, and an adequate standard of living. The Venice Commission has concluded that Kocharian's constitutional amendments would "significantly strengthen constitutional guarantees for human rights protection."

Article 28 of the Constitution guarantees the right to own and inherit property, and Article 36 guarantees intellectual property rights. The state may seize private property "only under exceptional circumstances, with due process of law, and with prior equivalent compensation." Noncitizens may not own land except under special circumstances, but the Kocharian proposals would abolish the restriction. Rampant corruption in the government and the judiciary is a serious obstacle to the rule of law. Government connections are important for some forms of economic activity, and the government does not enforce fair business competition properly. No wonder that in recent years the authorities have faced numerous calls from Western governments and lending agencies to improve Armenia's business environment.

Ethnic minorities, including Yezidi Kurds, Russians, Ukrainians, Assyrians, and Jews, make up less than 5 percent of Armenia's population, and their role in the country's political life is negligible. Most of their cultural organizations operate under the umbrella structure called the Union of Nationalities of Armenia. Article 37 of the Constitution guarantees the rights of national minorities. It says, "Citizens belonging to national minorities are entitled to the preservation of their traditions and development of their language and culture."

Armenia's Constitution and laws also guarantee religious freedom. At the same time, they uphold the legal superiority of the Armenian Apostolic Church, with which over 90 percent of Armenians are thought to be affiliated. The Apostolic Church, one of the world's most ancient Christian denominations, is widely credited with preserving Armenians' national identity and cultural heritage during centuries of foreign oppression. The government underscored the privileged status of the church in August

2002 when it decided to introduce the church's history as a mandatory subject in secondary schools.

In line with the conditions for membership in the Council of Europe, Armenia has formally committed itself to ensuring that nontraditional religious communities are allowed to practice their faith without discrimination. Such communities are among the 50 officially registered religious groups. However, the government continues to deny registration to one group, the Jehovah's Witnesses, because of its opposition to compulsory military service. As of October 2002, 23 young men affiliated with the group were serving prison sentences for refusing to be drafted into the armed forces on religious grounds. The PACE resolution condemned the continuing prosecution of conscientious objectors, saying it runs counter to Armenia's Council of Europe obligations. It demanded that the authorities legalize Jehovah's Witnesses and enact a law on alternative service. The Armenian Parliament was scheduled to debate such legislation in December 2002.

Armenian courts are still far from being independent and free of corruption, and they rarely resolve sensitive political cases against the state. In almost all cases, they allow state prosecutors to keep suspects in detention pending investigation. In February 2002, for instance, a Yerevan court effectively endorsed an apparent cover-up in the official investigation into the September 2001 murder of a man in a popular Yerevan café. According to some eyewitness accounts, Poghos Poghosian, an ethnic Armenian from Georgia, was beaten to death there by several of President Kocharian's bodyguards. Only one of them was prosecuted, and he eventually got off with a one-year suspended jail sentence.

Under the Armenian Constitution, the president appoints an overwhelming majority of judges for life. The president can remove all judges, excluding members of the Constitutional Court, practically at whim. Those judges are nominated by the presidentially appointed Council of Justice, which includes two legal scholars, nine judges, and three prosecutors. The council also acts as a supervisory and disciplinary body for the judiciary. Under the constitutional changes proposed by Kocharian, the right to dismiss the judges would become the exclusive prerogative of the Constitutional Court. The amendments also aim to complicate the president's ability to appoint judges.

Corruption

1997	1998	1999	2001	2002	2003
na	na	5.75	5.75	5.75	5.75

Rampant government corruption remains one of the main obstacles to Armenia's transformation into a democratic and rule-of-law state. It is also a huge hurdle to economic development. During the period covered by this

report, corrupt practices in the country continued unabated despite repeated government pledges to reduce their scale. Several laws enacted in 2001 and before in order to tackle the problem did not markedly change the situation on the ground.

Armenian law places few limitations on the participation of government officials in economic life. Ownership or sponsorship of businesses by various-level officials is commonplace. One of Kocharian's closest confidants, Defense Minister Serge Sarkisian, epitomizes this phenomenon, controlling (both directly and indirectly) some sectors of the economy, including lucrative imports of fuel and exports of scrap metal. Just about every other government minister has extensive business interests. Besides, Kocharian and other Armenian leaders give privileged treatment to a circle of wealthy businesspeople whom local media began to describe as "oligarchs" in 2002. The latter were widely expected to provide hefty financial support for Kocharian's reelection bid.

The long-awaited entry into force in 2002 of an Armenian Law on Financial Disclosure turned out to be a disappointment. The law, adopted in 2001, obliges some 3,000 high-ranking government officials, including the president and government ministers, to declare revenues and property every year for themselves and their family members. The first such statements were filed to the Ministry for State Revenues in February and made public in June 2002.

However, the content of the income declarations led many local observers to dismiss the whole undertaking as a farce. Kocharian claimed to live on about $500 a month, less than the declared monthly income of his 21-year-old son. A house with the total area of 148 square meters was the president's sole declared private property, and its location and date of construction were not specified in the official documents. Defense Minister Sarkisian, for his part, stated that his official monthly salary of about $250 was his main source of income. Prime Minister Markarian put his annual income at about $4,500. His officially unemployed wife, by contrast, reported $10,000 in hard-currency revenues without disclosing their source.

Even wealthy businessmen holding seats in Parliament posted modest revenues. For example, Khachatur Sukiasian, one of Armenia's richest men, claimed to have earned only about $40,000 in 2001. Sukiasian, who has a collection of luxury limousines, also claimed to own no cars at all.

The law in question, touted by the government as an important instrument in its stated crackdown on corruption, does not require tax authorities to check the veracity of financial statements. Nor does it envisage strict punishment for providing false information. Worse still, the law effectively enables top officials to get away with registering expensive property under the names of their relatives, a practice that is widespread in Armenia. National Security Minister Karlos Petrosian, for example, declared that his wife owns their expensive new villa in Yerevan.

Government experts, meanwhile, claimed to have completed work on a comprehensive anticorruption program. The effort was funded by a $345,000 grant released by the World Bank in May 2001, but the promised program had not been publicized as of November 2002. According to a survey conducted by an Armenian NGO, the Democratic Forum, two out of three Armenian businesspeople believe that the authorities are not committed to combating widespread bribery, nepotism, and unfair competition. They also admitted paying bribes to government officials.

Not surprisingly, entrepreneurs generally have little faith in Armenian courts because judges reportedly ask for bribes in exchange for favorable rulings in civil and commercial cases. Difficulties with competitors or state agencies are frequently resolved by means of appeal to patrons with political connections. Trials begin less than six months after papers are filed, and the execution of a final judgment takes from seven months to one year. The Court of Economic Arbitration, which was formed in April 2001, adjudicates commercial disputes.

Skepticism about the government's seriousness of purpose was not confined to the business community. Even Vahan Hovannisian, chairman of the Parliament Committee on Defense and Security and a leader of the pro-presidential ARF, admitted that corruption in Armenia has been just as endemic under Kocharian as it had been under Ter-Petrossian, his predecessor. U.S. Ambassador to Armenia John Ordway complained that the Armenian government has yet to come up with "an effective plan as to how to begin to go about reducing corruption," despite its "general acceptance that something has to be done about it."

In 2002, there were no reported prosecutions of high-ranking policy makers on graft charges. Until now, major corruption cases have involved mainly members of Ter-Petrossian's administration who are at odds with the current regime. Among them are former Interior Minister Vano Siradeghian and former Education Minister Ashot Bleyan. Siradeghian, who was charged with contract killings and abuse of power, fled Armenia in April 2000 and remains on the run. The controversial former chief of Armenia's prisons, Mushegh Saghatelian, was sentenced to six years in prison in July 2002 on a string of charges, including abuse of power and mistreatment of detainees. Critics say Saghatelian would not have been arrested in October 2001 and put on trial if he had not publicly accused Kocharian of masterminding the October 1999 bloodbath in Parliament.

The Armenian energy sector remains one of the main sources of government corruption. It continues to incur huge losses, mainly as a result of the widespread theft of electricity by various-level energy officials. According to various estimates, total losses exceeded $50 million in 2001. The state-run low-voltage power grids were merged into a single company, the Armenian Electricity Network (AEN), and sold to a British-registered pri-

vate firm called Midland Resources Holding in August 2002 for $37 million. The government assured the public that the AEN's privatization will remedy the situation. Western donors, however, disapproved of the deal, saying that Midland Resources lacks the experience and expertise to reform the network.

Corruption is also widespread in the civil service, and citizens frequently pay bribes for services. Extremely low salaries in the public sector, averaging $35 per month, are not conducive to its eradication. Wages are much higher in the military and law enforcement agencies. The president of the republic, ministers, deputy ministers, and judges are by far the highest-paid civil servants in Armenia. In a controversial move, their salaries were doubled in December 2002. Starting from July 2003, the president will receive roughly $700 a month, or 20 percent more than senior parliamentarians, government ministers, and top judges. Other beneficiaries of the drastic pay increase were approximately 3,500 employees of the government's tax and customs departments. Their average monthly salary was doubled to $120. The government argued that the measure would discourage those officials from engaging in corrupt practices.

Bribing traffic police and customs and tax officials is routine. Paying bribes to gain enrollment in prestigious programs at state universities is also a common phenomenon that has continued unabated since the Soviet period. Corruption in the health care system has declined since the early 1990s because most medical services are no longer free of charge. Still, doctors and other medical personnel at state-run hospitals continue to extort illegal payments from patients beyond the official medical fees. Kickbacks for telephone installations virtually disappeared with the privatization of the national telecommunications company in 1998.

Some forms of business still require a government license, which is frequently obtained with a bribe. A new Law on Licensing passed in August 2001 reduced from over 50 to 22 the number of economic activities that require a license. In most cases, the government's licensing agency must approve or reject a license application within three days.

The Armenian Parliament has an Oversight Chamber for auditing government revenue collections and expenditures and assessing compliance with budget targets. The chamber is also charged with evaluating the government's borrowing and privatization policies. In annual reports submitted to lawmakers, the body has frequently criticized the executive's handling of public finances. That seems to be a major reason why its longtime chairman, Ashot Tavadian, was discharged and replaced by a close ally of Prime Minister Markarian's in September 2002.

In 2002, Armenia was again not covered by the annual global Corruption Perceptions Index of Transparency International. The antigraft watchdog attributed Armenia's exclusion to a lack of information from the country

certified by at least three different local surveys of corruption. One such study, however, was conducted by a Transparency International affiliate, the Yerevan-based Center for Regional Development, in April–May 2002. Two-thirds of 1,000 people randomly interviewed by the center found that the magnitude of corruption has increased in Armenia in the last five years. Less than a third of respondents said that the authorities are committed to tackling the problem. Most of the 200 government officials that the center surveyed separately accepted the blame and admitted that corruption has not diminished in recent years.

The study thus confirmed strong public discontent with corrupt practices. Most Armenians appear to have lost faith in their government's ability and willingness to enforce the rule of law. This feeling has manifested itself in voter cynicism and apathy, which in turn makes it easier for the authorities to resist Armenia's democratization.

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Azerbaijan

Capital: Baku
Polity: Presidential (dominant party)
Economy: Capitalist-statist
Population: 8,200,000
GDP per cap at PPP: $2,936
Private sector as % of GDP: 60
Ethnic Groups: Azeri (90 percent), Dagestani (3 percent), Russian (3 percent), Armenian (2 percent), other (2 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	5.75	5.50	5.50	5.75	5.75	5.75
Civil Society	5.00	5.00	4.75	4.50	4.50	4.25
Independent Media	5.50	5.50	5.50	5.75	5.50	5.50
Governance	6.25	6.25	6.25	6.25	6.00	5.75
Democratization Scores	**5.60**	**↑5.55**	**↑5.50**	**↓5.56**	**↑5.44**	**↑5.31**
Constitutional, Legislative, and Judicial Framework	5.50	5.50	5.50	5.25	5.25	5.25
Corruption	na	na	6.00	6.25	6.25	6.25
Rule of Law Scores	**na**	**na**	**5.75**	**5.75**	**5.75**	**5.75**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

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INTRODUCTION

Eleven years into its independence, Azerbaijan keeps its pace of slow progress toward the establishment of a liberal democratic society. Compared to a decade ago, the country has made great strides in securing independent statehood and building the legal foundations of a democratic system. In practice, however, vestiges of the past remain strong in a strictly presidential system of government, a powerful executive body, and an economy that has not yet completed the transition to a market economy.

Azerbaijan's main problem remains the frozen armed conflict with Armenia over Nagorno-Karabakh, a predominantly Armenian-populated region of Azerbaijan. The conflict has led to enormous social problems among refugees and internally displaced persons. It also has created significant economic problems, particularly rising unemployment, the severing of trade ties, and the slow pace of foreign investment, due largely to the country's reputation for conflict and instability. The general security situation of Azerbaijan is also burdened by the conflict, which foreign powers, especially Russia, have used to leverage influence in the region.

Nagorno-Karabakh and seven adjoining, formerly Azeri-populated areas have remained under Armenian occupation since 1994, the year a cease-fire was brokered. The cease-fire has held since then, in spite of the lack of peacekeeping forces, and cemented Armenian occupation of close to 20 percent of Azerbaijan's territory. Every year of deadlock in the stalled negotiations to the conflict exacerbates the situation of more than 1 million displaced people in Azerbaijan. These include 220,000 Azeris driven from Armenia in 1987 and 1989; 60,000 Azeris evicted from Nagorno-Karabakh between 1989 and 1992; 50,000 Meskhetian Turks who fled ethnic violence in Uzbekistan in 1989 and were again forced to flee from Nagorno-Karabakh; and more than 700,000 Azeris living in the regions surrounding Nagorno-Karabakh who were cleansed out by Armenian forces in 1993 and 1994.

Unlike previous years, 2002 was characterized by a pessimistic tone in negotiations, few meetings between leaders of the two countries, and an increasing Azerbaijani perception that the conflict is unlikely to be solved through peaceful negotiations. In a meeting with his Armenian counterpart in fall 2002, Azerbaijan's president, Heydar Aliyev, offered Armenia

the restoration of economic links—long sought by Yerevan—in exchange for the return of four of the occupied regions to the south of Nagorno-Karabakh. In making the offer, Aliyev retreated from his insistence that economic ties could be made only after Armenia withdrew all its troops from Azerbaijan's territory. Yet the Armenian side refused, prompting an increase in militaristic attitudes in Azerbaijan. International interest in the conflict also subsided in the aftermath of September 11, 2001, as global attention focused on antiterrorism, not conflict resolution.

Azerbaijan's foreign relations were dominated in 2002 by the strengthening of U.S.-Azerbaijani security cooperation. With the waiving of the infamous section 907a of the Freedom Support Act, which had denied U.S. government-to-government assistance to Azerbaijan, the U.S. Department of Defense began a long-awaited process of military cooperation with Azerbaijan, with specific interest in the coastal and maritime defenses in the Caspian Sea. Azerbaijan continued to pursue its pro-Western foreign policy, cooperating fully with the United States in the military campaign in Afghanistan and in the struggle against terrorism generally. While doing so, Azerbaijan also made sure to entertain relations with Russia and Iran. President Aliyev signed a Caspian Sea border demarcation treaty with Moscow, and his visit to Iran, postponed several times, finally took place. On the whole, Azerbaijan's foreign policy has further strengthened the country's crucial geopolitical role in Central Eurasia.

Azerbaijan's economy showed further signs of strength in 2002. Foreign Direct Investment flows grew, nearing approximately $1 billion a year, as they were before the 1998 drop in oil prices. Azerbaijan has low inflation and cautious budgetary policies, with a deficit of 3 to 4 percent of Gross Domestic Product (GDP). Yet investments are heavily concentrated in the oil and gas sector, while the rest of the economy is still growing very slowly. Fears that Azerbaijan will become excessively reliant on energy and suffer the "Dutch disease" are strong, but efforts to diversify the economy have been relatively slow. A major achievement in 2002 was the beginning of the construction of the long-awaited Baku-Tbilisi-Ceyhan oil pipeline, with a groundbreaking ceremony in Baku in September. Oil is expected to flow to Ceyhan in Turkey in 2005, followed by the laying of a parallel natural gas pipeline to Erzurum.

The internal scene in Azerbaijan during 2002 was characterized by an increase in speculation about succession scenarios. President Aliyev, who is 80 years old, was in good health throughout the year, but speculation that he is planning to groom his son Ilham, currently the Vice President of the State Oil Company of the Azerbaijan Republic (SOCAR), intensified as the latter was given increased exposure and a heightened international

role. Aside from his position at SOCAR, which has allowed him to take credit for the success of the Baku-Ceyhan pipeline, Ilham Aliyev is the deputy chairman of the ruling Yeni Azerbaijan Party (YAP). He is also head of the National Olympic Committee of Azerbaijan and has strongly supported sports in Azerbaijan. Building sports complexes around the country and investing resources in sports, the younger Aliyev is portrayed as a person who gets results. For example, Azerbaijan's three gold medals in the Sydney Olympics were a source of great prestige, and the victories were credited largely to him.

Finally, Ilham Aliyev is the head of Azerbaijan's delegation to the Parliamentary Assembly of the Council of Europe (PACE), a position that helps him defend Azerbaijan's interests abroad. Parliamentary speeches frequently laud the efforts of Ilham and the Azerbaijani delegation at PACE. Ilham Aliyev's increased status was also clear in 2002 when he carried out a high-profile visit to Washington and was received by Vice President Dick Cheney among others.

The average Azerbaijani family continued to struggle in 2002 with daily economic and social difficulties, as increased GDP barely trickled down to the masses. The average income of Azerbaijanis continued to be in the $50 to $100 range. People in the regions outside of Baku experience particular hardship, due to lack of jobs and basic utilities such as gas and electricity. While visiting Sheki at the end of the year, President Aliyev promised to raise the salaries of teachers and other state-paid employees.

The most important domestic development during the period covered by this report was the August 2002 referendum on a set of constitutional amendments intended to bring Azerbaijan in line with the standards of the Council of Europe (COE). Nongovernmental organizations (NGOs) and opposition leaders considered some of the amendments as clearly positive. They denounced others, though, as intended to suppress democratic politics and prepare for a "directed" succession. These include amendments providing for the abolition of the proportional voting system and the elevation of the prime minister over the Speaker of Parliament in the order of succession to the presidency. The conduct of the referendum also showed that Azerbaijan is failing to move toward a freer and fairer electoral system and that the government needs to redouble its efforts in that respect. Nevertheless, membership in the Council of Europe began to produce results in 2002, with an important process of dialogue between council authorities and the Azerbaijani government beginning to form. Azerbaijan also joined the European Convention on Human Rights, agreeing to its protocol on the abolition of the death penalty, and implemented important legal reforms.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
5.75	5.50	5.50	5.75	5.75	5.75

The 1992 presidential election that brought Abulfez Elcibey to power in Azerbaijan was reasonably free and fair. No election held since then, though, has met either of these criteria. Since Aliyev came to power, all elections have seen high levels of fraud and manipulation to engineer a suitable outcome. Yet one can characterize the electoral system as a stable one, because all the elections in the past nine years have been conducted on time, without delays or postponements. Prior to 1993, the electoral system had been operating on a rather chaotic basis, with presidential elections taking place in 1991, 1992, and 1993. But since 1993, parliamentary, municipal, and presidential elections have taken place on a regular basis, as stipulated in the Constitution. Both the public and political parties know when to expect the next elections, and this allows them to be better prepared for them.

The Parliament has passed laws on presidential, parliamentary, and municipal elections as well as on the work of the Central Election Commission. In this sense, the electoral system has been operating on a solid legislative basis. However, these laws have been the subject of heated debates, as they contain many gaps and contradictions and create obstacles for the participation of political parties in the elections.

The year 2002 witnessed perhaps the greatest number of changes to Azerbaijan's electoral system in the past several years. As a result of the national referendum, which was initiated by President Heydar Aliyev and held on August 24, 39 changes or amendments to 23 articles of the Azerbaijani Constitution were made. Among these articles, several deal directly with the electoral process. For instance, prior to the referendum, elections to the Milli Mejlis (Parliament) were held in both majoritarian (100 seats) and proportional (25 seats) parallel systems. The referendum abolished the proportional party list elections, thus leaving all 125 seats in the Parliament to be filled in majoritarian constituencies. The implication of this change is that political parties as such no longer can compete for Parliament. Given the division of the opposition, this will mean that parties will either weaken significantly or be forced to unite. At the very least, this will mean seat adjustments in the single-member constituencies.

When the Council of Europe admitted Azerbaijan in 2001, the country undertook an obligation to adopt a unified election code at least six months prior to the next elections (the October 2003 presidential elections). In 2002, under pressure from the Council of Europe, the president's office

finally started work on a draft of the code, which will serve as a unified document for the country's entire electoral system and will aim to eradicate contradictions and gaps among various laws related to elections. At year's end, the draft code had not been submitted to Parliament. However, throughout the second half of 2002, the president's office was engaged in a dialogue with the Council of Europe, the Organization for Security and Cooperation in Europe (OSCE) through its Office of Democratic Institutions and Human Rights, the U.S. embassy in Baku, and the International Foundation for Electoral Systems (IFES) on ways of improving it. The draft of the election code was finally made public in November, hence providing opportunities for political parties, NGOs, and the public to debate it or to offer commentaries or opinions. However, this failed to happen because almost all of the opposition parties evaluated the document as "undemocratic" and boycotted the OSCE-sponsored roundtable discussion of the draft, demanding instead the creation of an Agreement Commission that would reconcile the differences of the opposition and the ruling party over the document.

Although there are nearly 40 political parties in Azerbaijan, the majority of them are small and unknown to the public. The ruling Yeni Azerbaijan Party has remained the largest, with a membership base of close to 300,000. However, it is quite clear that YAP widely uses administrative tools and involuntary methods of recruiting new members. Among the pro-governmental parties, the Ana Vatan (Motherland) Party is the second largest and has several deputies in the Parliament. In general, political parties conduct their own fund-raising, but due to the general poverty in the country, party members cannot even pay their dues (1 percent of the salary). Therefore, in most cases, parties are dependent upon a few large contributors or operate with limited capacity.

The largest opposition parties in the country are Musavat, the Azerbaijan Democratic Party (ADP), the Azerbaijan National Independence Party (ANIP), and the Azerbaijan Popular Front Party (APFP). Each party claims to be center-right, advocating a democratic form of governance, the development of a liberal market economy, and close ties with the West. Each party also has a membership base of 30,000 to 40,000 and is represented through branch offices in most of the districts of Azerbaijan. All of these parties have fairly well developed platforms and organizational structures, yet their most significant feature is the fact that their identities are closely linked to those of their leaders. Strong leadership and little inner party opposition or debate are representative of all four parties.

In addition to these four parties, smaller center-right political parties such as the Civil Solidarity Party (represented in Parliament), Adalat (Justice), and Tereggi (Progress) are functioning. There are also several left-wing parties, such as the Social-Democratic Party, Vahdat, the Communist Party, and the Islamic Party of Azerbaijan. With the exception of the Islamic

Party, whose popularity has been growing in recent years, the left-wing parties are weak and poorly organized. In general, though, political parties unfortunately do little to offer alternative concrete policies, beyond criticizing the policies of the government and the president. As a result, the opposition takes little or no initiative, leaving that to the government. Some opposition parties are represented in Parliament, where they are given a chance to voice criticism and suggest changes to bills, but mostly they are ignored by the pro-government parliamentary majority.

The authorities, in fact, continue to create obstacles to the activities of the opposition political parties. In 2002 alone, several members of ADP and Musavat were arrested, and in October 2002 police destroyed the Yasamal district branch of ADP. Parties have even more difficulties in the outlying regions of Azerbaijan, away from Baku, where local executive committees prohibit any large-scale meetings, assemblies, or public relations work. In Baku, opposition parties regularly hold street rallies and demonstrations. However, authorities allow these demonstrations only on the outskirts of the city, and there have been numerous cases of clashes between police and demonstrators, injuring several people.

The authorities have additional methods to pressure the opposition parties and limit their activities. In 2002, ANIP was forced for the second time in two years to move out of its headquarters. The government often harasses businessmen who advertise in opposition newspapers or make donations to political parties. The authorities also create obstacles in the registration process for opposition parties, often simply refusing to register them.

The majority of the population remains largely out of politics. In the most recent demonstrations, organized by opposition parties in October 2002, fewer than 10,000 people participated. Parties have difficulty recruiting new members, because most people have lost faith in them. Distrust for the entire political class, be it the government or the opposition, is widespread; political education and culture are still very rudimentary; and harassment by authorities is a powerful factor keeping people out of political activity. Moreover, the necessity of simply making ends meet keeps people focused on day-to-day life.

Azerbaijan is a unitary state in which the Constitution provides equal rights for all of its citizens, including numerous ethnic minorities. There are no political parties created on the basis of ethnicity. Considering the past trouble with ethnic separatism in the north, where the Lezgin minority lives, and in the south, where the Talysh people live, the government is extremely sensitive to the politicization of the minority question. There are, however, several prominent members of minorities in all three branches of government. For instance, Minister of Defense General Safar Abiyev and Asya Manafova, the chairwoman of Parliament's Natural Resources Commission,

are of Lezgin ethnicity. Hadi Rajabli, the chairman of Parliament's Social Policy Commission, is Talysh. There are also Russian and Ukrainian deputies as well as an ethnic Georgian Supreme Court judge.

In 2002, for the first time since the adoption of the Constitution in 1995, voters participated in a national referendum on constitutional amendments. The referendum was considered the first test of the country's electoral system since its admission to the Council of Europe and provided hope that Azerbaijan could make real progress in its obligations to international institutions like the COE and the OSCE. Prior to the referendum on August 24, the political parties became engaged in active public debate over the proposed changes. With the help of the OSCE and IFES, both the ruling and the opposition parties as well as independent NGOs and experts participated in five televised roundtable discussions to offer commentaries on the proposed amendments and some of the most contested points.

For instance, the opposition was against the abolition of the proportional system of elections to Parliament, as well as the proposal to give lower-level courts a right to cancel the registration of political parties. Most important, though, they disagreed with the proposal to make the prime minister, rather than the Speaker of Parliament, the caretaker president in the event the president ever became unable to carry out his duties. The opposition argued that the prime minister is not an elected official and, therefore, would not truly represent the people. Mostly, however, they argued it would be easier for the president to appoint his son prime minister than the Speaker of Parliament.

Both broadcast and print media widely covered the referendum. A week prior to the event, the authorities organized a large-scale GOTV (get-out-the-vote) campaign with the participation of pop stars and other celebrities. The referendum failed to fulfill the hopes for democratic development, though, and the voting process was sharply criticized by the international community and the domestic opposition. The day after the referendum, U.S. State Department spokesman Richard Boucher said: "Based on what we've heard from the U.S. embassy and other international observers...there appear to have been widespread irregularities, such as voter list fraud, multiple voting, ballot box stuffing."

According to the Central Election Commission, 88.47 percent of the country's overall voting population participated in the referendum, which officially was recognized as valid; 97 percent of the votes were in favor of the proposed amendments. The opposition refused to recognize the official results, countering that its own monitoring activities (carried out jointly by ADP, APFP, Musavat, and ANIP) revealed voter turnout of only 20.3 percent, a level that would invalidate the referendum (the required quorum is 50 percent). The referendum showed the strong power of the administrative branch of the government to serve the ruling party. It also

engendered unity among Azerbaijan's fragmented opposition parties, something that they had been lacking for a long time.

The last elections to Parliament were held in November 2000. Prior to the vote, significant improvements had been made in the country's election laws, specifically giving the opposition the right to participate in the work of central-, district-, and precinct-level commissions. Yet independent observers noted large-scale voting irregularities such as ballot stuffing, multiple voting, voter list fraud, and electronic ballot stuffing. International organizations declared the voting process neither free nor fair. Although official figures put voter turnout at 68 percent, observers reported turnout at only about one-third of the electorate.

As a result of these elections, the ruling YAP received more than 70 percent of the votes and gained the majority of seats in Parliament. Among the opposition parties, only APFP, the Communist Party, and the Civil Solidarity Party officially garnered enough votes to pass the necessary 6 percent threshold. Hence approximately a dozen deputies in the Parliament represent the opposition. By contrast, the official results gave the Musavat, National Independence, and Democratic Parties between 1.5 percent and 5 percent of the vote; observers, however, noted much stronger showings for all of these parties. Today, Parliament's party breakdown is as follows:

Party	Seats
Yeni Azerbaijan Part	76
Popular Front Party	6
National Independence Party	2
Ana Vatan Party	2
Civil Solidarity Party	2
Communist Party	2
Social Welfare Party	1
Yurddash Party	1
Alliance for Azerbaijan	1
Independents	30

Similarly, the presidential elections of 1998 were characterized as fraudulent. Six large opposition candidates boycotted the election, but the leader of ANIP, Etibar Mamedov, ran against President Aliyev. Aliyev received over 75 percent of the vote. The next elections will be held in October 2003, and Aliyev has announced his plans to seek reelection. This election is likely to determine Azerbaijan's future, and opposition candidates are already beginning the scramble for a common, unified candidate.

Generally speaking, Azerbaijan's electoral system remains one of the areas of democratization in which the least progress has been made. Voter turnout is often a result of administrative pressures, and large-scale voting

irregularities are widespread in all elections. Voters are generally ignorant of party platforms and vote purely on their trust of personalities.

Civil Society

1997	1998	1999	2001	2002	2003
5.00	5.00	4.75	4.50	4.50	4.25

The civil society sector of Azerbaijan made little progress in 2002, owing mainly to the refusal by the Ministry of Justice to freely register new NGOs. The move was interpreted as a way to keep the NGO sector under government control, especially after local human rights NGOs sent very critical antigovernment reports to the Council of Europe. Currently, only 400 organizations out of nearly 1,500 registered with the Ministry of Justice are involved in the implementation of full-time projects, as reported by the American organization Initiative for Social Action and Renewal in Eurasia. Ministry of Justice officials reported that there are 1,368 NGOs registered with the ministry. Of these, 26 were registered in 2001 and 31 in 2002. Less than 30 percent of all NGOs are based outside the capital city. There is little data on the percentage of the population that is active in the NGO sector.

Some of the major women's groups are Women and Development, the Society for Women Rights Defense (named after D. Aliyeva), and Merhemet. Ethnic minorities also have established NGOs and cultural centers such as the Samur Lezgin Cultural Center, the Vatan Center of Meskhetian Turks, the Society for Jewish Women, and the Resource Center for National Minorities. Since the admission of Azerbaijan into the Council of Europe in 2001, an increasing number of conferences, seminars, and roundtables take place in the NGO community on the topic of developing interethnic and inter-religious dialogue and tolerance. One of these major conferences, titled "Dialogue Among the Ethnic Minorities of Azerbaijan Republic," was held from July 8 to 11, 2002, by the Society for Humanitarian Research, the Azerbaijan Demographers' Association, and the Young Lawyers Union, with the financial support of the Council of Europe. Delegates from more than 20 organizations representing national minorities and several local human rights organizations took part in the conference. Such events assist in the development of networks among NGOs; they also contribute to the exchange of ideas and provide groups with skills and training.

The activity of NGOs is regulated by a law that Parliament adopted in 1992 and modified in 2000. The law allows all citizens to found NGOs and requires the Ministry of Justice to register them within 10 days, given the accuracy of all required paperwork. In practice, this procedure is seldom followed. There is no difference in income taxation for the employees of NGOs and for-profit organizations. NGOs in Azerbaijan do not pay taxes

on grants but must pay a 27 percent tax on any profit they make on commercial activities. In addition, donations to local NGOs are not subject to tax exemptions. This does not provide incentives for local businesses to donate and thus discourages domestic charitable activities.

The political culture in Azerbaijan leans toward a strong state model that provides very little support for local participation in solving economic and social problems. In addition, although NGOs continue to show interest in engaging in the political decision-making process, their attempts to do so have produced few results. For example, in the summer of 2002, 150 NGOs from around the country formed the nongovernmental coalition Free Elections, Free Will, the main objective of which was to contribute to the creation of a free election system and increasing public awareness of the country's electoral system. However, on the basis of the Law on NGOs, the coalition and other NGOs were not allowed to monitor the national referendum on August 24, 2002. The law, passed in 2000, gives the right to monitor elections only to local NGOs that receive less than 30 percent of their funding from foreign entities. In practice, this disqualifies the overwhelming majority of Azerbaijani NGOs, given the low levels of domestic funding.

Azerbaijani NGOs remain largely inexperienced in NGO management. Often, these organizations have few or no staff educated in Western methods of grant management, proposal writing, and accounting. Since the mid-1990s, the NGO Resource and Training Centers, which receive funding from the Initiative for Social Action and Renewal in Eurasia-Azerbaijan (ISAR), the UNDP, and the Open Society Institute, have attempted to strengthen civil society through capacity building of local NGOs. Similarly, in 2002, Catholic Relief Services started the Azerbaijan Civil Society Development Program. Funded by the United States Agency for International Development (USAID), this two-year program is designed to help domestic NGOs become independent institutions that truly represent the interests of a defined constituency. Selected NGOs will receive training in institutional development, project management, human resources management, financial management, and gender mainstreaming.

Local NGOs rely heavily on financial support from international donor organizations. In 2002, the Eurasia Foundation alone provided nearly $765,000 in grants to 22 local NGOs and public interest groups. Some of their principal funding recipients are the 215 KL Independent TV Company (a project to support the normalization of relations between the police and citizens); the Yayim Association (a project to support broader distribution of newspapers and other printed materials); and the Engineering Charitable Society (a project on the involvement of small enterprises in recycling). The Eurasia Foundation also gave funding to the Azerbaijan Union of Youth to open the NGO Support Center in Sheki, which will contribute to the development of civil society in northwestern Azerbaijan.

The government has always been critical that the accounting and financial reporting of domestic NGOs is largely nontransparent. In spring 2002, to address this fact, Parliament discussed new amendments to the Law on Grants that would require the registration of all grant agreements with a government body and prohibit the implementation of projects funded by unregistered grants. The amendments also provided for the establishment of an appropriate state administrative body that would make annual reports to the media on the total amount of grants received and sent abroad by the citizens of Azerbaijan.

These amendments caused significant dissatisfaction with both local and international NGOs and led to the formation of a coalition, NGOs Against Amendments, on May 15, 2002. The coalition held several meetings with representatives of the media and international organizations to voice strong disapproval for the amendments as attempts by the authorities to control the NGO sector. As a result of these efforts and the lobbying by international organizations, the president did not sign the amendments into law.

In 2002, the NGO sector also made progress in generating public awareness. According to a survey conducted by ISAR, 16 percent of the population in 2002, compared to 11.5 percent in 2001, is aware of the term *NGO* and can name at least one nonprofit organization. ISAR's efforts to improve public awareness of the NGO sector through NGO fairs also continued in 2002 with the organization of the third annual NGO Exhibition in Baku in June. Media coverage of the NGO sector has been rather stable, yet relations between NGOs and the government have experienced little improvement over time. The authorities are largely intolerant of nonprofit organizations, especially in the districts outside of Baku. This is so because they feel threatened by the fact that NGOs have financing outside the government's control and that most groups are run by politicians in opposition parties.

There are a few trade unions in Azerbaijan, such as the Azerbaijan Free Trade Unionist Confederation, the League of Protection of Labor Rights of Citizens, and the Trade Union for the Protection of the Rights of Oil Workers. However, given the legacy of the Soviet Union, their activity is neither free nor extensive. Only the Trade Union for the Protection of the Rights of Oil Workers is very active, and often in confrontation with SOCAR. Trade unions in Azerbaijan do not play a major role in the political decision-making process and do little advocacy for their members.

Public advocacy and research is weak in Azerbaijan, yet there are signs that this is improving. A number of interest groups express their opinions and provide their recommendations on a wide range of domestic issues, mostly related to legislative bills and government policies for resolving the Karabakh conflict. Among the most recent attempts made by interest groups to participate in the political process was the founding in August 2002 of the Center for Democratic Control over the Army. NGOs have also shown

interest in discussing the unified election code and the amendments to the Constitution. A number of them have actively participated in roundtables organized by the OSCE's Baku office and made suggestions for changes to the amendments. Several NGOs such as the Free Consumer Union are engaged in large-scale public advocacy. There are only a few independent think tanks and sociological research centers in the country.

According to information provided by the Ministry of Education, only 1 percent of the nation's 4,500 high schools are private, whereas more than 40 percent of higher education institutions are private. The current Law on Education prohibits the participation of political parties and similar groups in the education system. The majority of educational institutions, however, host local representatives of the governing party as speakers. Moreover, in clear violation of the law, the ministers of health and, albeit to a lesser degree, education exert strong pressure on individual doctors and teachers to join the ruling YAP.

Independent Media

1997	1998	1999	2001	2002	2003
5.50	5.50	5.50	5.75	5.50	5.50

One of the only areas in the democratization process in which Azerbaijan made progress in 2002 was in the media. The biggest change was the noticeable decrease in cases of physical violence against journalists and legal attacks against newspapers that followed a meeting between President Aliyev and the editors of major newspapers. In that meeting, Aliyev made a personal promise to protect the media from such actions. In return, Azerbaijan's committee for journalists' rights, Ruh, conferred upon President Aliyev its "Friend of the Media" award. Moreover, Parliament began debating a law on liberalizing public television, and President Aliyev issued a decree on providing state loans for private media outlets.

Nevertheless, harassment of the media remains a serious area of concern in Azerbaijan. In particular, several new legal cases were brought against *Yeni Musavat,* the leading opposition paper, in December 2002. Likewise, the country's broadcasters, which are the only media outlets to reach a national audience, remain under the government's control.

There are 518 registered mass media in the country, including 372 newspapers, 113 magazines, 25 information agencies, and 8 television and radio companies. Official censorship was abolished in 1998, and for the time being, newspapers and magazines are published without major obstacles. Azerbaijan's print media represent a wide spectrum of political views. The largest and most popular opposition newspaper is *Yeni Musavat* (circulation 14,000). It is read both in Baku and in the regions and is highly popular

even among members of the government. Other opposition newspapers include *Hurriyet* and *Azadlig*, which has shut down periodically owing to financial problems. *Zerkalo* (circulation 4,500), *Echo* (circulation 6,000), and *525-Gazet* are generally neutral. *Xalg Gazeti* and *Azarbaycan* are pro-governmental and largely unpopular.

The president's decree in 2001 to change all publications in the country from the Cyrillic to the Latin alphabet did not really damage the printed media. Quite the contrary: *Yeni Musavat* reported that its readership even increased. There are also a few English-language newspapers in Azerbaijan, aimed mostly at foreign citizens and the business community.

Most newspapers are read in the capital, but individuals living outside Baku can access them within a few days of publication. The circulation of opposition newspapers in the regions is limited. In addition, due to financial problems, many people are simply unable to buy newspapers; indeed, people often share one newspaper. In 2001, the newly appointed mayor of Baku, Hajibala Abutalibov, started a cleanup campaign in the capital that resulted in the destruction or relocation of the kiosks of the private distribution company Gaya. This caused damage to the private newspaper distribution industry and strengthened the government distribution system. In 2002, the distribution process largely stabilized.

Most of the independent and opposition newspapers experience severe financial problems. In particular, private companies try to stay away from advertising in opposition newspapers, which damages the financial independence of these newspapers. Often, the staff of the newspapers does not receive salaries for several months in a row. To improve the situation, President Aliyev signed a decree in March 2002 on issuing long-term favorable state loans for media outlets. Since government media are already subsidized, only private media outlets, mainly print media, are eligible. It is expected that media outlets will receive 17 billion manats in loans once their applications are reviewed. President Aliyev also instructed the Cabinet of Ministers in August 2002 to announce that newspapers will no longer have to pay taxes, except on income from advertising, and that the government will refund taxes paid by newspapers in the past three years. The government also will freeze their debts to the state printing house.

A national Council on the Press is expected to be established in January 2003, according to Arif Aliyev, the head of the Yeni Nesil journalists' union. Lawsuits against journalists and newspapers have been a common tactic in pressuring those entities. This process decreased somewhat in 2002. Yet Parliament also passed a law requiring media outlets to reveal their sources in case any reported news contains highly sensitive military or national security information.

Unlike the printed media, the broadcast media remains largely controlled by the government. There are two state TV channels that fulfill the function

of the mouthpiece of the government, and they are the only channels that broadcast to the whole country. ANS-TV, Lider-TV, A-TV, and Space are independent channels, but they maintain close ties to the government. There are also several television channels in other regions, such as Gubt-TV and Khayal-TV in Guba and Mingechevir-TV in Mingechevir, as well as several Turkish and Russian TV channels. However, broadcasts of the Russian NTV channel have been blocked since mid-2002 owing to the company's large debt to the Azerbaijani government.

A significant development in this area has been the preparation and submission for parliamentary debate of the draft Law on Public Television. The draft law has been reviewed by European experts and has already passed the second reading and creates much hope for the liberalization of the broadcast media in the country. Opposition parties and NGOs are expected to be allocated airtime on public television.

There are several radio stations in the country, including ANS, Lider, and Space. They are largely independent and focus mainly on entertainment rather than politics. Azerbaijanis can also listen to Radio Free Europe and Voice of America. Some of the major journalists' unions are Yeni Nesil; the Journalists' Trade Union–Juhiaz, led by Azer Hasret; the Baku Press Club; and the Committee on Protection of Journalists' Rights–Ruh. There are also several news agencies in the country, most notably Turan, Sherg, and MPA. They provide the majority of information for the newspapers and magazines.

The Internet industry continues to grow in Azerbaijan, but recent data from the International Telecommunications Union revealed that Azerbaijan holds one of the last places in the Commonwealth of Independent States (CIS) on percentage of the population with access to the Internet. For example, only 0.32 percent of 12,000 computers in the country are connected to the Internet, as compared to 0.9 percent and 0.5 percent in Armenia and Georgia, respectively. There are many Internet cafés in Baku, and their number is growing in the regions as well. There is little pressure or control from the government on Internet service providers, but many ISPs are still not happy about the monopoly of the Ministry of Communications in this field. The development and expansion of the Internet has contributed positively to the growth of independent media.

Governance

1997	1998	1999	2001	2002	2003
6.25	6.25	6.25	6.25	6.00	5.75

With the exception of the former Nagorno-Karabakh Autonomous Oblast and the 7 surrounding, occupied districts of Kalbajar, Gubadli, Fizuli,

Zengilan, Lachin, Agdam, and Jabrail, which have been under Armenian military occupation for over 14 years, Azerbaijan has developed a fairly stable administrative division of the country. Azerbaijan is divided into 65 districts in which the president appoints the head of the executive committee. Although Azerbaijan is a unitary state, as defined by the Constitution, the Nakhichevan exclave has retained the status of an autonomous republic since the Soviet period. It has its own Constitution, Parliament, elected officials, and local administrative laws. Baku, the country's capital, has a mayor who is not elected by the people but, rather, is appointed by the president.

Parliament continues to be the rubber stamp of the executive office. There is a legal basis for Parliament to overrule the president's decisions, but in practice many presidential decisions are made with Parliament's approval, as the ruling YAP controls a majority of legislative seats. The implementation of laws is the strict responsibility of the Cabinet of Ministers, and the Parliament has little capacity to enforce the implementation of laws. Parliament has an Audit Chamber, but its mandate is rather weak.

All three branches of government operate rather openly but remain bureaucratic institutions with little access for the people. There is almost no independent auditing of their financial activities. However, the State Oil Fund of the Azerbaijan Republic (SOFAR) did contract with the international firm KPMG to audit its financial documentation, and the results of the audit were without major shortcomings. SOFAR also publishes its annual financial report in major newspapers. The media attends sessions of the Parliament, and television channels provide good coverage of parliamentary debates. All laws are published in the governmental newspapers the day after their passage.

The Constitution of Azerbaijan contains provisions for the election and activity of municipalities, whose powers consist of imposing local taxes and payments, approving local budgets, and retaining ownership of municipal property. Municipalities are also responsible for maintaining, approving, and implementing local programs for social security, social development, economic development, and the environment. The President signed the Law on Municipalities on July 2, 1999. According to this law, municipalities implement local self-governance in the country. The number of municipality members varies from 5 to 19, depending on the size of the local government area. Any citizen of the country who has permanent residence in the relevant electoral district may nominate him- or herself, or be nominated as a candidate, for membership on a municipality.

When the first municipal elections took place on December 12, 1999, 35,600 people had registered as candidates. Of these, 54.4 percent had nominated themselves; political parties nominated over 40 percent. The voting was conducted to elect members for 2,667 municipalities within individual constituencies. The election results in some municipalities were invalidated

owing to fraud in the voting process and counting that could influence the results of the election.

Although two years have passed since the first municipal elections and the formation of the first municipalities, these local government bodies still struggle for independence from regional governors and the central government. The main point of contention is the vagueness in the language of the law in terms of financing the municipalities and their major functions. Some municipalities fight with their governors over advertisements and billboards that are an important source of revenues. Others fight over what activities they can engage in. So far, the activity of most municipalities has been limited to areas such as hiring staff, collecting taxes, doing minor public works projects such as building parks and roads, sponsoring athletic events and concerts, and funding some social welfare programs. However, the general public and local press retain a negative impression of their municipalities, owing mainly to their complete dependence on the executive power. The majority of the members of municipalities are in fact members of YAP.

The civil service to a large extent operates in a Soviet manner and is plagued by inefficiency and corruption. There have been some attempts in recent years to carry out structural reforms and to introduce a testing system for hiring the civil servants. Such tests have been held for judges and employees of the Tax and Foreign Ministries. Yet low wages and political interference still dominate the civil service. And although an Academy of Public Administration has operated under the president's authority since 2000, hiring in the civil service is still based on bribery and nepotism.

Rule of Law

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
5.50	5.50	5.50	5.25	5.25	5.25

In the Azerbaijani Constitution, there is a clear division of power among the three branches of government. However, Azerbaijan, similar to many other CIS republics, remains a country with strong presidential power. The president appoints the prime minister and the cabinet, issues decrees, and signs laws. The president also may dissolve the Parliament and call for new elections to the legislative body. In practice, the executive exercises direct influence over the legislature, especially as the ruling party firmly controls the Parliament. Effectively, in this sense, the role of the legislature as the rule-making institution is shared with the executive. Much of the initiative on legislation comes from the executive, with Parliament in such cases acting

like a rubber stamp. In practice, the Parliament also exercises no oversight of the government's activities.

The 1995 Constitution of Azerbaijan provides for an independent judicial system. However, in practice judges and courts depend heavily on the executive branch. The President appoints the judges of the Supreme Court and the Constitutional Court, subject to confirmation by Parliament. Lower-level judges are directly appointed by the president.

The majority of legal cases are tried in district and municipal courts. The Supreme Court may also act as a court of first instance, depending on the nature and seriousness of the crime. The government appoints prosecutors to offices at the district, municipal, and national levels who are ultimately responsible to the minister of justice. The Constitution prescribes equal status for prosecutors and defense attorneys before the courts. In practice, though, the prerogatives of prosecutors outweigh those of defense attorneys. The Constitution also provides for public defenders (Article 61). Investigations often rely on obtaining confessions rather than obtaining evidence against suspects. Judges and prosecutors are widely believed by the people to be corrupt.

The Constitution provides a full range of civil rights and freedoms to the citizens of Azerbaijan. Among these are rights to property (Article 29), intellectual property (Article 30), national and ethnic identity (Article 44), and use of one's mother tongue (Article 45). Although the government respects most of these rights in practice, it frequently obstructs the rights to free assembly and free association. There have been numerous cases of political parties being prohibited from conducting street rallies, and the registration process at the Ministry of Justice has often been an impediment.

Judicial reform came to fruition only at the end of the 1990s. New criminal, civil, and family codes and a code on administrative violations were all adopted in 2000 to replace Soviet-era laws. The Constitutional Court of Azerbaijan, created in 1998, is the highest judicial body in the country. Upon request from high state bodies, its nine members interpret the Constitution. The Constitutional Court has yet to prove its independence from the executive branch, because most of its decisions have been on matters that are neither sensitive nor provocative. However, the Court does have a good record of cooperation with international organizations and the Constitutional Courts of other countries.

Membership in the Council of Europe has proven to be a noticeable benefit. Parliament has already ratified the European Convention on Human Rights, enabling Azerbaijani citizens, unhappy with the rulings of local courts, to apply directly to the European Court. Moreover, the increased cooperation between Azerbaijani authorities and the Council of Europe has led to the continuous supervision of Azerbaijan's democratic development by the COE.

Azerbaijan clearly pays close attention to the Council of Europe, which is one of its main links (along with membership in NATO's Partnership for Peace) to multilateral Euro-Atlantic institutions. The importance Azerbaijan vests in the COE is evidenced by the fact that the delegation to the Parliamentary Assembly of the Council of Europe is led by Ilham Aliyev, the president's son.

In conformity with its obligations, Azerbaijan has signed 31 COE conventions, bringing much of its legislation in line with European standards. The institution of an ombudsman, part of the 2002 constitutional amendment package, and a revised code of criminal procedure are additional examples of the council's influence. The COE is directly involved with Azerbaijani authorities in the drafting of a new and unitary electoral code in the country. In summer 2002, Parliament adopted a law that increases the legislative body's influence over the government. In particular, the prime minister is now obliged to provide an annual report to Parliament.

Azerbaijan has indeed made a number of concessions, though often grudgingly, to COE demands. The issue of political prisoners has been one of the hottest, with Baku denying that it holds any. Under pressure from the council, Baku finally agreed to revisit the cases of former government officials who were convicted on charges on corruption. The COE and some human rights organizations consider these individuals political prisoners. It should be noted that credible allegations of treason have been voiced against several of these individuals, including Alikram Humbatov, who in 1993 briefly tried to establish a separate state in the Talysh areas of southern Azerbaijan. It is also the Council of Europe that has prompted the transformation of state television into public television.

In August 2002, the most significant revision to the Azerbaijani Constitution since its inception in 1995 was put to a national referendum. Of the 39 amendments under consideration, a number were clearly positive developments. Every citizen now has the option to file complaints with the Constitutional Court against the acts of executive authorities. For conscientious military service objectors, there is now the option of alternative civilian service. In the past, only alternative military service was possible. Finally, the amendments provide for the appointment of an ombudsman by the president.

At the same time, the package of amendments included several controversial measures, related mainly to the electoral system and to the succession of executive power. First, the parallel existence of a majoritarian and a proportional vote in parliamentary elections has been removed, and Azerbaijan is now scheduled to elect its Parliament solely through single-member constituencies. This amendment minimizes the role of political parties, since they will no longer be fielding candidates on party lists. The opposition and most foreign observers argue this measure has no place in constitutional amendments designed to bring Azerbaijan in line with European standards,

as it represents a step back compared to the current system. Instead, they see the amendment as intended to deal a blow to the very base of participatory politics in the country.

A second amendment that has been widely criticized transfers the duties of the head of state, in the event of the president's resignation, death, or incapacitation, to the prime minister instead of the Speaker of Parliament. The opposition alleges that this amendment was engineered to facilitate a dynastic succession from President Aliyev to his son Ilham. Similar allegations were made when Ilham Aliyev was placed at the top of the Yeni Azerbaijan Party's party list in the parliamentary elections of 2000, when it was widely assumed that he would be elected Speaker of Parliament and therefore enter the legal line of succession. To date, though, there is no sign that Ilham Aliyev will become prime minister of Azerbaijan.

One difficulty with the opposition's lack of support for some of the amendments is that none of the amendments are actually contrary to democratic principles. For example, many countries, including the United States and the United Kingdom, have stable political systems and use the first-past-the-post electoral system. Likewise, given that many of the amendments were clearly improvements, the opposition and independent analysts have had a difficult time making a strong case that the amendments were intended to crush political opposition and impose a dynastic succession. Nevertheless, in the Azerbaijani political scene, it is clear that the opposition had a point, especially with regard to the electoral system. Given the country's relatively undeveloped political culture, the removal of the proportional system will certainly affect the opposition, which is rather fragmented. Most countries using the plurality vote system have well-developed two-party systems. In the absence of such a stable political system in Azerbaijan, it is clear that the ruling party will greatly benefit from this change.

The referendum on constitutional amendments was held as planned in spite of numerous requests (including by the U.S. State Department) to postpone it. Official figures on the morning of the referendum showed that 88 percent of eligible voters had cast their vote. Of these, 97 percent were in favor of the amendments. Although independent observers noted widespread irregularities, including voter list fraud and ballot stuffing, it is not believed that these activities affected the results of the referendum. That is, since the opposition maintained a united boycott of the referendum, most of the people who actually cast a vote were likely to have voted for the package.

However, it is the voter turnout figure that raises concern. In a country characterized by high levels of popular political apathy, a turnout rate of 88 percent seems highly unrealistic. Opposition sources believe that actual turnout was probably less than 20 percent, despite the fact that many employers around the country ordered their employees to vote or face possible termination. In sum, while little substantial criticism can be made of the contents

of the constitutional amendments, the conduct of the referendum did not show any improvement over earlier elections. Instead, it formed another link in a series of deeply flawed elections in Azerbaijan.

Corruption

1997	1998	1999	2001	2002	2003
na	na	6.00	6.25	6.25	6.25

Azerbaijan has the reputation of being a thoroughly corrupt country and has long found its place in the bottom tier of surveys of corruption released by the World Bank and Transparency International. Nevertheless, there are some encouraging signs.

Although Azerbaijan's legal system prohibits government officials from involvement in the country's economic life, the spirit of these laws is not honored and the family members of prominent political and government figures are equally prominent in business. The population of Azerbaijan, according to a series of surveys by Transparency International, widely perceives their country's officials at all levels of government to be corrupt. In the last published survey, Azerbaijan ranked 10th from the bottom of among approximately 100 countries surveyed.

World Bank and United Nations data on actual corrupt practices corroborates this picture. A recent study of the UN Inter-regional Crime and Justice Research Institute found that 19 percent of the residents of Baku had experienced corruption, compared to under 1 percent in most Western European cities. Azerbaijan also ranks high on the indicator for state capture, the phenomenon of special interest groups hijacking the state and its offices for their narrow interests by manipulating policy and obtaining beneficial decrees or decisions. In a World Bank study on the so-called purchase of legislation, decrees, and judicial rulings, Azerbaijan actually ranked first in the former Communist bloc, followed tightly by Moldova, Ukraine, and Russia. Two in five firms operating in Azerbaijan reported having been directly affected by illicit private influence on state institutions. In 2002, the World Bank conducted a new corruption study, looking mainly at the influence of corruption on the business environment. The initial results of the study indicated a decrease in corruption in Azerbaijan. For instance, the results showed that whereas in 1999, 59.9 percent of businessmen had to pay bribes, in 2002 this number had decreased to 27.5 percent.

It should be noted that the booming oil industry in Azerbaijan has created a more vibrant business climate than in most former Soviet states, a factor that may have intensified competition and increased the incentives for and occurrence of corruption in the country. This notwithstanding,

the image of Azerbaijan in all available studies of corruption is clear: corruption is a major problem pervading most walks of Azerbaijani society. It is a significant impediment to the economic and social development of the country and has generated widespread political apathy.

Few credible anticorruption programs have been undertaken, and Azerbaijan has failed to join the Criminal Law Convention on Corruption and the Civil Law Convention on Corruption, as it had committed to do when joining the Council of Europe. There have been court cases against prominent public figures, including former Speaker of Parliament Rasul Guliyev and former Foreign Minister Hasan Hasanov, who are accused of corruption. However, while there is no doubt that these individuals were involved in high-grade corruption, such court cases appear to be politically motivated.

Nevertheless, Azerbaijan seems to be making some progress toward achieving greater transparency. The main example of this is the State Oil Fund of the Azerbaijan Republic, which was established in December 1999. The SOF carries enormous economic importance in the country because it is expected to amass most of the revenues from oil production and related economic activities. The SOF has already accumulated more than $450 million, and by 2006 its income is estimated to reach nearly $2 billion annually. Given these enormous sums of money, the potential for corruption is obvious. However, the structure and actual record of the SOF has not corroborated fears that the fund would become a principal vehicle for elite corruption. In fact, the SOF has gained respect for its accountability and transparency. The Azerbaijani SOF is independent from the state budget, and its assets are held and administered by a separately formed independent legal entity.

There are plans to use dividends from the fund on strategic infrastructure and socioeconomic projects. To date, dividends have been used mainly to relieve the situation of internally displaced persons from the Armenian-occupied territories. The SOF publishes quarterly reports on its revenues and expenditures and makes the results of regular audits available to the public. Ernst & Young conducted an audit of the SOF in early 2002 and found that "the financial statements...present fairly, in all material respects, the financial position of the Fund...in conformity with International Public Sector Accounting Standards issued by the Public Sector Committee of the International Federation of Accountants."

Some experts consider the SOF the most well-structured entity of its kind in the region, specifically making corruption in the energy sector considerably more difficult. Nevertheless, the International Monetary Fund and some domestic observers have questioned the fact that the fund is under the control not of Parliament, but of the president. This fact matters little at present, given the executive's tight control over Parliament,

but it is an issue that is likely to gain in importance in the future. Considering the magnitude of corruption in Azerbaijan, though, the creation of the oil fund appears to be a positive sign in an otherwise troubled environment.

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Belarus

Capital: Minsk
Polity: Presidential
Economy: Statist
Population: 9,900,000
GDP per cap at PPP: $7,544
Private sector as % of GDP: 20
Ethnic Groups: Byelorussian (81.2 percent), Russian (11.4 percent), Polish, Ukrainian, and other (7.4 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	6.00	6.25	6.75	6.75	6.75	6.75
Civil Society	5.25	5.75	6.00	6.50	6.25	6.50
Independent Media	6.25	6.50	6.75	6.75	6.75	6.75
Governance	6.00	6.25	6.25	6.25	6.50	6.50
Democratization Scores	**5.90**	**↓↓6.20**	**↓6.44**	**↓6.56**	**6.56**	**↓6.63**
Constitutional, Legislative, and Judicial Framework	6.00	6.25	6.50	6.75	6.75	6.75
Corruption	na	na	5.25	5.25	5.25	5.50
Rule of Law Scores	**na**	**na**	**5.88**	**↓6.00**	**6.00**	**↓6.13**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

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INTRODUCTION

Belarus has the grim distinction of being the sole dictatorship in Europe. Under the authoritarian leadership of President Alyaksandr Lukashenka, the land that had been the wealthiest republic in the former Soviet Union has been in slow and steady decline since gaining independence. With the economy a shambles, many Belarusians are nostalgic for the social safety net of the Communist era.

The country has also grown increasingly isolated internationally since the presidential elections held in September 2001. Both the domestic opposition and the international community had hoped that the election would mark a turning point, ushering in a more open society at home and improving the country's relations with the outside world. These hopes have remained unfulfilled, and if anything, the situation has deteriorated.

Belarus remains trapped under the weight of its Communist past. During the Soviet era, Moscow prevented Belarus from developing any sort of national identity, instead creating a docile republic that faithfully served its master until the end. A native nomenklatura (state bureaucracy) was late in developing, as was a local elite, since the ambitious generally set their sites on Moscow rather than Minsk. The first political and social movements in Belarus arose as a result of developments in Moscow, namely Gorbachev's policies of perestroika and glasnost in the 1980s. Unlike most other Soviet republics, however, Belarus did not have a strong local Communist elite to serve as the focal point of a national democratic movement. Instead, small interest groups with nonpolitical goals emerged—often around specific issues such as the Chernobyl disaster or to promote Belarusan language and culture. By the time Belarus declared independence in July 1990, events in Moscow were still spurring the most significant political changes in the country.

Since coming to power, President Lukashenka has reintroduced the state symbols used by the old Belorussian Soviet Socialist Republic. In 2002, the president approved a streamlined version of the Soviet-era anthem, "My Belarusy" ("We Belarusians"), as the country's new national anthem. At the same time, he has outlawed national symbols that had been chosen for independent Belarus in 1991, most significantly the red-and-white Pahonia flag and symbol, equating them with fascism.

Consistent with his traditional, Soviet-era paternalism, Lukashenka regularly harangues ministers and heads of state enterprises and collective farms

for not meeting production targets or otherwise holds them responsible for the generally poor state of the economy. Events like the annual Battle for the Harvest and Slavic Fair hark back to the Soviet era, as do grandiose construction schemes, such as the new national library, and calls for economists to be more ideological. Moreover, Lukashenka has complete control of the budget, as well as an undisclosed amount at his disposal in a presidential fund, giving him free rein to finance large-scale populist projects such as the beautification of downtown Minsk.

In the dying days of the Soviet Union, Belarus's political playing field grew rapidly as numerous political parties emerged. Their number peaked at 34 before the first parliamentary elections in 1995, with half appearing in the year before the vote. Mirroring events in other post-Soviet republics, many of these parties gained little support beyond a small interest group, had ill-defined platforms, and often lacked any ideological or social basis. In short, the political process began as a chaotic free-for-all.

Prior to the 1994 presidential elections that swept Lukashenka to power, attitudes toward Belarusification, democratization, and market reforms were the primary points of discord among political parties. Eventually, however, the question of integration with Russia created two distinct camps. This was primarily because integration—essentially the reconstitution of the former Soviet Union in some manner—largely determined the position taken on democratization and market reforms. It was fundamentally a question of how to deal with post-Soviet malaise: move forward or fall back.

The early 1990s was also a period of continued rule by the nomenklatura, which had renounced its Communist ideology while retaining its power and privileges. One of the results was rampant corruption and skyrocketing inflation as the government launched privatization. By 1994, living standards were half of what they had been in 1990, prices had soared and were 432 times higher than in 1992, and gross domestic product had dropped by 20 percent. By most accounts, Lukashenka was elected on a protest vote. He had systematically criticized the nomenklatura and official corruption. To a large extent, he has kept his original promises and restored—however superficially —a sort of Soviet Union Lite.

Belarus is a country of contradictions. It has a highly educated and skilled workforce, but over half the population lives below the poverty line. Belarus also has one of the lowest official crime rates in Eastern Europe but has the third highest prison population, per 100,000 persons, in the world (after the United States and Russia). Women are better educated than men on average but dominate the lowest-paid professions. These contradictions are also reflected in the country's laws and their application in practice. While much of the existing legislation arguably provides for individual freedoms, in practice most freedoms are severely curtailed. While Lukashenka's rule is milder compared with Soviet repression, Belarus's democratic development has clearly stalled.

The 2001 presidential elections were to a large extent a test of strength for civil society in Belarus. The coordinated election campaign organized by the democratic opposition showed that some progress had been made in terms of consolidating opposition forces. However, the fundamental weaknesses of political parties, nongovernmental organizations (NGOs), and the media proved impossible to overcome. Voter mobilization campaigns encouraged the population to get involved and vote. Since voter turnout was officially 83.9 percent, the highest level since independence, the mobilization campaigns were arguably successful. Unfortunately for the opposition, the higher turnout failed to translate into more votes. Perhaps more important, however, were the lessons that the opposition could take from the campaign.

From the outset, most opposition figures admitted, at least privately, that they did not expect to defeat Lukashenka but rather saw the elections as an opportunity to assess their collective strength. In this respect, the campaign successfully demonstrated the hurdles that opposition parties, civil society, and independent media face, from both the authorities and their own shortcomings. Overall, opposition parties failed to seize the opportunity to increase their recognition among voters, and no new leaders emerged.

As for the regime, President Lukashenka is as firmly entrenched as ever. Despite polls by the Independent Institute of Socio-Economic and Political Studies (IISEPS) showing that only 27 percent of the electorate would vote for him in a presidential race and only 13 percent approve of his rule, there is no indication of widespread domestic instability. The introduction of harsh laws restricting freedom of religion and a controversial proposed Law on the Media further signal the state's lack of concern for international norms. Meanwhile, the economy continues to decline steadily as the government refuses to reform an industrial base that is rapidly becoming obsolete. Agriculture is similarly dominated by state collective farms that almost universally operate at a loss. There are also serious delays in payment of pensions, and more than one million people are not paid their salaries on time, with some facing arrears of several months.

In its 2003 Index of Economic Freedom, the U.S.-based Heritage Foundation characterized Belarus's economy as "Repressed." Between 1992 and 2001, Belarus's average annual rate of inflation, on a weighted basis, was 112 percent. The government has not taken sufficient steps to meet the lending requirements of the World Bank, the European Bank for Reconstruction and Development (EBRD), or the International Monetary Fund, all of which have expressed dissatisfaction with the country's lack of progress. In May 2002, the EBRD stated that the country's investment climate remains one of the most difficult in the region and decided to reduce its funding programs.

Meanwhile, relations with Western democracies have worsened. Several have accused Belarus of involvement in the illegal arms trade while express-

ing concern for the fate of democratic activists and others who have disappeared in recent years. In November 2002, most European Union members declared Lukashenka and eight other senior officials persona non grata. The United States followed suit shortly thereafter.

Perhaps more troublesome for the government are indications that the largely unconditional economic and political support received in the past from Russia, by far Belarus's largest trading partner, may be slackening. Forming a union with Russia has been the centerpiece of Lukashenka's foreign policy, but the changing dynamics of Russia's relations with the West, and the United States in particular, seem to have dampened Russia's enthusiasm for moving ahead with the union. The rift between Moscow and Minsk widened further when Gazprom announced in late October that it would cut its deliveries because Belarus had used up its allotment of heavily subsidized gas for the year and threatened to completely halt natural-gas supplies if Belarus does not accept a higher price. Belarus has incurred a massive gas bill of $251 million since 1999.

Perhaps the only bright spot in an otherwise gloomy situation, according to an assessment prepared for the Council of Europe in September 2002, was the increased discussion regarding lifting the death penalty. Another positive sign, though, is that an IISEPS poll showed that 53.4 percent of respondents would support their country's accession to the European Union, suggesting that many are keen on reforms.

International pressure does not seem to have had much of an effect on Lukashenka. While the president professes a desire for détente with Western democracies, he has done little to foster better relations. On the contrary, he has criticized sharply the Minsk mission of the Organization for Security and Cooperation in Europe (OSCE) for its involvement in preelection activities and has effectively closed down the mission by refusing to grant foreign staff visa extensions, with the last foreign member being forced to leave in October 2002. Nevertheless, under a December agreement the OSCE mission was scheduled to resume operations in February 2003.

Meanwhile, human rights continued to be violated with impunity. Police broke up a Freedom Day demonstration in March 2002, making 59 arrests. Approximately 1,500 people had gathered in Minsk to observe the 84th anniversary of the establishment of the Belarus National Republic in 1918. Opposition parties and NGOs organized the demonstration. On April 19, a reported 3,000 people participated in a march called "You Cannot Live Like This" to protest falling living conditions. The march was dispersed by special police units, and more than 100 people were arrested. Most of those arrested faced fines and up to 15 days in prison after deviating from the officially approved route. On a positive note, Andrei Klimov, an outspoken opponent of the regime who had been in prison since 1998 after being convicted of financial mismanagement, was released in March.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
6.00	6.25	6.75	6.75	6.75	6.75

The 13th Supreme Soviet, voted into office in 1995, was Belarus's last democratically elected Parliament. The opposition had a smaller presence in this body than it had in the 12th, but it continued to act independently of, and often in opposition to, Lukashenka. However, the Supreme Soviet was not strong enough to challenge executive power and was de facto dissolved in November 1996. Its successor, the appointed National Assembly, was denied entry into the Council of Europe's Parliamentary Assembly because Belarus's 2000 parliamentary election was deemed undemocratic by European parliamentary organizations. Currently, there are reports of groupings within the National Assembly that criticize governmental policies, but it is difficult to determine whether this is genuine or contrived. There are several independent members of the National Assembly, but they are few and disorganized and to date have been ineffective.

The present electoral code was adopted in February 2000 and, according to the OSCE, "fails to provide for democratic elections." Several of its questionable articles are contrary to internationally accepted democratic principles, the Universal Declaration of Human Rights, and Belarus's own 1996 Constitution, as well as conditions set forth by the OSCE and standards set by the Council of Europe. The existing code suffers from several serious shortcomings: it fails to provide pluralistic and multiparty representation on election commissions or for the independence of election commissions; does not provide for a sufficient level of transparency in electoral processes; lacks a uniform appeals process for the decisions of election commissions; and excessively regulates campaign activities to the point of stifling robust, vigorous campaigning and freedom of speech. Moreover, the lack of clarity regarding candidate registration may hamper the participation in elections of legitimate candidates.

By 2001, political parties had largely lost any direct influence on politics and also had little influence on society at large. Party representatives spend much of their time and energy raising awareness and gaining support for the democratic movement from the international community instead of building a solid base at home. Though opposition parties showed marked improvement in their ability to cooperate and coordinate during the 2002 presidential elections campaign, they remain weak and enjoy little popular support. This is due in part, though not entirely, to state repression.

Political movements and parties do not have long traditions in Belarus. Most of today's democratic political elite began their activities in one of the many informal associations that sprang up in Belarus in the late 1980s. These associations generally focused on educational or historical activities revolving around Belarusian cultural awareness. The Belarusian Popular Front (BPF) and Adradzhenne (Revival), a sociopolitical movement, held a constituent congress in 1989. The BPF led the country's democracy movement, though its primary goals were national revival and Belarusian sovereignty. Parallel developments among Russian-speaking intelligentsia focused on the broader political trends within the Soviet Union by promoting democratic ideas and criticizing the existing political system. The opposition failed to rally around issues that could unite the electorate at large.

The adoption of the new Constitution in 1996 largely marked the end of party development in Belarus. President Lukashenka managed to outmaneuver both the entrenched Soviet establishment and the rising democratically oriented elite by bringing into power his own cadre of loyal followers, most of whom came from a similar background—regional middle management—and owed their positions to him. After his success in revamping the Constitution in 1996 to centralize power, Lukashenka's authoritarian style of rule was firmly in place and changed the balance of power in the party system. Ideological differences became secondary to the position one took toward the president. The choice for parties became whether to oppose the dictatorship, and therefore be marginalized, or submit and become a puppet party. A number of parties splintered as a result of internal disputes on the matter; some, such as the Agrarian Party, did so to the point of disintegration.

The 1994 Law on Political Parties, which regulates party life, replaced a 1990 provisional regulation. Under the law, political parties need at least 500 members to register. Foreign financing is banned. In early 1999, President Lukashenka issued a decree, On Selected Measures to Regulate the Activity of Political Parties, Trade Unions, and other Nongovernmental Associations, which forced all such organizations to reregister prior to August 1. Organizations failing to comply could have their activities suspended. The decree also obliged parties to have at least 1,000 members and branches in at least four regions. Out of 43 parties registered at the beginning of 1999, 6 were pro-presidential; 27 were considered truly active. Owing to the president's decree, only 11 opposition parties were reregistered (see table). The most vocal parties, which have the highest profile in the international community, continue to be the BPF, led by Vincuk Viacorka, and the United Civic Party (UCP), led by Anatoly Lebedko. These are two of the original parties founded in the waning days of the Soviet Union based on groupings of Belarusian- or Russian-speaking intelligentsia. Most opposition parties came into existence as splinters of these two groups.

Although President Lukashenka has not outlawed political parties, he has made it difficult for them to operate. Parties have no access to state media, and any mention they do receive is negative. Under the Law on Political Parties, the activities of political parties are subject to review by the Ministry of Justice. These reviews, along with random inspections by taxation officers, are used routinely to harass the opposition. Parties found in breach of their statutes (the most frequent charge) or publicizing meetings, demonstrations, or other unlawful activities receive a warning. A second warning within one year can lead to closure.

Though the current political situation certainly makes it difficult, if not impossible, for parties to function and develop normally, a number of basic internal weaknesses also curtail party development and hinder the formation of an effective united front. Not surprisingly, considering the short history of party development, most political parties lack widespread grassroots support and have done little to increase their constituencies. Most refuse to utilize populist tactics and do not expand beyond the limited sphere of the intelli-

Political Parties in Belarus Following 1999 Decree on Reregistration

Opposition Parties

Agrarian Party (AP)*
Belarusian Ecological Party of the Greens "BEZ"
Belarusian Party of Communists (BPC)
Belarusian Party of Labour (BPL)
Belarusian Party of Women "Nadzeya"
Belarusian Social Democratic Hramada (BSDH)
Belarusian Social Democratic Party "Narodnaya Hramada" (BSDP NH)
Belarusian Popular Front "Adradzhenne" (BPF)
Conservative Christian Party BPF (CCP BPF)
Liberal Democratic Party of Belarus (LDPB)
United Civic Party (UCP)

Pro-Presidential Parties and Movements

Belarusian Patriotic Party
Republican Party of Labor and Justice
Slavic Assembly "Belaya Rus"
Communist Party of Belarus
Belarusian Social Sport Party
For Democracy, Social Progress, and Justice (DSPJ)

*Became pro-presidential in 2000

gentsia. Asked whether they would consider engaging in door-to-door campaigning, the parties typically reply that they can't waste time on "cretins" in the countryside.

Stagnant membership has created a situation in which leaderships have changed little since parties were first founded. This often has made it difficult for parties to achieve unity owing to long-standing disputes and personal conflicts both within and among leaders of the various groups. In addition, all parties are deeply rooted in Soviet traditions. That is, they are dominated by party elders who frustrate the advancement of younger leaders. The heads of the youth wings of many parties are in their 30s. Of the most active Belarusian politicians, the youngest was born in 1968 (Uladzimir Navasyad, a member of the House of Representatives since 2000). The vast majority of politicians were born in the 1940s and 1950s.

The 2001 presidential election failed to meet OSCE standards for democratic elections. Independent observers from the Association of Central and East European Election Officials (ACEEEO), whose mission consisted of 64 observers from 10 Central and Eastern European countries and the United States, as well as a 20-person monitoring mission from the Commonwealth of Independent States, accepted the results. The ACEEEO did express some reservations, though. Ultimately, Lukashenka claimed a decisive victory, with 78 percent of the vote, over Uladzimir Hancharyk (12 percent) and Syarhey Haidukevich (2 percent). Opposition parties claimed that Lukashenka received 47 percent of the vote and Hancharyk 41 percent—a fact that, if verified, would have forced a second round. The presidential elections clearly demonstrated both the extent to which the state is willing to use repressive mechanisms and the fundamental weaknesses and problems of the opposition.

Several decrees were issued prior to the election that strengthened the position of the president within the context of elections and continue to have far-reaching consequences. The most significant were Decree 8 (March 12), which restricted foreign funding; Decree 11 (May 7), which limited the ability of parties to hold meetings and mass rallies; and Decree 20 (June 26), which required presidential candidates to declare their property and income as well as that of their close relatives, spouses, and in-laws.

Candidate registration was difficult and hampered at every step. Once Hancharyk was selected as the opposition's candidate, he was immediately the subject of a smear campaign portraying him as a representative of the Communist nomenklatura. All organs of the regime, including the mass media and police forces, worked to obstruct those opposing Lukashenka's reelection. Human rights organizations noted numerous violations by the authorities, including detentions of canvassers, police raids on candidates' offices, the denial of opposition access to the state media, and biased electoral administration. In two July incidents, police detained volunteers in Grodno who were collecting nomination signatures for independent candidates and

raided four of opposition candidate Syamon Domash's campaign offices.

Authorities strongly encouraged early voting, a process that is almost impossible to monitor and therefore facilitates fraud. The Belarusian Helsinki Committee reported that four universities cancelled classes and closed down dormitories during election week to force students to participate in early voting. Since doing so meant many students had to leave cities for home, they were hindered in their ability to participate in demonstrations or other election-related activities.

Although Lukashenka sought to prevent people from volunteering as election observers, approximately 8,000 individuals received training and joined an umbrella movement called Civil Initiative Independent Observation. The creation of a single domestic nongovernmental observation body was itself an accomplishment. The initiative had branches in each region and nearly every district and major town. Nevertheless, the regime's tactics were sufficient to dissuade many volunteers and effectively sabotaged efforts to conduct a parallel vote tabulation through exit polling. In addition, prior to the start of voting, members of election commissions received anonymous brochures containing techniques for hampering the work of independent observers. The day before the election, the Central Election Commission cancelled the accreditation of some 2,000 domestic observers and denied them access to polling stations.

Pressure on the independent press also intensified prior to the 2001 elections. Throughout March, police interrogated and harassed news vendors selling the independent newspaper *Nasha Svaboda*. Moreover, there was an increase in the number of police raids on newspaper offices, which generally also involved the confiscation of equipment. Security forces from the Ministry of the Interior seized most of *Nasha Svaboda*'s print run on a day when the paper contained several articles critical of the government and information about the opposition candidate. In addition to the actions of police and other authorities, there were several unsolved burglaries that may or may not have been politically motivated, as well as sudden newsprint shortages and other obstructions.

Though the efforts of domestic observers were admirable, the results they produced could not be considered fully reliable. Most observers belonged to opposition political parties, and many were actively engaged in the opposition's election campaign. This was also true of the voter mobilization campaign carried out by NGOs. Many of those concerned with voter mobilization also had collected signatures for democratic opposition candidates or were otherwise involved in overtly political activities.

Ultimately, the fluid relationship among NGOs, opposition parties, and even the independent media is detrimental to all. While it is not necessarily unusual for members of political parties to be active in NGOs as well, too often partisan activities are assumed under the auspices of NGO activity. This

often leads to public distrust and discourages broader civic participation in the life of the country. It also provides authorities with a relatively legitimate reason to shut down NGOs for breaching their own statutes. Finally, this nexus creates serious rifts among politically aligned factions as well as between groups that are partisan and those that have no party links at all. Independent journalists and media outlets also often undermine their credibility by serving as a mouthpiece of the opposition.

The democratic opposition's campaign in 2001 was largely negative, focusing more on criticizing the president than on the issues and ultimately failing to offer voters a viable alternative. Although the opposition's selection of a single presidential candidate demonstrated that its various groupings can work in concert, several efforts to coordinate their activities since then—the latest being the creation of the Coordinating Council of Democratic Forces—have come to naught. Today, Belarus's opposition political parties remain largely ineffectual, and the public appears to have far greater confidence in institutions like the church, the army, and the media than it does in parties. Local elections scheduled for spring 2003 and parliamentary elections due in autumn 2004 will indicate whether any lessons have been learned.

Civil Society

1997	1998	1999	2001	2002	2003
5.25	5.75	6.00	6.50	6.25	6.50

With the deterioration of the democratic climate following the 1996 constitutional crisis, many individuals who previously had been engaged in political work were driven into the less overtly political domain of NGOs. As a result, being socially active today is often synonymous with being politically active and, more specifically, an opposition supporter. At the same time, there are numerous nonpartisan NGOs in Belarus such as humanitarian aid organizations.

Although more than 1,900 NGOs are officially registered with the Ministry of Justice, their levels and scope of activity vary greatly. While it is difficult to determine how many NGOs are actually active, it is clear that volunteerism is low, owing mainly to the weakness of the economy, the absence of a genuine tradition of civic engagement, and the public's distrust of NGOs as overly politicized groupings. There is also a lack of widespread knowledge about NGOs and civil society in general. This is due in part to the failure of NGOs to publicize their activities and actively recruit new members.

As with political parties, the legal and regulatory environment for NGOs is restrictive. Decree 8, enacted in March 2001, placed tight restrictions on foreign aid, on which the vast majority of NGOs and independent media are

dependent. These restrictions are not insurmountable, but the authorities use them to curtail activities perceived as threatening to the state. In practice, this tends to rule out any democracy-building activities and generally all but basic social service activities. Moreover, given the poor state of the economy, start-up costs, including registration fees, can be prohibitive. Foreign donations are subject to a high tax rate of up to 40 percent. Like political parties and independent media, NGOs face harassment in the form of compliance reviews and visits by tax inspectors.

Whether directly or indirectly, the presidential administration has created a number of puppet NGOs. These groups act as mouthpieces in support of governmental policies and enjoy the protection and patronage of the state. For example, until recently two of the country's largest youth organizations were the pro-regime Belarusian Patriotic Youth Union, which was created by President Lukashenka in 1997 and nicknamed Lukamol, and the Belarusian Youth Union, the successor to the Soviet-era Communist Youth League (Komsomol). The two groups united in September 2002 to form the Belarusian National Youth Union (BRSM). The president praised the merger, promised governmental support, and said that the BRSM will likely become a major source for recruiting government staff.

Independent youth NGOs have significantly greater problems securing funding, and a number of their most active members face expulsion from school. Many young people end up working in NGOs for lack of other opportunities as well as out of general frustration with the status quo. Moreover, youth NGOs tend to be partisan. The largest and most active groups are junior branches of political parties or affiliates of other NGOs.

Several independent trade unions operate in Belarus and have proved to be important actors in civil society. However, in the wake of the 2001 presidential elections, President Lukashenka launched a "renewal" of the trade union movement and stressed that the unity of the authorities and the trade unions was "very important." In July 2002, Frants Vitko, head of the Belarusian Trade Union Federation, was forced to resign, and in September the group changed its name to the Trade Union Federation of Belarus (FPB). Leanid Kozik, the former deputy chief of the presidential administration, became the FPB's leader. Other genuinely independent trade unions continue to struggle, as they have little to offer potential members and are frequently denied access to workshop floors. The regime's repression of trade unions has been condemned by international labor organizations.

Aside from the Russian Orthodox Church, which is loyal to the regime, religious organizations have limited scope to operate in Belarus. The enactment of a new Law on Religions in October 2002 will further curtail their activities. The law has been heavily criticized by minority denominations and human rights advocates as restrictive and discriminatory. According to the government, the law does not infringe on freedom of religion but is

instead aimed "at preventing religious expansion into the Republic of Belarus and the development of destructive cults and occultism." In practice, the law will severely limit the activities of various Protestant groups. The U.K.-based Keston Institute, which monitors religious freedom in former Communist countries, has called it "the most repressive religion law in Europe."

Independent Media

1997	1998	1999	2001	2002	2003
6.25	6.50	6.75	6.75	6.75	6.75

The State Press Committee controls the licensing of media and routinely violates official procedures. Licenses can be revoked or withheld at the whim of the committee. For example, radio station 101.2 had its license revoked in 1994, apparently for being too critical of the government. Taxes on newsprint and distribution and postal costs for distribution are prohibitively high for nonsubsidized media. Independent printing presses are few, and state-run presses at times refuse to print material considered too critical of the regime.

The police frequently harass pro-opposition independent media, which have had equipment seized and have been victimized by unsolved burglaries. Once a newspaper has been issued two warnings by the committee or by a judge within a year, it can then be closed down. Warnings can be (and often are) successfully appealed, and if a paper is closed by decision of the court, that decision also can be petitioned. However, there has never been a case in which a newspaper has successfully appealed closure. Two papers have been closed under this procedure—*Nasha Svaboda*, in 1994, and *Pahonya*, in 2001. Tax inspections, fines for offending the honor and dignity of subjects of news reports, and registration procedures are a much more powerful—and frequently used—weapon to intimidate the independent press.

The criminal code contains several articles relating to the press. Article 367 (slander against the president), Article 368 (insulting the president), and Article 368 (insulting government officials) all stipulate prison sentences for journalists found guilty. However, "honor and dignity" cases are more frequent since the prosecutor only has to demonstrate that the subject of an article or report suffered emotional distress as a result of its publication.

Article 19, the London-based freedom of expression watchdog, found the recent Law on Mass Media and Law on Information Security to be "woefully inadequate." The group noted that "the fact that the changes introduced following consultations with domestic and international NGOs and IGOs [intergovernmental organizations] have been purely cosmetic reveals that the Belarusian authorities simply do not appreciate the magnitude of the task facing them in meeting Belarus' human rights commitments." Article 19 found that the draft laws contain several provisions that breach in-

ternational standards. Specific areas of concern were regulatory matters, content issues, freedom of information, protection of sources, and penalties. Discussion of these laws was set to take place in 2002 but has been put off indefinitely.

The closure of the weekly *Pahonya*, published in the city of Hrodno, attracted international attention and made it a symbol of the battle for press freedom in Belarus. It was ordered shut down by the Belarus Supreme Court after it published an unsubstantiated article accusing Lukashenka of being involved in the disappearance of some of his opponents. Nikolai Markevitch, the paper's editor in chief, and reporter Pavel Mozheiko were convicted of slandering the president and sentenced to internal exile with restrictions on their rights for two years, later reduced to one and a half years. Fourteen journalists were arrested during a demonstration in support of the paper, and several received jail terms.

Attacks on the media continued apace in 2002. *Nasha Svaboda* announced in August 2002 that it was folding after being hit with a $55,000 fine in a libel case brought by a state official and having its equipment seized and bank account frozen. Another paper, *Mestnoye Vremya*, was closed in November. Meanwhile, Viktar Ivashkevich, editor in chief of the independent trade union newspaper *Rabochy*, was sentenced to internal exile for slandering Lukashenka and received a two-year sentence that was later reduced to one year. In September 2002, criminal libel proceedings were launched against Iryna Khalip, a journalist with the independent *Belorusskaya Delovaya Gazeta*, in connection with an article alleging that Prosecutor-General Viktar Sheyman and other investigators may have accepted bribes to close a criminal investigation.

On the broadcasting front, Belarusian Television (BT1) is controlled by the state and does not offer alternative views. News and information programs often slander the opposition with impunity. The government launched a second state television station in May 2002. Observers say that Belarusian Television 2, which broadcasts exclusively in Russian, is somewhat more professional and balanced than the older BT1. Broadcasts from Russia, though not available in all parts of Belarus, provide some alternative views. There is also a network of small regional stations that offer fairly balanced, though very cautious, reporting. International news sources are available both on cable television and in print, though the cost of cable television can be prohibitive and foreign-language newspapers and magazines are not widely found.

Like NGOs, many opposition news outlets are partisan, with reporting often amounting to propaganda. Independent media are almost entirely dependent on foreign assistance, owing largely to the paucity of domestic advertising. Conditions for independent media are repressive but not insurmountable, and several independent papers do exist. These include *Belorusskaya Delovaya Gazeta*, *Belorusskaya Gazeta*, and *Belarussky Rynok*,

all of which operate on a fairly professional level and offer balanced reporting and political analysis. For the most part, however, the independent press is highly partisan toward the opposition, with papers concentrating mainly on criticizing the regime. According to the Media Sustainability Index 2002, produced by the Washington, D.C.–based International Research and Exchanges Board, "A national, independent daily such as *Narodnaya Volya* has no more integrity or credibility than the state newspaper, despite its 'democratic' billing."

Governance

1997	1998	1999	2001	2002	2003
6.00	6.25	6.25	6.25	6.50	6.50

The government is stable to the extent that all power is concentrated in the executive branch, specifically in Lukashenka's hands, and there is little to indicate that his position is immediately threatened. Under the 1996 Constitution, Belarus's National Assembly has extremely limited powers. It has no control over the implementation of laws and the state budget; consequently, the country is ruled almost exclusively by presidential decrees that are "redeveloped" into laws. In October 2002, Lukashenka warned legislators against encroaching on presidential prerogatives. Belarusian Television quoted him as saying, "I am afraid of a chain reaction [leading to] a redistribution of powers in the Republic of Belarus....We are a strong presidential republic, where the president is the head of state, and there is absolutely no need for counterbalancing the presidential powers."

Discarding the country's old elite, President Lukashenka has promoted the rise of new political leaders that are loyal to him. He keeps his underlings in check by means of continuing intrigues, public denouncements, and periodic purges of top-ranking officials. This atmosphere of insecurity has so far succeeded in preventing any one person or group from attaining sufficient stature or support to undermine the president. While discontent within the country is growing, no force has succeeded in harnessing it. Moreover, despite President Lukashenka's undeniable role as the linchpin of Belarus's dysfunctional, archaic, and inefficient system of government, his eventual removal from the post will probably not bring immediate relief from the country's many problems given their depth.

Subnational governments, or local soviets of deputies, have extensive responsibilities. These include local development, housing, social services, public security, fire, education, and even "preservation of national traditions and customs." There is a three-tier system of local soviets in Belarus: Regional soviets direct and coordinate the activities of the district soviets. These, in turn, direct and coordinate the work of the village and settlement soviets. City soviets, depending on the size and importance of the city, may belong

to the highest (city of Minsk), middle, or lowest level of the system. There are approximately 1,841 local- and middle-tier governments in Belarus.

Local soviets serve four-year terms and are directly elected in voting that has been relatively free and fair. The budgets of subnational levels of government are almost entirely dependent on the central authorities, from whom they receive approximately 50 percent of their budgets. Only about 10 percent of local budgets come from independent revenues, such as local taxes; revenues from managing property and operating housing stock; taxes on industrial, agricultural, municipal, and other local enterprises; and other corporate taxes. Soviets can also receive loans. Overall, they are impoverished and impotent.

The central authorities have the right to assist and supervise the work of the local soviets. At times they use the soviets' fiscal dependence on them to exert tacit pressure. With the possible exception of important cities, though, the central authorities have generally respected the autonomy of the local soviets.

Eight out of every 1,000 citizens are state employees. Of these, 69 percent are civil servants. Belarus's challenges in this area are similar to those of other post-Soviet states. The civil service is too large. Agencies have duplicate or overlapping responsibilities. And workers tend to be both underskilled and underpaid for their job titles. A major overhaul is necessary but would be controversial and painful to implement. Owing to the high degree of centralized power in Belarus, the civil service is inevitably subject to political interference. It is not unusual for papers or applications to be "misplaced" or undergo many months of "review," though at times this could be simply the result of bureaucratic inefficiency.

RULE OF LAW

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
6.00	6.25	6.50	6.75	6.75	6.75

The most important legal codes in Belarus are based on model legislation approved by the Inter-Parliamentary Assembly of the Commonwealth of Independent States. A new civil code, adopted in 1998, includes laws on real property, intellectual property, inheritance, and international transactions. A new code of civil procedure was adopted in 1999. Legal proceedings on economic disputes are regulated by the 1998 code of commercial procedure. The criminal code and code of criminal procedure were implemented in 1999, and the administrative code took effect in 1984. Texts of

major legislation are available through the National Register of Legal Acts of the Republic of Belarus.

Most criticisms of the Constitution, as adopted in 1994, centered on provisions relating to the division of powers. In addition, the Constitution includes certain "rights" that are more in the nature of goals, such as universal health care and housing. The Constitution was amended in a 1996 referendum to broaden the president's powers and extend his term in office. Although the amended Constitution provides for a formal separation of powers, in practice the president dominates all other branches of government.

The acting legislature was not elected directly but was instead created out of the remnants of the former Supreme Soviet, which Lukashenka disbanded soon after the 1996 referendum. Lukashenka replaced the Supreme Soviet with a loyal House of Representatives after members of the Supreme Soviet sought and received a ruling from the Constitutional Court that the 1996 referendum was not binding. The Constitution limits the legislature to meeting twice per year for no more than 170 days. Presidential decrees made when the legislature is out of session have the force of law, except where restricted by the Constitution. In reality, there are no major institutional checks on presidential power.

The Committee for State Security (KGB) and the Ministry of Internal Affairs (MVD), both of which report directly to Lukashenka, share law enforcement and internal security responsibilities. Under the law, the president has the right to subordinate all security services to his personal command. The 1994 Constitution provided for an independent judiciary; however, in practice the judiciary is not independent and is unable to act as a check on the executive branch and its agents. Though it is certainly not impossible to receive a fair trial in Belarus, politically sensitive cases in particular are prone to interference. Overall, the executive branch exercises significant influence over judges and prosecutors and controls the legal profession.

Article 109 of the Constitution vests the exercise of judicial power in the courts, and Article 110 stipulates that judges shall be independent and that any interference in the administration of justice is unlawful. However, the procedures for appointing judges were changed considerably by the 1996 constitutional amendments, which gave the president, rather than Parliament, the main role in this process. The president currently enjoys the power to appoint 6 of the 12 members of the Constitutional Court, including the chairman. The remaining six are appointed by the rubber-stamp Council of the Republic, which itself is composed in part of individuals appointed by the president. The president also appoints the chairmen of the Supreme Court and the Supreme Economic Court. In addition, the president has authority under the Constitution to appoint and dismiss all district and military judges.

The Geneva-based International Commission of Jurists believes that "the poor conditions of service for judges pose a threat to the independence of

the judiciary of Belarus." For example, salaries are low, and this increases the risk of corruption. Moreover, since judges are dependent on the executive for bonuses, adequate housing, and promotions, they are arguably susceptible to coercion. The practice of so-called telephone justice, whereby the executive or local authorities dictate the outcome of trials they have an interest in, is widespread.

In addition to judges, lawyers are often subject to government pressures, particularly those who defend independent media outlets or work to protect human rights. Presidential Decree 12 of 1997 requires every attorney to become a member of the Collegium of Advocates in order to practice law. The collegium is controlled by the Ministry of Justice. Lawyers reportedly can be expelled from the Collegium of Advocates, and therefore be barred from practicing, after receiving two official warnings. Such warnings do not have to be substantiated. Moreover, law licenses must be renewed every five years.

President Lukashenka neatly summed up the prevailing situation when he said on national television in September 2002 that "Russia and Ukraine have lawyers who are sort of independent. We have no such lawyers." He then asked: "Do our justice system and citizens lose from such a situation?" The reply from the head of the Collegium of Advocates was, "No, they only win."

The government often holds secret trials and show trials, the latter mainly for corruption and bribery cases. At the close of 2002, Viktor Rakhmanko, the former head of the Belarusian state railroad, was on trial before the Supreme Court on 15 counts of bribery. There have been several similar cases over the past few years involving ministers or heads of enterprises or collective farms. The regime regularly uses these trials to demonstrate that it is aware of and dealing with the problem of corruption and to shift the blame for economic mismanagement. The trials apparently are also used to prevent certain groups or individuals from gaining too much power.

The Constitution specifically prohibits torture as well as cruel, inhuman, or degrading treatment; however, police and prison guards at times beat detainees and prisoners. By law, law enforcement and prison officials may use physical force only against detainees and prisoners who have exhibited violence, have refused to obey instructions, or have violated "maliciously" the terms of their sentences. Human rights monitors, however, repeatedly report that investigators coerced confessions through beatings and psychological pressure.

Libel laws are also used to limit the ability of lawyers to do their jobs. For example, attorney Ihar Aksyonchyk, who was on trial at year's end for slandering the prosecutor-general, was disbarred. He had represented the family of Dzmitry Zavadski, the missing cameraman for the Russian television network ORT, in a trial of elite police officers charged with kidnapping the journalist. Aksyonchyk was charged with slander after issuing a state-

ment to the media linking the prosecutor-general to the disappearance of Zavadski as well as to three other disappearances in 1999.

Corruption

1997	1998	1999	2001	2002	2003
na	na	5.25	5.25	5.25	5.50

Low-level corruption is ubiquitous in Belarus. As elsewhere, corruption is partly a result of the low wages paid to civil servants and the dense bureaucratic structure held over from the Soviet system. State employees account for almost 20 percent of the country's workforce, and their wages are frequently several months in arrears. Some workers in the countryside are paid in kind, particularly workers on collective farms who are paid partly in produce. The steady degradation of the social security system is also a contributing factor, as is the generally poor state of the economy.

The actual degree of high-level corruption is difficult to discern. Several ministers and heads of enterprises have been dismissed from their posts and tried on corruption charges, often for bribery. Although the regime makes a big show of fighting corruption—it was one of the cornerstones of Lukashenka's original election campaign—in practice corruption is tolerated until it is convenient for the regime to expose it. The government uses public crackdowns on graft to deflect attention from its economic mismanagement. Moreover, these crackdowns are a very effective means of control. They foster a feeling of insecurity among functionaries, thereby preventing them from acquiring a power base and potentially challenging the president.

In early October 2002, President Lukashenka issued a decree authorizing a state anticorruption program for the years 2002 to 2006. The program envisages the regulation of public servants' activities in order to prevent corruption in government agencies; the introduction of administrative penalties for compromising government agencies and practicing lucrative protectionism; and the development of an efficient system of public control over government administration, among other measures. As with most other so-called reforms, it is fairly safe to assume that the anticorruption program is purely cosmetic. Significant reductions in the level of corruption, while imperative, will not take place unless the state bureaucracy is overhauled. Land and enterprise reform is a vital necessity, as are massive economic reforms. Unfortunately, these are unlikely to occur under the Lukashenka regime.

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Bosnia-Herzegovina

Capital: Sarajevo
Polity: International protectorate
Economy: Mixed statist
Population: 3,400,000
GDP per cap: $1,056
Private sector as % of GDP: 45
Ethnic Groups: Serb (31 percent), Bozniak (44 percent), Croat (17 percent), other (8 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	na	5.00	5.00	4.75	4.25	3.75
Civil Society	na	5.00	4.50	4.50	4.25	4.00
Independent Media	na	4.75	5.00	4.50	4.25	4.25
Governance	na	6.00	6.00	6.00	5.50	5.25
Democratization Scores	**na**	**5.35**	**↑5.13**	**↑4.94**	**↑↑4.56**	**↑↑4.31**
Constitutional, Legislative, and Judicial Framework	na	6.00	6.00	5.50	5.25	5.00
Corruption	na	na	6.00	5.75	5.50	5.00
Rule of Law Scores	**na**	**na**	**6.00**	**↑↑5.63**	**↑↑5.38**	**↑↑5.00**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

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INTRODUCTION

Bosnia's current political system is the product of a peace agreement that the international community concluded in Dayton, Ohio, in November 1995 to end three and a half years of war. The state-level Constitution has remained unchanged since its passage as part of the Dayton Peace Accords, but the Constitutions of the two entities have undergone considerable revision in recent years, most notably in 2002. The significant role of the international community has made Bosnia a de facto protectorate that is characterized by a loose federation with a weak central government. With 14 constitutions and governments with legislative powers, the political system of Bosnia is both inherently complex and asymmetrical. Ultimately, this fact has rendered the system unstable and dysfunctional.

The territory of Bosnia is divided into two entities, the Serb Republic and the Croat-Bosniak Federation of Bosnia-Herzegovina (hereafter the Federation). The Serb Republic was established by the Bosnian Serb leadership during the 43-month civil war that ended in 1995 and was supposed to secede from Bosnia. The Federation, the product of U.S.-brokered negotiations between the Bosniak and Croat leaderships in 1994, is a loose binational federation that consists of 10 cantons. In addition to these two entities, the disputed city of Brcko was transformed into a separate multinational district in 1999 and placed under international administration.

The power of the central government is limited strictly to foreign affairs, trade, monetary policy, and other areas related to the maintenance of the joint state. All other responsibilities, including defense, are vested in the entities. In recent years, the international community has sought to shift some of the entities' defense prerogatives to the joint state institution, through the creation either of a joint command or even of a joint army. However, the leadership of the Serb Republic has opposed all calls for the integration of the two armies. The only security force at the state level is the Bosnian Border Service, which monitors Bosnia's international borders.

The Federation has failed to work as a political unit for most of its existence. Only 2 of the 10 cantons are significantly multiethnic. Croats or Bosniaks dominate the other cantons and have little incentive to cooperate. Owing to its limited powers, the government of the Federation has been weak and marred by frequent gridlock. Even in the Federation's few areas of

competence, Croats and Bosniaks have essentially maintained separate institutions. Until recently, for example, the army of the Federation consisted primarily of monoethnic units under the de facto command of their respective ethnic communities.

The Serb Republic, on the other hand, has suffered mainly from a lack of geographic congruity. That is, the region is divided by the city of Brcko into two halves, and its highly centralized government has been unable to exercise effective control over the territory. Only recently has the government of the Serb entities been able to establish its authority more effectively on the territory. In addition, the Serb Republic has suffered from a continuous conflict between its political elite, which seeks to block any progress in strengthening Bosnian institutions, and the Office of the High Representative (OHR), which has dismissed elected officials, including the president of the Serb Republic in 1999, and banned political parties that are opposed to the Dayton Peace Accords.

Today, Bosnia continues to function essentially as an internationally administered protectorate and shows little prospect for significantly changing this fact in the coming few years. Throughout 2002, Bosnia continued in its postwar record of slow political progress marred by considerable setbacks. In particular, the year was shaped by three important events. First, in April 2002, the high representative (HR), Bosnia's principal international administrator, passed substantial changes to the Constitutions of the two entities. Second, in May, British politician Paddy Ashdown replaced Austrian diplomat Wolfgang Petritsch in the post of high representative. Third, the nationalist parties achieved an important electoral victory in the October 2002 elections.

The constitutional changes of 2002 formally ended discrimination against nondominant groups in the two entities and ensured their participation in the entity Parliaments and governments. As such, they represented a significant and positive departure from the exclusivist nature of the two entities. At the same time, though, the fact that these changes had to be imposed by the high representative, in response to a Constitutional Court decision in 2000, tarnished their legitimacy and pointed to the ongoing importance of international actors in governing Bosnia.

The importance of the post of high representative in passing legislation and making appointments gave the change of office in May 2002 particular significance. Likewise, since the power and the performance of the high representative in Bosnia is influenced by the respective officeholder, the selection of Petritsch's successor was an important one. Ashdown, a well-known British politician who filled the spot, implemented some changes in the international community's policies but maintained their overall direction.

The October 2002 elections constituted the most significant event of the year. In previous years, voters had participated in elections coordinated by the Organization for Security and Cooperation in Europe (OSCE) and

voted for candidates filling two-year terms. In 2002, though, they participated in the first balloting organized solely by Bosnian authorities and selected officeholders for four-year terms. Although these were positive steps, the voting brought an end to nearly two years of rule by a coalition of nonnationalist moderate parties at the state level and in the Federation. The resurgence and victory of three nationalist parties, after years of declining support, represented a major setback. The Croatian Democratic Community of Bosnia and Herzegovina (HDZ), the Bosniak Party for Democratic Action (SDA), and the Serb Democratic Party (SDS) were strongest within their respective communities and took control of the state presidency and the Federation Parliament.

The success of the nationalist parties was based largely on the failure of the moderate coalition to establish a stable government and engage in overdue social and economic reforms. This 10-party coalition was also marred by infighting over positions and conflicts between Zlatko Lagumdzija and Haris Silajdzic, the leading personalities from the Social Democratic Party (SDP) and the Party for Bosnia-Herzegovina (SBiH), respectively. The electoral campaign was described as particularly fierce, pitting moderate coalition partners against one another rather than against the nationalist parties. A number of Western commentators described the elections as a major failure and called for a withdrawal of the international administration.

In 2002, the refugee return continued at an increasing, yet still low, rate. By year's end, nearly half of all wartime refugees and internally displaced persons had returned to their prewar homes. Of these, nearly 400,000 had located in areas where they now constitute a minority. Thus, although both entities continue to be considerably more homogeneous than in prewar Bosnia, they are substantially more mixed than at any time since the early 1990s.

The focus of the international community in 2002 shifted to reform of the judiciary and economic improvements—a daunting task given that corruption is endemic and official unemployment is 40 percent. In surveys, Bosnian citizens have consistently identified these two issues as the most pressing areas of reform. Likewise, the current approach of the international community rests on the assumption that only institutional stabilization and economic reform will reduce support for nationalist parties and lead to normalization in the country.

The social situation in Bosnia has been dire since the end of the war. The share of the "gray economy" is around 40 percent, and much of the population lives below the poverty line. Although living standards have been lower in the Serb Republic, the overall economic situation in both entities is bleak. In particular, a halting and late privatization process failed to generate major foreign investment and gave rise to continued high unemployment and small-scale illegal trading.

Bosnia's acceptance in 2002 into the Council of Europe symbolized progress in establishing democracy and the rule of law. Yet an increase during the year in international intervention suggested that Bosnia is likely to remain a partial, if not full, protectorate for the foreseeable future. Notably, Paddy Ashdown, the new high representative, passed a decision in October giving his post greater authority in the appointment of ministers. In addition to nominations for the ministers of defense, interior, and justice at the entity and cantonal levels, the high representative now must approve nominations for ministers of the treasury, foreign trade, and economic relations at the state level and ministers of finance, refugees, and education at the entity and, if applicable, cantonal levels. This requirement, though possibly preventing more controversial dismissals later on, constitutes a further extension and consolidation of international intervention. The reasons for Bosnia's continued dependence on international intervention lie within the contested nature of the state among the three nations of Bosnia, the continued strength of nationalist parties, and the fragility of the institutional arrangement.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
na	5.00	5.00	4.75	4.25	3.75

Bosnia's national legislature is bicameral. The upper house, the House of Peoples, has 15 members (5 Bosniaks and 5 Croats from the Federation and 5 Serbs from the Serb Republic) who are chosen by the legislatures of the two entities. The lower house, the House of Representatives, has 42 members (14 Croats and 14 Bosniaks from the Federation and 14 representatives from the Serb Republic) who are elected directly by proportional representation from the two entities.

Bosnia also maintains a semipresidential system that consists of three directly elected members who rotate the chairmanship of the presidency every eight months. The Croat and Bosniak members are elected in the Federation, and the Serb member is elected in the Serb Republic. As a consensus-based democracy, any member can block decisions if he or she invokes the "vital" interest of the entities. Only a two-thirds majority vote of the Serb Republic's National Assembly or the Federation's Parliament can override a veto.

The Federation has its own bicameral legislature that consists of an upper House of Peoples and a lower House of Representatives. The upper

house has 58 indirectly elected members—17 each for Bosniaks, Croats, and Serbs and 7 total for other communities. The equal representation of Serbs with Bosniaks and Croats is a provision of the 2002 constitutional changes. The Federation's lower house has 98 members who are elected directly by proportional representation; Bosniaks, Croats, and Serbs must have at least 4 members each. The president and the two vice presidents of the Federation are elected by the legislature and must be of different ethnic backgrounds. All three positions are relatively weak. The Federation's president, with the concurrence of the vice presidents, nominates a government for the legislature's endorsement. Each minister must have a deputy who is not from his or her own ethnic group. Furthermore, the 16-member government must be composed of 8 Bosniaks, 5 Croats, and 3 Serbs.

The Serb Republic has an 83-member unicameral National Assembly that is elected directly by proportional representation. Mirroring the representation of ethnic groups in the Federation, Bosniaks, Croats, and Serbs must enjoy representation by at least 4 deputies each. In the Serb Republic's 16-member government, 8 positions are reserved for Serbs, 5 for Bosniaks, and 3 for Croats. A 28-member Council of Peoples is elected by Parliament and must include 8 Croats, Bosniaks, and Serbs each as well as 4 members of smaller communities. This body is charged with ensuring that parliamentary decisions do not adversely affect any ethnic group. The president of the Serb Republic is directly elected and holds considerable constitutional powers. Similar to the Federation, the president's two vice presidents must be from different ethnic groups.

Previously, neither entity guaranteed the inclusion of nondominant groups (Serbs in the Federation and Bosniaks and Croats in the Serb Republic) in government. In 2002, the constitutional changes established an elaborate mechanism for guaranteeing group representation. But whether this model, which mirrors state-level institutions, functions well is doubtful. The experience of the state-level institutions indicates that such quotas prevent exclusion but accomplish little in terms of fostering actual cooperation. Thus, blockages in the decision-making processes and divided government are frequent at the state level and are likely to occur at the entity level as well.

Although the Dayton Constitution called for a multiparty system of government, Bosnia did not have a Law on Elections until August 2001. As a result, the OSCE organized all ballots and applied its own electoral rules. Despite the reservations of both the government and opposition parties, both houses of the national legislature passed the final version of the Law on Elections with a broad majority. However, the law's passage—a key criteria for membership in the Council of Europe—was largely the result of pressure from the OSCE and the high representative. The new law regulates the electoral system, campaign financing, and the registration of parties and candidates. Instead of the OSCE, a special electoral commission elected by the

Bosnian House of Representatives now oversees elections. It consists of two Croats, two Serbs, two Bosniaks, and one member representing a different nation or ethnic group.

There are three restrictions on candidates and political parties. First, parties and candidates must support an independent Bosnia and are prohibited from advocating secession of parts of the country. Second, indicted or convicted war criminals may not stand as candidates, and no candidate may occupy property that is owned by refugees or displaced persons. Third, parties and candidates must report their income and property. Spending is limited to one konvertibilna marka (KM, or about $0.57) per voter in each electoral race.

Under the new law, the cantonal parliaments, the National Assembly of the Serb Republic, the Federation-level House of Representatives, and the state-level House of Representatives are elected by proportional representation in open lists and multimember constituencies. Despite a 3 percent threshold for parliamentary representation, a complicated system of compensatory mandates can also benefit parties and candidates with fewer votes. The cantonal assembly elects members of the Federation-level House of Peoples. Members of two entity-level Parliaments choose members to the state-level House of Peoples. Members of the state-level presidency, as well as the president and two vice presidents in the Serb Republic, are all elected according to the first-past-the-post system, whereby in the former the two entities serve as different constituencies, and in the latter the highest vote getter from each of the three nations receives representation in the presidency, with the president being the one who received the highest number of votes.

Three monoethnic, nationalistic parties dominated Bosnian politics throughout the 1990s and continue to receive strong support from their respective ethnic communities. The SDA claims to represent the interests of Bosniaks and works to secure the return of Bosniak refugees to their prewar homes as a counterbalance to Croat and Serb influence. The HDZ, a branch of the Croatian Party, advocated the creation of a separate Croat entity in Bosnia as recently as 2001. The SDS, led until 1996 by indicted war criminal Radovan Karadzic, dominates the political expression of Bosnian Serbs and, in earlier years, promoted the Serb Republic's secession from Bosnia. The SDA, HDZ, and SDS have all changed their leadership since the end of the war and tried to distance themselves from their wartime record—at least in rhetoric. While the SDA and the HDZ have called for changes to the Dayton Peace Accords in recent years, the SDS has emerged as a staunch defender of the accords and has resisted any attempts by the international community to develop stronger state institutions.

The blurring of party and government lines has limited the space for other political parties, particularly those advocating a more moderate line, and stifled their ability to implement policies if elected. However, four par-

ties have been successful in challenging the dominance of the three nationalist parties in recent years. The SDP and the SBiH have both run on nonethnic platforms. The SDP, the successor to the League of Communists, has both Serbs and Croats in its leadership, but it has had limited success in securing support beyond Bosniaks and urban Croat and Serb voters in the Federation. The SBiH, led by wartime SDA prime minister Haris Silajdzic, has never reached out to non-Bosniak voters. Although ostensibly moderate, the party's past coalitions with the SDA, its demands for stronger state institutions, and its frequent allusions to wartime responsibilities have alienated the vast majority of Croats and Serbs.

In the Serb Republic, the Party of Independent Social Democrats (SNSD), led by Milorad Dodik, was the first to break the power of the SDS on a moderate platform of social and economic forms. The newer Party for Democratic Progress (PDP), led by economist Mladen Ivanovic, has also been successful in presenting an alternative to the SDS. However, both parties, especially the PDP, have endorsed aspects of the nationalist agenda and refrained from condemning war crimes. As a result, they have had limited appeal to non-Serb voters. A number of moderate parties have emerged among the Croats, mainly as split-offs from the HDZ. None, however, have garnered sufficient support to challenge the HDZ's dominance among Bosnian Croats.

Although parties have platforms, party politics tends not to be content driven. Strong party presidents who determine the program dominate most groups. Parties possess little internal democracy, and change is driven by their leaders more than their member bases. In addition, the representation of national interests takes precedence over economic and social reform for most parties. Bosnian politics has been further marred by a high degree of fragmentation. In the October 2002 elections, for example, no fewer than seven parties appealing specifically to Croat voters entered the Parliament of the Federation.

Bosnia held elections in a two-year cycles between 1996 and 2002. In the 1996 and 1998 elections, the three nationalist parties took most offices. Only in the Serb Republic did a fragile coalition of moderate parties govern between 1997 and 2000. Throughout the postwar period, though, overall support for the nationalist parties has declined.

In November 2000, despite widespread—and accurate—anticipation that the SDP and other moderate parties would prove victorious, the nationalist HDZ and SDS still performed better than expected, and only the SDA fared considerably worse. The Alliance for Change, a broad coalition of moderate parties, managed to take power with significant international assistance. The performance of the coalition, in part due to the large number of parties involved and its short stint in power (less than two years), was widely seen as a disappointment and set the stage for the partial return of the nationalist parties to power in the 2002 elections.

On October 5, 2002, elections took place for all entity and state-level institutions. The elections were of particular significance since, for the first time, all parliaments and presidents were elected for four-year terms. Additionally, the 2002 elections were the first elections organized by the Bosnian Electoral Commission in accordance with the 2001 Law on Elections. The fact that the elections took place without major incidents or irregularities points to the successful transfer of competences from the international to the domestic level. The results of the elections themselves, however, were considerably less encouraging. At most levels, the nationalist parties—campaigning on a narrow ethnic agenda—regained their dominance. Owing to protracted postelection bargaining, though, governments were not established before January 2003.

The new state presidency includes members of all three nationalist parties: Dragan Covic from the HDZ, Sulejman Tihic from the SDA, and Mirko Sarovic from the SDS (resigned in April 2003, replaced by Borislav Paravac). In the 1998 elections for the presidency, two of the three members initially were from the nationalist parties. Following the resignation of Alija Izetbegovic in 2000 and the dismissal of Ante Jelavic in 2001, though, both positions were filled by moderate politicians in a parliamentary vote.

While the elections of Sarovic and Covic had been widely anticipated, the victory of Tihic over Silajdzic as the Bosniak member of the presidency came as a surprise. Tihic's victory was widely attributed to the confronta-

Table 1. Election Results, Bosnian Presidency, 2002

		VOTES	PERCENT
SERB MEMBER			
Mirko Sarovic (SDS)	(elected)	180,212	35.52
Nebojsa Radmanovic (SNSD)		101,119	19.93
Ognjen Tadic (SRS)*		44,262	8.72
BOSNIAK MEMBER			
Sulejman Tihic (SDA)	(elected)	192,661	37.29
Haris Silajdzic (SBiH)		179,726	34.79
Alija Behem (SDP)		90,434	17.51
CROAT MEMBER			
Dragan Covic (HDZ)	(elected)	114,606	61.52
Mladen Ivankovic-Lijanovic (HDU)*		32,411	17.40
Mijo Anic (NHI)*		16,345	8.77

*Serb Radical Party (SRS), Economic Block for Prosperity (HDU), New Croatian Initiative (NHI)

tional electoral campaign between Zlatko Lagumdzija's Social Democratic Party and Silajdzic's Party for Bosnia-Herzegovina.

Despite the win by Bosnia's nationalist parties in the state presidency election, the voting results do suggest that there are limits on their reach. That is, both the Bosniak and the Serb candidates were elected with less than 40 percent of the vote. Only among the Croat candidates did the nationalist HDZ win an absolute majority (see table 1).

The election results for the state-level House of Representatives point to a similar trend (see table 2). The three nationalist parties took 20 out of 42 seats, just short of a majority. The SDP suffered the most serious defeat, losing half of its mandates and tumbling to fourth place in Parliament. As in previous years, the new House of Representatives is considerably fragmented, because a system of compensatory mandates benefits small parties that are unable to meet the 3 percent threshold. As a result, 14 parties are now represented in Parliament.

Table 2. Election Results, Bosnian House of Representatives, 2002 and 2000

	OCTOBER 2002		NOVEMBER 2000		
	in %	# Seats	in %	# Seats	% Change
FEDERATION OF BOSNIA-HERZEGOVINA					
SDA	32.4	9	27.0	7	+5.4
HDZ BiH	15.9	5	19.3	5	+3.4
SBiH	16.2	5	15.6	4	-0.6
SDP	15.7	4	27.3	8	-11.6
BOSS*	2.6	1	-	-	+2.6
SPU*	2.5	1	-	-	+2.5
DNZ BiH*	2.3	1	2.2	1	-0.1
HDU	2.2	1	-	-	+2.2
NHI	1.9	1	2.0	1	-0.1
SERB REPUBLIC					
SDS	33.7	5	39.7	6	-6
PDP	10.4	2	15.2	2	-4.8
SNSD	22.4	3	10.6	1	+11.8
SDA	7.3	1	7.4	1	-0.1
SRS	4.8	1	-	-	+4.8
SPRS*	4.3	1	5.7	1	-1.4
SBiH	3.9	1	5.4	1	-1.5

*Bosnian Party (BOSS), Party of Pensioners (SPU), Democratic Peoples' Union of Bosnia and Herzegovina (DNZ BiH), Socialist Party of Republika Srpska (SPRS)

The results of the elections in the two entities mirrored the results at the state level. In the Serb Republic's presidential vote, Dragan Čavic, a former vice president and a member of the SDS, proved victorious with 35.9 percent of the vote. In compliance with the recent constitutional changes, one Croat (Ivan Tomljenovic, SDP) and one Bosniak (Adil Osmanovic, SDA) vice president were also elected. In the Serb National Assembly, the SDS remained the dominant party, with 26 seats. The SNSD made some gains, securing 19 seats, while the PDP of Prime Minister Ivanic declined slightly in popularity, winning only 9 seats.

The election results in the Federation pay tribute to the reestablished dominance of the nationalist parties and the fragmentation among more moderate parties. A total of 18 parties gained representation in the House of Representatives, with the HDZ and the SDA taking 48 of the 98 seats. Fourteen parties received less than 3 percent of the vote each. The extreme fragmentation of Parliament, again the result of provisions for compensatory seats, generally benefits more moderate parties but accomplishes little in the way of establishing a stable party system.

Voter turnout in Bosnia's first postwar elections generally has been high. However, the numbers have declined considerably in recent years. In the September 1997 elections, the OSCE reported turnout at 80–85 percent of registered voters. In the April 2000 municipal elections, voter turnout was 65.7 percent. For the November 2000 elections, it was 64.4 percent. General disappointment with the non-nationalist parties in 2002 led to a further drop in voter turnout to 55 percent. The decline in voter participation is the result of the frequency of elections since 1996 and the lack of substantial political change resulting from the elections.

Civil Society

1997	1998	1999	2001	2002	2003
na	5.00	4.50	4.50	4.25	4.00

Owing to the high degree of international intervention in Bosnia, the country has a large number of nongovernmental organizations (NGOs) that are mostly foreign funded. The small civil society sector that emerged in the years prior to the war mostly promoted interethnic tolerance and sought to reduce the nationalist polarization in the country. The country's different national communities also established their own organizations, mainly religious institutions engaged in humanitarian activities. However, with the exception of humanitarian organizations and a small but vibrant community in Tuzla and Sarajevo, the war disrupted the development of civil society in Bosnia.

Today, more than seven years after the war, Bosnia's nongovernmental sector is still rather weak. While some of this frailty can be attributed to

economic hardships and a general lack of tradition for volunteerism in the region, some of it is specific to the effect of war on the country's social structure. Specifically, the ethnic divisions in the country have made it even more difficult for NGOs to become active. A case can also be made that the large international presence in the country has effectively reduced the potential for grassroots NGO activity. First, international organizations have hired many Bosnian citizens who otherwise might have initiated their own civil society activities. Second, numerous civil society programs have been initiated based on the judgments of Western donors rather than in response to local needs. As a result, the frequent changes in Western priorities have had a negative impact on the long-term development of local NGO capacities and structures.

Funding for NGOs comes primarily from governmental and private sources in North America and Western Europe. Although these foreign contributions have been considerable, they are frequently uncoordinated and directed toward short-term projects. Many NGOs are essentially commissioned to carry out the policy priorities of donors and have little room to develop their own.

Most citizens see NGOs either as irrelevant to their lives or as a possible job opportunity. In addition, a number of NGOs suffer from a credibility gap because their activists appear to spend more time participating in international workshops and seminars than communicating with their constituencies. Small, local groups or traditional civil society groups that do not have substantial financial needs might be better suited to making a long-term impact in Bosnia. According to *An Introduction to the Non-Profit Sector in the Balkans,* published in 2000, NGOs in Bosnia are engaged in a variety of fields of activity (see table 3).

Table 3. NGO Areas of Activity

ACTIVITY	%
Environment	27
Human Rights	19
Youth	19
Social Issues	15
Culture and Sport	14
Gender	13
Health	11
Humanitarian Aid	10
Reconstruction	10
Other	12.5

Prior to the 2002 elections, international organizations like the OSCE conducted get-out-the-vote campaigns in Bosnia. A coalition of 119 NGOs

organized Elections 2002 to mobilize voters and inform them about the new Law on Elections. Owing to widespread disinterest in the elections and the absence of perceived political alternatives, the campaign did not yield a high turnout or support for more moderate parties.

A number of organizations in Bosnia do have historical roots and are more firmly established. Among these are religiously based NGOs such as the Muslim organization Merhamet and the Catholic group Caritas. All major religious communities maintain their own humanitarian organizations, which are funded through donations, support from third countries, and the religious hierarchy. Although most organizations cater to members of their own religious community, others, including the Jewish group La Benevolenzia, gained a reputation for providing interethnic and interdenominational humanitarian aid during the war. *Vakufs*, traditional charitable organizations affiliated with the Islamic community, were reestablished after the end of Communist rule. Additionally, some NGOs are active in representing nondominant communities in Bosnia. The Serb Civic Council in the Federation has been particularly engaged in promoting the interests of the Serb community.

In addition to the Western-funded and traditional NGOs, a number of illiberal nongovernmental organizations have emerged in Bosnia during and after the war that yield considerable influence and resources. These organizations are mostly Islamic charities and foundations that were set up by Muslim countries (especially Saudi Arabia and Iran) and occasionally individuals and groups from the Muslim world. Following the terrorist attacks on the United States in September 2001, these organizations came under increasing international scrutiny. Five of the six Algerian-born Bosnian citizens who were arrested by Bosnian authorities for alleged links to al-Qaeda (and later illegally extradited to the United States) worked for Saudi-financed charities. The Bosniak who killed three members of a Croat family on Christmas Eve 2002 also had ties to radical Islamist organizations. A number of groups, such as the Active Islamic Youth, funded by Saudi Arabia, promote the conservative Wahhabite interpretation of Islam. While these organizations do not have a broad reach, their considerable financial resources have allowed them to extend their influence among young Bosniaks.

In addition to illiberal organizations in Bosnia, the country is characterized by influential networks of patronage based on political, ethnic, and geographic affiliations. Although these networks typically lack formal structures, they have been able to exert considerable influence on the political and economic life of the country.

The total number of NGOs in Bosnia is hard to estimate, owing partly to the absence of nationwide registration procedures. In addition, many groups exist in name but are largely inactive. There are approximately 1,300 registered NGOs in the Serb Republic and the Federation combined, but

only 300 to 500 are thought to be active. Accordingly, the International Council of Voluntary Agencies' directory of NGOs active in Bosnia lists 384 organizations.

Only a small overall percentage of Bosnia's population is involved in voluntary activities. This is largely the result of the country's precarious economic situation and the absence of a tradition of volunteerism. However, there has been an increase in volunteerism for NGOs in recent years, due partly to training and awareness-raising campaigns by NGO networks. NGOs also provide an important source of employment for the most educated segments of the population.

Since the Serb Republic and the Federation are responsible for establishing their own legal frameworks for NGOs, their laws have sometimes proved inconsistent. In the past, NGOs that sought a nationwide presence had to register separately in the two entities. More recent legal reforms passed in both entities and at the state level have harmonized the registration process. The new laws on NGOs specifically allow for reciprocity in the recognition of organizations.

Few groups are financially viable, and their dependency on dwindling foreign donations is aggravated by a dearth of domestic funding from the public and private sectors. Accordingly, a recent survey by the NGO Foundation indicates that paying utility bills and rent constitutes the largest problem for a majority of NGOs in Bosnia. Likewise, international funding restricts the activities of many NGOs to the provision of services and subjects them to someone else's funding priorities and cycles. There are few incentives for businesses or private individuals to contribute money, thus limiting their support to in-kind gifts. With the exception of humanitarian organizations, NGOs have the same tax status as for-profit enterprises. Only international NGOs receive some tax reductions.

Although the various levels of Bosnian government have typically viewed NGOs with suspicion, changes in the country's political climate have improved their relations in recent years. In some parts of Bosnia, for example, NGO liaison officers within the local governmental administrations provide office space for NGOs or assist them in fund-raising. When governments across Bosnia have been slow to adopt new laws or make important decisions, NGOs have frequently resorted to working with international organizations, especially the Office of the High Representative, to lobby for change. While most groups lack public relations professionals, the Bosnian media now regularly report on NGO activities.

The Constitution guarantees freedom of expression and association, and there are no explicit barriers to interest-group participation in politics. The Constitution also guarantees workers the right to join independent trade unions, and this right is respected in practice as well. In practice, however, trade unions have been severely weakened by both the war and the two-

entity structure, which is reflected by two separate trade union confederations. Discussions over closer cooperation between the two confederations began only recently. The trade union confederation in the Federation has a maximum of 200,000 members in 40 branches, whereas its counterpart in the Serb Republic has some 100,000 members. Trade unions are in large part still staffed by officials from the Communist era and hold little influence owing to high unemployment and low interest among younger generations. Trade unions are often politicized, and parts of the Federation trade union are said to be close to the SDA.

In November 2002, the Association of Independent Trade Unions launched a complaint against the state-level Ministry of Civil Affairs with the International Labor Organization. The association charged that the ministry, which is responsible for implementing the new Law on Associations and Foundations, had infringed on its rights to freedom of association. Specifically, the ministry did not recognize the association's claim to continuity with the Trade Union Association from the prewar period and required the group to register as a new organization.

Trade unions were particularly active in 2001 as the pace of privatization in the Federation and in the Serb Republic gained speed and led to large-scale job cuts. In the first eight months of 2001, more than 200 strikes took place in the Federation alone. In spring 2002, trade unions in the Serb Republic organized protests, demanding regular pay, a reduction in unemployment, and greater social protection. Owing to low turnout, the protests had little impact. With unemployment rates in both entities at over 40 percent, the effectiveness of organized labor is severely limited.

The influence of domestic policy institutes, think tanks, and interest groups in Bosnia has been limited. Some organizations have been successful in lobbying international organizations, especially the high representative, whose decisions do not require democratic or popular consent. Overall, though, local organizations lack the capacity to effectively influence policy.

After the war, educational institutions were divided into three separate systems and responsibility for education policy was vested in the two entities. As a result, there are no institutional mechanisms for the reintegration of the country's divided educational system. In addition, the content of curriculums and textbooks has been a major problem. For many years, textbooks in the three systems have made little or no reference to the history and culture of the other nations in Bosnia and have interpreted recent events, such as the war in Bosnia, according to the political interpretation of the respective community. In the Serb Republic and in Croat-controlled areas of the Federation, most textbooks originated from Croatia and Yugoslavia, respectively.

However, in 2000 the Office of the High Representative initiated efforts to coordinate the educational sector. In an agreement brokered by the

OHR, the education ministers of the entities, including a Bosniak and a Croat representative from the Federation, committed themselves to the coordination of educational policy. Specifically, they agreed to remove offensive materials from curriculums and textbooks and to emphasize their common cultural heritage in future textbooks. As a consequence, most textbooks used in Bosnia today are authored in Bosnia rather than imported from Croatia and Yugoslavia. The ministers also created a Curriculum Harmonization Board to bring the entities' curriculums in line with the goals of the agreement and agreed to offer minority-specific education, mutual recognition of diplomas, and countrywide education about Bosnia's main religious communities.

While the agreements in 2000 provided for major improvements in the educational sector, the system remains segregated, reflecting the high degree of ethnically based decentralization in the country. This segmentation extends to the university system as well. For example, efforts to unify the two universities in Mostar, one in the Croat and one in the Bosniak parts of town, have failed. Additionally, universities in both entities suffer from excessive political interference by their governments. Bosnia has a total of seven universities, a very high number considering a total population of less than four million. Some universities, such as the university in Serbian Sarajevo, have been established for political reasons and staffed with low-quality faculty. Recent developments suggest that in the absence of a mandate by the international community, voluntary coordination and harmonization of the three national educational systems is the most promising path of reform.

Independent Media

1997	1998	1999	2001	2002	2003
na	4.75	5.00	4.50	4.25	4.25

With few exceptions, the media in Bosnia are divided between the two entities. Few media outlets reach the entire country. In addition, although there has been considerable privatization in the industry, the media remain strongly influenced by political parties. The international community has undertaken considerable effort to reduce government control over the public television broadcaster—probably the most influential media outlet in the country.

Although most media are nominally independent and a large number of private print and broadcast media exist, government intervention and open support for particular political parties remain commonplace. A number of media outlets and journalists continue to receive direct and indirect funding from political parties and interest groups. The authorities in the entities, especially in the Serb Republic, have been pressuring the media to report positively about the work of the administration.

During the 2002 election campaign, a number of Federation print media were heavily politicized and played a major role in the confrontation between the SDP and the SBiH. Pressure was frequently exerted on journalists and media outlets, including in the form of threats, beatings, and exclusion from events. In 2002, the independent newspaper *Nezavisne Novine* was taken to court several times by SDS officials who charged it with slander and demanded high compensation fees that threatened the paper's sustainability.

Owing to the country's dire economic situation and the relatively high price of daily and weekly print publications, circulation remains low. The main dailies include *Dnevni Avaz, Oslobodjenje,* and the tabloid *Jutarnje Novine*—all based in Sarajevo and read primarily in the predominantly Bosniak parts of the Federation. *Nezavisne Novine,* based in the Serb Republic, is the only national newspaper. The other daily based in the Serb Republic is *Glas Srpski. Dnevni List*, launched in October 2001 in Mostar, is catering mostly to Croats in Herzegovina.

The main weeklies of the Federation include the independent *Dani*, *Slobodna Bosna,* and the private paper *Ljiljan*. The Croat weekly *Hrvatski Rec* is also based in Sarajevo. In the Serb Republic, the most important independent weeklies are *Reporter* and *Nedjeljne Nezavisne Novine.* Additionally, Croatian and Serbian publications are widely distributed in Bosnia, with some (such as *Blic* from Belgrade) publishing a special Bosnia section. Most dailies and weeklies make their articles accessible on the Internet, thus potentially reaching a much broader audience, including refugees living outside Bosnia.

Electronic media reach a broader segment of the population in Bosnia. The main public broadcasters are Federation Television (FTV) in the Federation, and Radio Television Republic of Srpska (RTRS) in the Serb Republic. FTV is the product of a merger between the Bosniak-dominated Television Bosnia-Herzegovina (TVBiH) and Croatian Radio-Television (HRT). The joining of the two came about under intense pressure from the Office of the High Representative.

In the Federation, a large number of small, private television stations have emerged, but their reach is limited. The main private station in the Federation is NTV Hayat, which originally supported the SDA government but later emerged as an independent station. Similarly, a number of private stations exist in the Serb Republic. In Banja Luka, for example, ATV has emerged as the most important independent broadcaster. In August 2001, Hayat joined with three other stations in the Federation and ATV to form a network of private broadcasters called Mreza Plus.

Currently, there is no Bosnia-wide television station. The state broadcaster merely produces the evening news and some limited programming (for example, international sports events) that is transmitted by both FTV

and RTRS. In 2001, the main internationally funded project for a Bosnia-wide television station only survived owing to privatization. The Open Broadcast Network (OBN), which was founded in 1996 by the OHR, faced severe financial difficulties after international funding was reduced and the station failed to receive a permanent broadcast license. Most of the prominent journalists that the station had attracted decided to leave. The station survived by selling a 48 percent stake of its shares to Croatian and British investors but refocused programming toward entertainment.

In May 2002, the outgoing high representative, Wolfgang Petritsch, imposed a Law on Public Broadcasting that sought to place the two entity and the state-level broadcasters beyond the control of their respective governments. While being an important step toward establishing the independence of the public broadcasters, the law has been severely criticized by private broadcasters and independent media organizations such as the British-based Article 19. The critiques centered on the absence of a substantial transformation of the broadcasters and the advantages provided the three public stations over private broadcasters. Like private broadcasters, public broadcasters may run commercials. However, since the public broadcasters have other sources of funding such as international donations and viewers' fees, they are able to undercut private stations on advertising prices.

The public broadcasters are obliged to "take into account national, regional, traditional, religious, cultural, linguistic, and other specific features of the constituent peoples and all citizens of Bosnia and Herzegovina" and to "serve cultural and other needs of national minorities in Bosnia and Herzegovina." In addition, they are prohibited from inciting hatred, intolerance, and discrimination or broadcasting calls for violence. The main supervisory agency, as with other electronic media, is the Communications Regulatory Agency.

Radio programming is mostly local in Bosnia, despite the existence of some entitywide stations. The stations are frequently well equipped, primarily as a result of substantial international donor support. Although some local stations carry independent news programming, the majority either limit their broadcasts to entertainment or focus on local political and ethnic interests.

Bosnia has an excess of media outlets that are unsustainable in the long term. As of May 2001, 206 radio stations and 67 TV stations were registered in Bosnia-Herzegovina. The Independent Media Commission, transformed into the Communications Regulatory Agency (CRA) in 2001, licenses electronic media—a process that has led to consolidation in the industry. To date, the agency has issued a total of 183 licenses out of 258 applicants. The CRA is also tasked with monitoring and punishing electronic media for disseminating hate speech. This instrument, which does not extend to the print media, where self-regulation is employed, has been seen as being widely

effective in moderating the content of TV and radio broadcasting in Bosnia in recent years.

Freedom of expression is a key feature of both the Bosnian Constitution and the Human Rights Annex to the Dayton Peace Accords. Freedom of the press has also been a key priority of the international organizations that are active in the country. The high representative suspended criminal penalties for libel in July 1999, after the nationalist parties used it with increased frequency in 1998 against journalists. A new civil Law on Defamation, drafted by international experts under the auspices of the OSCE, was passed by both entities in early 2001. The law limits the use of defamation against independent journalists by guaranteeing freedom of expression and excluding defamation in cases in which the information reported "is substantially true." The law additionally protects the confidentiality of journalists' sources. The new legal framework, in combination with the change of government at the state and federation levels, has ended most attempts at limiting freedom of speech through the use of defamation or libel laws. The new Law on Elections also impacts freedom of speech by establishing a 24-hour blackout period prior to voting and banning the incitement of hatred and violence by political parties and candidates.

Access to the Internet is still limited, but it is increasing rapidly. Owing to the country's inadequate telecommunications infrastructure and the limited financial resources of most of its citizens, the spread of the Internet started considerably later than elsewhere. Access is widely available through Internet cafés, even in smaller towns, and at universities. In 2002, there were more than 100,000 Internet users, 62 Internet providers, and some 5,000 Bosnian Web sites.

Freedom House's annual *Survey of Press Freedom* has rated the media in Bosnia as "Partly Free" since 1999.

Governance

1997	1998	1999	2001	2002	2003
na	6.00	6.00	6.00	5.50	5.25

The Bosnian system of governance is highly complex, and its stability rests largely on the international intervention and supervision of the different institutions. With no fewer than 14 governments (1 at state level, 2 at entity level, 10 cantonal, and 1 for the district of Brcko), the complexity is not only confusing for the average citizen, but also highly unstable, often owing to insufficiently delineated competences. The frequency of elections has also resulted in high turnover of governments. The rotation of the prime minister at the state level until 2002, in combination with rigid requirements for ethnic representation, prevented the emergence of a co-

herent and forceful government able to invigorate the state institutions.

Generally, most governments and public administrations in Bosnia operate with little transparency. In June 2001, however, the entities and the central government adopted a Law on Freedom of Information that obliges governments to disclose information to the public. The law guides the establishment of public access to public information and requires the government to inform people on how to retrieve it. The law also provides a framework for journalists to obtain information that in the past has frequently been withheld.

Under the Dayton Accords, Bosnia has a very weak central government, with substantial powers delegated to subnational levels of government. According to Article 3 of the accords, all powers and authorities not granted specifically to central institutions reside with the entities. Thus, for instance, the central government until quite recently consisted of only three ministries. Between in 2000 and 2002, the HR added another five. Each of the entities, on the other hand, has fully developed governments, including Defense and Interior Ministries.

Within the Federation, power is further decentralized into 10 cantons: there are 4 Croat and 4 Bosniak cantons; the other 2 are mixed. The cantons have a high degree of autonomy and possess their own constitutions, parliaments, and governments. In the Federation, most powers are vested in the cantons, including education and policing. Municipalities in the Federation exercise self-government and are elected democratically. The Constitution of the Federation does not, however, spell out the specific powers of municipal governments; this is done at the level of the cantons. Although the Serb Republic is organized as a centralized, unitary entity, there have been frequent calls for a more regional approach to governmental organization.

Under an arbitration ruling in 1999, the district of Brcko has a separate status from the two entities. Although the Federation and the Serb Republic technically share sovereignty over the area, it is in effect a third entity whose government is under the authority of the international community. In March 2000, the high representative formally established the institutions of the district, including its own Parliament, Constitution, and budgetary independence. Even more than in the two entities, the international community is involved in the city's governance.

The holding of local elections has been particularly difficult, since refugees have been allowed to vote only in their original place of residence to prevent a consolidation of wartime divisions. Municipal elections were held in September 1997 and April 2000. In 2000, out of 485,000 refugee voters, only a few thousand attempted to register and ultimately received permission to vote in a municipality other than the one in which they lived in 1991. The results of these elections provided mixed results. Although the nationalist SDA lost power in some important Bosniak-populated areas, such

as Sarajevo, Zenica, and Gorazde, in Croat-populated areas and in the Serb Republic, nationalist parties continued to dominate. The SDP and the SBiH substantially reduced the power of the SDA mostly in urban areas, thus confirming a strong rural-urban divide in the political choices among Bosniaks.

All levels of government in Bosnia are plagued by a lack of financial resources. Most cantons and both entities have been or are facing severe financial difficulties, despite the fact that international agencies have provided significant financial assistance and performed important services and functions such as running elections. Reflecting the high degree of decentralization in Bosnia, most revenues are raised at the entity level. The state has limited abilities to raise its own taxes and relies mainly on the entities for its budget. The Federation contributes two-thirds of the operating costs for Bosnian institutions, and the Serb Republic gives one-third. The annual budget for each entity is approximately twice the size of the state's.

Both entities spend a substantial part of their budgets on the military, together totaling 6 percent of the Bosnian gross national product. When the entities failed to heed the international community's demands for more transparent and reduced military spending, the OSCE organized a public awareness campaign to alert citizens about the country's high levels of military spending. Additionally, benefits for war veterans constitute a major source of contention between entity authorities and international donors. In the Federation, a quarter of the budget is spent on war veterans, and plans in 2002 to increase that amount by over 50 percent were met with staunch criticism by the high representative and international donors.

The Federation and the Serb Republic receive revenues from tariffs, customs and excise taxes, fees, and penalties. Until 2002, the presence of different tax systems meant that companies had to export their goods to the other entity and were effectively taxed twice. A reform package, imposed by the high representative in August 2002, effectively ended double taxation. The cantons in the Federation and the government of the Serb Republic receive value-added taxes on goods and services, as well as taxes on businesses and personal incomes. The cantons finance municipalities by supplying them with 20–30 percent of the turnover and income taxes. Similarly, the Serb Republic is obliged to pay its municipalities a share of the taxes it collects. Although municipalities in both entities are entitled to gather their own fees, penalties, and some local taxes, these have been minor additions to their budgets.

In August 2001, the Council of Ministers drafted and passed a state-level Law on Civil Service. It has yet to be adopted by Parliament. Until such time, the OHR insists that the recruitment of new civil servants to statewide levels of government be carried out in accordance with the principles of the pending law, including the hiring of civil servants through open public competitions. The high representative established the Agency for Public Service in Bosnia-Herzegovina to ensure the implementation of the

Law on Civil Service and independence of the civil service. Wolfgang Petritsch, the former high representative, appointed Jakob Finci, a prominent Jewish leader, to head the new agency. Additionally, the European Union (EU) has launched a project on building a professional civil service for Bosnia's statewide institutions.

In the past, the civil service has been subjected both to political pressure and to the need to be representative of the three national groups. Given the number of layers of governance, especially in the Federation, each level of public authority tends to be relatively small, thus limiting the civil service's efficacy. The joint state civil service is particularly small.

Finally, like other countries in the region, Bosnia-Herzegovina has been seeking membership in European and Atlantic political and security structures. Owing to the fragmentation of the political system and its slow transformation, Bosnia's membership in a number of international organizations has been delayed. However, in April 2002 Bosnia was accepted as a full member to the Council of Europe. Membership in NATO's Partnership for Peace program has been delayed owing to the existence of two separate armies in Bosnia and the low degree of cooperation between them. EU integration for Bosnia remains a distant goal. Whereas Croatia and Macedonia have signed Stabilization and Association Agreements with the EU, Bosnia is still in negotiations. The European Union has been reluctant to fully engage Bosnia in the process, as it considers the country insufficiently committed to integration and too weak institutionally.

Rule of Law

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
na	6.00	6.00	5.50	5.25	5.00

The Dayton Constitution provides for an elaborate set of checks and balances. The purpose of the system, however, is not so much to fine-tune the balance of power between the legislative and executive branches; rather, it is to protect the rights of each ethnic group in the country. As a result, the governments of the statewide institutions and the Federation are very weak.

The three main legislatures of Bosnia have been marred by blocked decision making and a lack of transparency. According to the state Constitution, the statewide Parliamentary Assembly has responsibility for enacting legislation, deciding on the sources and amounts of revenues for the government, approving budgets, and ratifying treaties. Although the legislatures are the effective rule-making institutions in Bosnia and in the two

entities, the process is cumbersome and slow. Under the Constitution, any of the three national communities can declare a proposed parliamentary decision "destructive of a vital interest" by mustering the support of a majority of the delegates of that community—an option invoked or threatened repeatedly in the post-Dayton period. In order to pass, though, such a proposed decision then requires a majority vote in the House of Peoples by each of the three communities.

In the Federation, the Council of Ministers must approve laws before they can be sent successively in draft and proposal form to each of the two houses of the Federation Parliament, which must then approve them in identical form. Also in the Federation, a veto by two-thirds of the deputies of the House of Peoples from each of the three national communities can block a decision from being taken. The veto right of Serbs in the Federation are part of the 2002 constitutional amendments passed by the high representative. In the Serb Republic, deputies from the three communities in the Council of Peoples can also veto legislation.

Since the legislative institutions at all levels of government in Bosnia are often deadlocked, the high representative frequently has passed laws and decisions on his own. Decision making is not only blocked in matters of concern to representatives of the three nationalities, it is also frustrated by deputies who fear that a decision might reduce their popularity. Ultimately, this situation has made Bosnia function as a de facto, if not a de jure, protectorate of the international community.

The current Bosnian Constitution outlines the basic structure of the Bosnian state, establishes the system of joint institutions, and vests the Serb Republic and the Federation with all residual powers and authorities not expressly granted to statewide institutions. The two entities are responsible for maintaining civilian law enforcement agencies. Defense, taxation, and other functions not vested specifically in the central government are also reserved for the entities. With a two-thirds majority vote, the legislatures of the Federation and of the Serb Republic can veto a state-level presidency decision that relates to each legislature's respective entity. The high representative oversees implementation of the Dayton Accords' civilian provisions.

The Constitution, with the exception of its human rights provisions, can be changed. Article 10 allows for constitutional changes with a two-thirds majority vote in the Bosnian House of Representatives and a simple majority in the House of Peoples. However, fundamental differences among Serb, Croat, and Bosniak deputies have prevented any constitutional reforms since the document came into force in 1995. The Constitutions of the Serb Republic and the Federation, both of which were passed prior to the signing of the Dayton Accords, are subordinated to the Bosnian Constitution.

The Constitutional Court is the key institution charged with ensuring the implementation of the Bosnian Constitution. This Court consists of nine

members, four of whom are selected by the House of Representatives of the Federation and two of whom are selected by the Serb Republic National Assembly. The president of the European Court of Human Rights selects the remaining three members, who cannot be citizens of either Bosnia or a neighboring country. The term for the Constitutional Court's first judges expired in May 2002, and they were successfully replaced with new international and Bosnian judges.

The Constitutional Court can rule on any constitutional dispute between the two entities or between the central state and one or both entities. In a landmark decision, the Court ruled in July 2000 that the three main ethnic groups represented in Bosnia—Bosniaks, Croats, and Serbs—enjoy equal status throughout the country. This decision ended the claim of the two entities to exclusively represent some, but not all, of the three nations of Bosnia. The decision initiated the most far-reaching changes of the two entities' Constitutions in the postwar history of Bosnia.

In addition to the Constitutional Court, the State Court of Bosnia and Herzegovina was established in December 2000 by a decision of the HR. This court is charged with cases that lie within the purview of the state, such as citizenship and foreign trade. In the Federation, municipal courts have original jurisdiction in most civil and criminal cases; cantonal courts have appellate jurisdiction over the cantons' municipalities.

Reform of the criminal code has been ongoing in the post-Dayton period. The Federation Parliament adopted a new criminal code in 1998, followed by the Serb Republic Parliament in 2000. Although the adoption of new criminal codes has significantly reduced arrests without formal charges, some arbitrary arrests and detentions still occur. Likewise, reports persist in all areas of the country of police beating suspects and detainees. Prison conditions are poor and below minimum international standards. Moreover, many of the judicial districts in the country have a tremendous backlog of cases.

The Bosnian Constitution guarantees freedom from torture and inhuman or degrading treatment or punishment, the right to a fair trial, the right to privacy, freedom of religion, freedom of expression, freedom of assembly and association, the right to own property, and freedom of movement and residence. All citizens enjoy these freedoms regardless of sex, race, language, and religion. The Constitution also states that all refugees and displaced persons have the right to return freely to their homes of origin. Under Annex 7 of the Dayton Accords, refugees and displaced persons also have the right to reclaim property lost during the war or to be compensated for such property.

The Constitution provides that the European Convention on Human Rights applies in Bosnia and Herzegovina and takes precedence over other law. The Council of Europe has held that all of the principles expressed in the European Court's judgments concerning freedom of expression, regulation of hate speech, and regulation of broadcasting are directly applicable.

Annex 6 of the Dayton Accords provides for a Human Rights Commission consisting of an ombudsman and a Human Rights Chamber. The ombudsman has the task of investigating first-instance complaints of alleged human rights violations.

In 1998, the three governments failed to respond to the decisions of the ombudsman. Their compliance rate by late 2001, though, increased to 72 percent in the Serb Republic and 47 percent in the Federation. Serious cases that the ombudsman cannot settle are referred to the Human Rights Chamber, a judicial body that has the authority to make final and legally binding decisions. The work of this institution has been largely successful. However, the entities have been resisting the payment of financial compensations imposed by the chamber—the Serb Republic fully complied in only 29 percent of the cases—whereas the joint institutions have been more willing to follow the decisions of the body. The overall implementation rate increased dramatically from 10 percent in early 1999 to 79 percent in late 2001. Compliance remains a concern for the Commission for Real Property Claims of Displaced Persons and Refugees, which is seeking to facilitate the return of property to refugees and displaced persons. By 2001, the commission had received more than 12,000 complaints (out of approximately 195,000 decisions) for nonimplementation of its decisions.

Although the human rights situation in Bosnia has improved considerably since the end of the war, significant problems remain. The right of refugees and displaced persons to return to their former homes—a key provision of the Dayton Accords—has been particularly difficult to achieve. Since only slightly less than half the refugees and internally displaced persons have returned in the seven years since the end of the war, the ethnic structure of Bosnia remains drastically altered in comparison with data available from 1991 (see table 4).

Table 4. Return of Refugees and Displaced Persons, January 1996 to November 2002

REFUGEES

	BOSNIAK	CROAT	SERB	OTHER	TOTAL
1996	76,385	3,144	8,477	33	88,039
1997	74,756	33,568	11,136	820	120,280
1998	78,589	23,187	6,765	1,459	110,000
1999	18,440	6,299	6,332	579	31,650
2000	7,633	4,834	5,303	837	18,607
2001	4,642	4,244	9,155	652	18,693
2002	9,834	5,484	17,558	340	33,216
Total	270,279	80,760	64,726	4,720	420,485

DISPLACED PERSONS

	BOSNIAK	CROAT	SERB	OTHER	TOTAL
1996	101,402	505	62,792	42	164,741
1997	39,447	10,191	8,452	205	58,295
1998	15,806	4,325	9,139	300	29,570
1999	24,907	6,760	11,315	403	43,385
2000	36,944	7,779	14,175	449	59,347
2001	48,042	5,960	25,734	436	80,172
2002	36,660	5,028	21,437	626	63,751
Total	303,208	40,548	153,044	2,461	499,261

The return of refugees to minority areas is connected with a number of factors and can be seen as a litmus test for the overall progress in stabilizing Bosnia. First, the return of refugees is dependent on the immediate security of those who wish to return. Second, the return process is largely conditional on a clarification of property ownership and the restitution of real estate to prewar owners. On a broader scale, the return of refugees is closely interconnected with the political representation and inclusion of the nondominant returnees into the political system. Even more pertinent is the lack of economic prospects for returnees, which is the result of both discrimination and the absence of overall economic development in Bosnia. The acceleration of the return of refugees to minority areas began in 1999 and has increased dramatically since. As of November 2002, nearly 380,000 minorities had returned, about two-thirds to the Federation (235,225), one-third to the Serb Republic (125,277), and the remainder to the district of Brcko (18,385).

Overall, the return of refugees has been only partially successful. On the one hand, the acceleration of minority returns and the de facto completion of majority returns point to the possibility of the success of this, probably most ambitious, chapter of the Dayton Peace Accords. At the same time, however, the fact that a majority of refugees and internally displaced persons have still not returned to their homes renders the assessment less optimistic. The general lack of success in refugee returns, particularly until 1999, can be attributed largely to obstruction at the local level. The Serb Republic in particular, even under more moderate governments, has obstructed returns out of fear that Serbs could lose their political, social, and economic dominance in the region. There is also a regional component to the problem. That is, Bosnia, like other countries in the Balkans, is home to thousands of refugees. As such, the return process in one country is closely linked to that in neighboring states. Thus, the return process is also a function of the relations among Bosnia, Croatia, and Serbia.

Although the Bosnian Constitution explicitly prohibits discrimination, the entities in the past openly favored one or two of the constitutional na-

tions. However, a July 2000 Constitutional Court decision forced the end of this practice, and the constitutional changes imposed by the high representative in April 2002 formally ended discrimination at the level of entity institutions. Nevertheless, nondominant ethnic and religious groups still experience discrimination, and returning refugees are frequently excluded from social services and health care. Many nondominant groups also experience discrimination in the workplace, and religious freedom has been curtailed to a certain degree. In the Serb Republic in particular, the reconstruction of mosques has been blocked or obstructed by organized incidents of violence, as was the case in May 2001 in Banja Luka and Trebinje.

Furthermore, the protection of minority communities not belonging to the three dominant nations has been long neglected. The largest such minority are the Roma, who have faced economic hardship and exclusion in the postwar period. Only in June 2002 did the Parliamentary Assembly of Bosnia pass a Law on the Protection of the Rights of National Minorities. The law safeguards the use of minority languages in public and private and allows minorities to establish their own media. Political participation of minorities in entity and state-level institutions is not directly covered by the law but will be determined by changes in electoral laws and regulations. As the amendments to the Federation and Serb Republic Constitutions also include provisions for the representation of "others," minimal inclusion of national minorities is thus ensured.

The Bosnian Constitution provides for an independent judiciary and reserves the administration of justice for the two entities. Although the ruling parties have developed a considerable degree of control over the judiciary in both the Serb Republic and the Federation, the recent change of government and the increased reform efforts of the international community led to improvements in the independence of the judiciary during the year 2002. In November 2000, reform of the judiciary in Bosnia was placed under the supervision of the Independent Judicial Commission. This commission, consisting of Bosnian and international legal experts, reports to the high representative and both monitors and intervenes in the work of the judicial reform commissions of the entities and cantons. It also monitors the work of courts and prosecutors. In addition to the commissions' work, the high representative has been active in imposing laws and regulations pertaining to judicial reform.

The courts are not linked directly to the Ministry of Justice or any other executive body. However, the various governments, through their Ministries of Justice, provide the judicial branches with their budgets. In both entities, the state is required to provide defendants with legal counsel.

In June 1999, the presidents of the Associations of Judges and Prosecutors in the Federation and the Serb Republic adopted identical codes of ethics. These codes are meant to apply to the members of the Association of

Judges of the Federation, the Association of Prosecutors of the Federation, and the Association of Judges and Prosecutors of the Serb Republic. The codes provide a common framework of conduct for judges and prosecutors throughout Bosnia and ensure that those involved in the judicial process receive similar standards of treatment.

In May 2000, the high representative imposed a Law on Judicial and Prosecutorial Service in the Federation that was intended to contribute to the depoliticization of the judiciary through the establishment of independent judicial selection commissions at the Federation and cantonal levels. Under the law, judges and prosecutors are no longer appointed or dismissed without the affirmative recommendations of the independent commissions. The law also contained a provision under which all sitting judges and prosecutors were subject to review over a period of 18 months from the date the law was imposed. The HR undertook similar efforts in the Serb Republic in 2000. In July 2001, the Independent Judicial Commission and the Ministry of Justice in each entity signed memorandums of understanding that spell out specific procedures for hiring judges and prosecutors in order to ensure higher professional qualifications overall and better representation of minorities.

In May 2002, the high representative passed a substantial judicial reform package that establishes judicial and prosecutorial councils at the state and entity levels. The councils are charged with the appointment of all judges in Bosnia, except for those at the Constitutional Court. Paddy Ashdown, the new high representative, also established a Legal Reform Department within the OHR, which is headed by the well-known law professor Zoran Pajic and charged with screening legislation for compliance with international judicial standards.

A considerable problem with the judicial system in Bosnia is the fact that judges are frequently exposed to threats or harassment either by the ruling political parties or sometimes by local organized crime figures. The persistence of corruption and abuse of office in the judicial system was evidenced when Wolfgang Petritsch dismissed 11 judges and prosecutors in May 2002. Some had obstructed justice, forged signatures, and violated property laws.

Another problem confronting the judicial systems in the post-Dayton period has been judicial enforcement. Since the country's judicial space is divided into three separate jurisdictions, decisions reached in one part of Bosnia are generally of no consequence in another part. Efforts to alleviate this problem have been ongoing. In May 1998, the two entities regulated legal assistance, including such issues as tracing witnesses, serving subpoenas, conducting reenactments and investigations at the scene of a crime, and facilitating ad hoc cooperation between the entities. Within both entities, even when judicial officials attempt to render independent decisions, local authorities often refuse to carry them out.

Along with the domestic courts, an additional layer of the judiciary has been of major significance in Bosnia. In 1993, the UN Security Council established the International Criminal Tribunal for the Former Yugoslavia (ICTY) in The Hague. Since then, international officials have criticized the Serb Republic for its lack of cooperation with ICTY authorities. Although the Serb Republic Parliament concluded a bill in September 2001 on cooperation with the tribunal, the effort was criticized as unnecessary, since the Serb Republic is already obliged to cooperate under the Dayton Accords. In the same month, 38 indicted Bosnian war criminals were still at large, most of them in the Serb Republic.

The two highest-ranking officials from Bosnia to appear before the tribunal are Momcilo Krajisnik, a former member of the Bosnian presidency and a member of the wartime Bosnian Serb leadership, and Biljana Plavsic, a former Serb Republic president. In a significant move, Plavsic changed her plea to "guilty" in October 2002, marking a major departure from other high-ranking officials who have denied any responsibility for wartime atrocities. In a landmark conviction, the ICTY sentenced Radislav Krstic, a former general of the Bosnian Serb army, to 46 years in prison for genocide and crimes against humanity in connection with the fall of Srebrenica in July 1995.

The extradition of Slobodan Milosevic to The Hague was perceived as a major breakthrough in Bosnia. Milosevic was originally indicted for war crimes in Kosovo, but later his indictment was extended to Croatia and Bosnia. The failure to arrest Radovan Karadzic and Ratko Mladic has been a continuous source of tension between the international community and the Serb Republic. At the same time, Amnesty International and other human rights organizations have criticized the Stabilization Force in Bosnia and Herzegovina (SFOR) for failing to arrest Karadzic and Mladic.

Corruption

1997	1998	1999	2001	2002	2003
na	na	6.00	5.75	5.50	5.00

Corruption is a key obstacle to economic reform and the establishment of the rule of law in Bosnia. In addition to problems comparable to those of other countries in transition, Bosnia faces corruption resulting from the wartime union of nationalist parties and public administrations. Given the amount of international aid flowing into Bosnia and the level of fragmentation of public authority, Bosnia is particularly vulnerable to corruption, and the problem is widely acknowledged by the international organizations active in the country and by the population. The current high representative, Paddy Ashdown, noted in 2002 that the "absence of rule of law, in particu-

lar as it relates to financial crime and corruption, poses the single most serious threat to the economic and social welfare of BiH." In a 2002 survey, 84 percent of Bosnian citizens surveyed described corruption as present to a "very large extent" in the country.

The international community has been working to improve the legal and ethnic standards for government officials since 2000. The new Law on Elections, passed in August 2001, obliges parties and candidates to disclose all resources and donations after an election. Parties can receive donations from individuals and companies but have to declare any donations in excess of 100 KM (approximately US$50). Only companies in which the state has a stake of more than 25 percent are prohibited from making donations. In addition, candidates must submit a statement to the electoral commission with information on their income and property holdings. Even though the election commission has published financial reports, including on its Web site, and a recently created Auditing Service of the Electoral Commission has been charged with monitoring party financing outside of preelection periods, the issue is still widely perceived to be a problem. Most major parties have been accused of receiving donations from companies and from rich individuals exceeding the limit of eight average monthly salaries (approximately US$1,850) for individual donations. Owing to low party membership and small salaries, membership dues are in many cases either low or not collected, requiring parties to solicit alternative sources of financing.

In a major move against the illegal financial activities of political parties, the Hercegovacka Banka, owned by businessmen and politicians connected to HDZ, was placed under international supervision in April 2001. After the investigation into the banks' finances revealed that some $100 million originating from Croatia had been embezzled, possibly used to finance the activities of the HDZ in its attempts to create a third entity in Herzegovina in 2001, the high representative decided in December 2002 to offer the bank for sale.

An important anticorruption measure was taken in late 2000 with the closure of payment bureaus in the Serb Republic and the Federation. These public institutions held a monopoly over managing financial transactions in the entities. Commercial banks and a variety of state institutions have taken over their responsibilities. The bureaus' elimination, which was supported by the international community, put an end to a major source of state control over the private sector.

A number of other legal mechanisms have been put in place to limit corruption. In May 2001, for example, the Serb Republic government adopted a new Law on Public Procurement. Laws on reforming the judiciary in both entities have also sought to reduce corruption. At the state level, Wolfgang Petritsch, the outgoing high representative, imposed a Law on Conflict of Interest for government institutions in 2002. Owing to the

recent nature of these legal changes, their full impact cannot be assessed yet. The new high representative, Paddy Ashdown, made the fight against corruption one of his priorities and imposed a number of measures in 2002 to strengthen the judiciary in its capacity to fight corruption. These measures included the establishment of a state-level Office of the Prosecutor, the creation of special panels at the state level to fight against corruption, and the enhancement of the prosecutors in the entities and cantons. Within the OHR, Ashdown established a Serious Crimes Unit (SCU) to oversee reform in the Bosnian judiciary in the fields of organized crime and large-scale corruption.

As part of the international community's efforts to reduce the high levels of corruption in Bosnia, some public officials have been dismissed from their posts. The most prominent case was the high representative's dismissal in 2001 of Adhem Bicakcic, a former prime minister of the Federation, from the directorship of Elektroprivreda (the Federation's electrical company) for corruption and embezzlement. Similarly, Nikola Grabovac, the Federation minister of finance, was dismissed by the high representative in June 2002 for his ministry's involvement in an allegedly illegal payment of a $770,000 customs deposit refund to a private company. One day earlier, Milenko Vracar, the minister of finance of the Serb Republic, resigned over the government's unwillingness to tackle corruption in the Customs Office and in the health and pension schemes and to dismiss a number of officials allegedly involved in corruption. He accused the SDS for opposing the fight against corruption.

Bosnia's state government has initiated investigations of the previous government, and its efforts have revealed a considerable degree of embezzlement and fraud at several Bosnian embassies, especially in Vienna and New York. The absence of a comprehensive strategy against corruption, however, was one reason for the defeat of the reformist government in the October 2002 elections. At the entity level, the high representative established the post of special auditor in March 2001 to oversee public funds at all levels of government in the Federation. The new government in the Serb Republic has also made the fight against corruption a priority, partly because the previous government of Milorad Dodik had been perceived as prone to engage in corrupt activities. The Parliament of the Serb Republic passed an anticorruption program in June 2001. The resignation of Finance Minister Vracar, however, points to the continuing problem of corruption in the Serb Republic.

A Bosnian chapter of Transparency International opened in February 2001. The group's first report, which looks at allegations of corruption within the international community, mostly identifies lack of transparency in the international community's decision-making processes, particularly with regard to the distribution of aid, as a source of corruption. Although the report neither revealed new cases of corruption nor blamed particular

representatives of the international community, it did lead to a severe critique of Transparency International by some international agencies. Since the founding, the organization has published a comprehensive report on corruption perception in Bosnia. Transparency International does not rate Bosnia in its annual Corruptions Perception Index.

According to Transparency's report on corruption in Bosnia, significant problems exist at most levels of public administration. The study indicates that in the Serb Republic, the customs service and political parties are perceived to be the most corrupt; in the Federation, political parties ranked first, followed by the Federation Parliament. Overall, Transparency International identifies corruption as the second most serious problem (20.3 percent), after unemployment, in both entities. Of those surveyed, nearly half (47.4 percent) indicated having engaged in corruption.

A World Bank survey evaluating the perception of corruption among business managers, public officials, and the general public arrived at similar conclusions. Fifty percent of public officials admitted accepting bribes in exchange for altering the content of legislation; one-third noted that colleagues who refused bribes were marginalized and sometimes even forced to quit. Among the general public, 20 percent admitted having paid or received bribes for public services. Both businessmen and members of the general public noted that corruption is preventing private investment and that the costs of business transactions had increased as a result of corruption.

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Bulgaria

Capital:	Sofia
Polity:	Parliamentary democracy
Economy:	Mixed capitalist
Population:	7,800,000
GDP per cap at PPP:	$5,710
Private sector as % of GDP:	70
Ethnic Groups:	Bulgarian (83.6 percent), Turk (9.5 percent), Roma (4.6 percent), other (2.3 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	3.25	2.75	2.25	2.00	2.00	2.00
Civil Society	4.00	3.75	3.75	3.50	3.25	3.25
Independent Media	3.75	3.50	3.50	3.25	3.25	3.50
Governance	4.25	4.00	3.75	3.50	3.50	3.75
Democratization Scores	**3.90**	**↑↑3.55**	**↑3.31**	**↑↑3.06**	**↑3.00**	**↓3.13**
Constitutional, Legislative, and Judicial Framework	4.25	3.75	3.50	3.50	3.50	3.50
Corruption	na	na	4.75	4.75	4.50	4.25
Rule of Law Scores	**na**	**na**	**4.13**	**4.13**	**↑4.00**	**↑3.88**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

INTRODUCTION

From a foreign policy perspective, the year 2002 proved to be one of the most significant in Bulgaria's post-Communist history. Late in the year, at summits held in Prague and Copenhagen, the community of Western nations recognized Bulgaria's progress to date in establishing democracy and a market-oriented economy by inviting the country to join NATO and setting a target date for its accession to the European Union. Despite their historic significance, though, these accomplishments had little influence during the year on Bulgaria's domestic political scene. Rather, one year after the landslide electoral victory of former king Simeon Saxe-Coburg-Gotha (or Simeon II) and his National Movement Simeon II (NMSS), the expected political miracle associated with Simeon II's return had not materialized. Indeed, domestic political processes actually appeared to have slowed. As a result, the events of 2002 failed to remove three worrisome trends that, while failing to signal an immediate threat of violent breakdown in the country, do suggest the potential for the slow erosion of Bulgaria's democratic institutions.

The first area of concern is the growing gap between popular expectations of the democratic system and the political elite's own agenda. With the introduction of democracy, for example, the Bulgarian public had anticipated rapid economic improvements, including an increase in living standards, reductions in unemployment, and improvements in social security. However, external factors such as International Monetary Fund (IMF) and European Union (EU) conditionality often have prevented the government from meeting the public's expectations quickly enough. Although the problem has daunted the country's political elite as a whole, the NMSS has come under particular criticism for campaigning on a populist platform that promised drastic changes in the quality of life but then, once in power, sustained painful and unpopular economic reforms.

The second alarming trend is the growth of antiparty sentiments among the Bulgarian electorate. Currently, only 20 percent of Bulgarians claim to trust political parties and to consider them real instruments of change. During the last legislative elections, for example, the NMSS achieved an impressive win as an outsider only three months after its formation. Although veteran parties interpreted the NMSS's rapid rise as a threat to the party system's integrity and cohesiveness, the populace responded overwhelmingly to Simeon

II's message. In short time, though, the nature of politics forced the NMSS to compromise and work with the other parties to achieve common goals. As a result, the NMSS lost nearly two-thirds of its popular support over the course of the year. In the long run, the public's growing lack of confidence in political parties could threaten the stability of Bulgaria's democratic system.

The third disconcerting trend is the overall decline of public confidence in Bulgaria's democratic institutions. Although the country's democratic system stands on a solid foundation and has functioned relatively well during the transition period, the public's trust in its efficiency has decreased significantly. Weak governance in particular has caused a substantial, and increasing, number of people to lose interest in solving their problems via the state or civil society. This trend serves only to weaken Bulgaria's democratic institutions and renders national policy making less meaningful. It also makes anticorruption initiatives nearly impossible to implement.

These three worrisome trends aside, Bulgaria's political system does have its strengths, including a stable parliamentary system that adheres to democratic practice. For more than a decade, Bulgaria has conducted elections that are free, fair, and orderly and adhere to the rule of law. Likewise, power has changed hands peacefully between parties and individuals that represent both the Left and the Right, and there is a stable tradition in place that strictly follows the rules of order. The president, for his part, has tried consistently to present himself as a nonpartisan representative of the entire nation. Although the judiciary remains the least reformed branch of power, the Constitutional Court has repeatedly declared laws unconstitutional, and Parliament has revoked them. Print media are free of state control, and electronic media are gaining in independence as private companies successfully set up radio and television stations. Nongovernmental organizations (NGOs) are active in all walks of public life.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
3.25	2.75	2.25	2.00	2.00	2.00

After 13 years of transition, Bulgaria has produced a stable political system and an effective electoral process. During this time, the country has conducted several presidential, legislative, and municipal elections, all of which were free, fair, orderly, and respectful of the rule of law. After each election, power has changed hands peacefully between parties. However, the most recent legislative and presidential elections exhibited the public's growing

antiparty sentiment and its disappointment with democratic institutions and procedures as a whole. In response to this alarming trend, the country's political elite have begun to discuss changes to the Law on Elections that would encourage public participation in the political process and restore legitimacy to elections as an important part of a democratic system. Bulgaria's Law on Elections has experienced only minor changes since its adoption in 1991.

Bulgaria has a multiparty political system based on proportional voting. Although the president is elected directly, his power is limited. Parliament is the chief rule-making body. Political parties, rather than candidates, are the major subjects of attention during legislative elections. The parties also nominate candidates for municipal and presidential elections. Opposition parties have the opportunity to take power and are assured participation in the government through a number of parliamentary mechanisms. Fifty-four political parties and coalitions were registered to participate in the last parliamentary elections; 96 parties were eligible in the last local elections. The legal threshold for gaining representation in the legislature is 4 percent.

At the beginning of 2002, a team of experts began drafting a new electoral code. By midyear, the Union of Democratic Force (UDF), a center-right party, had presented a proposal for a constitutional amendment that would cut the size of Parliament in half and introduce some elements of direct, majority voting for legislative elections. The purpose of these proposed changes is to improve public attitudes toward the political elite, increase voter participation in the nomination and election of members of Parliament, and, overall, expand public participation in the political process. Though the amendment had not been passed by year's end, it should be in place by the next parliamentary elections.

Prior to the 2001 parliamentary elections, two parties dominated Bulgarian politics: the Bulgarian Socialist Party (BSP) and the UDF. The Movement for Rights and Freedoms (MRF), the party of ethnic Turks, always enjoyed representation in Parliament as well. However, the entry into politics of Simeon II and his NMSS marked the end of the dominant two-party model. If the NMSS strengthens its position and survives until the next legislative elections, a coalition party model will likely emerge.

Bulgaria's political parties currently suffer from a deep loss of public confidence in them. Public approval for the major parties stood at only 20 percent in 2002. Although the BSP and the UDF both changed their leaderships during the year, putting a young and relatively popular generation of politicians in command, they still will have difficulty overcoming 13 years of unmet public expectations for rapid improvements in their economic standing and quality of life.

The process for registering political parties and organizations in Bulgaria is relatively liberal, and today there are more than 200 parties in the country. However, only a small percentage of them actually function. There

is no reliable data on the proportion of the population that belongs to political parties, but that figure is likely no more than 1 percent.

When the last legislative elections took place on June 17, 2001, they marked the first completion of a full four-year mandate by a government since 1989. According to both domestic and international observers, the elections were free and fair. Simeon Saxe-Coburg-Gotha, the country's king in exile, and his NMSS proved victorious only three months after the party's founding, with 43 percent of the vote and 120 out of Parliament's 240 seats. Other parties passing the 4 percent threshold were the BSP, the UDF, and the MRF. Voter turnout was 67 percent.

Following several rounds of negotiations, the NMSS and the MRF signed an agreement to govern the country together. Simeon II also managed to appease the BSP—potentially the most outspoken enemy of the coalition—by inviting two prominent mayors with BSP connections to take key positions in his cabinet. The UDF did not accept the NMSS's invitation to participate in the government and became the only political force clearly in opposition. However, in November 2002 BSP member Kostadin Paskalev resigned from his cabinet post as deputy prime minister and minister of regional development over a disagreement with the draft budget. The move will allow the BSP to strengthen its criticism of Simeon's government.

Georgi Parvanov, the leader of the former Communists, emerged as the winner in Bulgaria's last presidential election, which took place on November 11 and 18, 2001. Former president Petar Stoyanov was generally considered a good leader, and polling data suggested that Parvanov had no chance of winning. Parvanov's surprise victory clearly illustrated the public's growing impatience with the political establishment and its desire to punish the parties in power. All observers pronounced the elections free and fair. Voter turnout was 41.76 percent in the first round and 55.09 percent in the second.

According to the Constitution, the president must be a Bulgarian citizen by birth, at least 40 years of age, and a resident of the country for at least five years prior to an election. Registered political parties and coalitions, as well as a committee collecting a minimum of 15,000 signatures, may nominate presidential candidates. Each body nominating a presidential candidate must deposit 5,000 Bulgarian lev (BGN) (US$2,500) in the national bank. The money is refunded to candidates who receive at least 1 percent of the vote.

Bulgarian women are active voters. In some elections, especially for the president and mayors, the number of women voters is typically higher than that of men. The NMSS met one of its platform objectives for the 2001 parliamentary elections when it included an unprecedented number of women in top positions on electoral lists. As a result, women now make up 25.4 percent of all members of Parliament, compared to 7.5 percent in the previous assembly. There are also two female ministers in the government, one of whom is a deputy prime minister.

The Constitution bans the formation of parties on the basis of ethnicity, religion, or race. However, although the statutes of the MRF state that members are welcome regardless of their ethnicity or religion, the party is for all intents and purposes an ethnic one representing the interests of Bulgarian Turks. When Simeon II became prime minister, he proceeded to make more political history by appointing two ethnic Turks and members of the MRF to his government. For the first time since gaining its independence from the Ottoman Empire in 1878, Bulgaria has ethnic Turks in the government. Unlike the Turkish minority, however, Roma are still poorly represented in government structures. They enjoy some representation at the municipal level, but none at the national level. The claim that the political system discriminates against the Roma minority and impedes their political expression is only a partial explanation. The Roma also have not succeeded in consolidating their political interests around a particular party or political grouping.

Civil Society

1997	1998	1999	2001	2002	2003
4.00	3.75	3.75	3.50	3.25	3.25

According to data published in 2002 by the National Statistics Institute, there are 14,779 registered nonprofit organizations in the country. Of these, 2,881 are foundations, 11,888 are associations, and 10 are foreign nonprofit organizations. Although there is no current data on the number of organizations that are actually active, the Information Center of the Open Society Fund of Sofia indicated that in 1998 over 1,000 nonprofit organizations were functioning in more than 50 towns. NGOs in Bulgaria focus their work in several areas, including human rights, minority issues, health care, education, women's issues, charity work, public policy, the environment, culture, science, social services, information technology, religion, sports, and business development. It remains unclear how many people are currently engaged in private voluntary activity.

There are two major women's groups in Bulgaria. All ethnic groups, including Turks, Roma, Bulgarian Muslims, Armenians, and Jews, have their own NGOs that are engaged in a variety of civic activities. Roma are especially interesting in this respect. Although they are not represented in the government, some of their NGOs function as political discussion clubs and protoparties. There are around 150 functioning Roma NGOs throughout the country, and the number of registered Roma groups is at least three times that figure.

Churches also engage in charitable activities by distributing aid and creating local networks that assist the elderly and children. The Muslim, Catholic, and Protestant communities are among the most dynamic religious organi-

zations in the country. Their main activities include charitable work and the coordination of community events. Although the Orthodox Church remains the most influential religious group in Bulgaria, only a small percentage of the population actually attends its services regularly.

The Non-Economic Purpose Legal Persons Act, Bulgaria's NGO law, has been in force since January 2001. NGOs helped draft the law and lobbied for it in the assembly. Although it contains no explicit bans on the registration of anti-liberal nongovernmental institutions, Article 44 of the Constitution states that "no organization shall act to the detriment of the country's sovereignty and national integrity, or the unity of the nation, nor shall it incite racial, national, ethnic, or religious enmity or an encroachment on the rights and freedoms of citizens; no organization shall establish clandestine or paramilitary structures or shall seek to attain its aims through violence." In accordance with this provision, no anti-liberal groups have been registered during the past 13 years. Several informal organizations are considered anti-liberal, but their influence on public life is weak and confined mainly to the production of Web pages or the writing of racial and anti-Semitic graffiti.

The requirements for registering an NGO are reasonable, and the process typically runs smoothly. Registration is not costly and takes approximately one month to complete. All registered groups are entered into a transparent public register. While there are some tax incentives in the Corporate Taxation Act of 1997, they have not succeeded in encouraging businesses to give money to nonprofit organizations. Instead, more than 80 percent of all funding for the NGO sector comes from foreign sources. The government does not tax NGOs. Groups may carry out for-profit activities, provided the work does not clash with their aims and is registered separately. However, they must pay normal taxes on all for-profit work and invest all net profits into their main activities.

NGOs have proved to be an important and necessary part of Bulgarian society. The government's attitude toward NGOs has improved over time, and parliamentary committees often recruit NGO experts as advisers when they organize public hearings on issues of national importance. In 2001, Parliament established a permanent committee to address the needs of civil society and serve as a bridge between civil society and the legislative body. The committee's public council includes 21 members, representing 28 NGOs, who will be able to take part in the legislative process by proposing ideas that might become the basis of future bills. Some of the most important bills to emerge from the committee have addressed the registration and activities of lobbyists and proposals for a new electoral code.

There are three major independent trade unions in Bulgaria. The successor of the main Communist-era union is the Confederation of Independent Trade Unions in Bulgaria. Podkrepa (Support) was established in 1989

as part of the political opposition, and Promyana (Change) emerged during the civil unrest of 1997 with the support of the UDF. Together these trade unions represent around two million workers.

Although the overall influence of trade unions has increased in recent years, there is an opposite trend in actual membership. Trade unions take part in the so-called tripartite commission for negotiations with the government on wages, management policies, and the privatization of enterprises. Workers' rights to engage in collective bargaining and to strike are protected by law. There are growing numbers of farmers groups and small-business associations.

The participation of interest groups in politics remains largely unregulated. Think tanks have repeatedly urged the National Assembly to legalize and regulate lobbying, feeling sure that this will result in better transparency and deal a blow to clientelism. As a result of this, the parliamentary Committee on the Problems of Civil Society introduced a bill in 2002 on the registration and activities of lobbyists. The aim of the bill is to improve the environment for the work of interest groups and to increase the opportunities for civil society to affect the political process. The bill remained under consideration in Parliament at year's end.

Bulgaria's education system is sufficiently free of political influence and propaganda. The most serious problems facing Bulgarian students are the continuous revisions of educational requirements imposed by the Ministry of Education. These changes result mainly from frequent alternations of the persons holding ministerial positions. According to the National Statistics Institute, there are 6,852 educational institutions in the country, including 2,965 child care centers, 3,796 primary and secondary schools, and 91 colleges and universities.

Independent Media

1997	1998	1999	2001	2002	2003
3.75	3.50	3.50	3.25	3.25	3.50

Article 40 of the Constitution enshrines the right to information and freedom of the press. There is free competition among media outlets, which offer multiple points of view. Although the media in Bulgaria are generally independent of the state, it is uncertain that they are truly free from the influence of political and economic power groupings and guided by the public interest.

With the exception a few local newspapers, all print media in Bulgaria are privately owned. At the end of 2002, the nation's largest private, national newspapers enjoyed the following levels of circulation: *Troud,* 180,000; *24 Chasa,* 120,000; *Standart,* 30,000; *Monitor,* 50,000; *Sega,* 17,000;

Novinar, 20,000; *Douma,* 15,000; *Dnevnik,* 6,000; and *Kapital* (weekly), 34,000. Overall, there are 247 newspapers and magazines, including 10 large weekly magazines, 26 monthly magazines, and 53 large regional dailies.

Although print media have worked diligently and successfully since 1989 to emancipate themselves from governmental control, electronic media are still not fully free from state influence and interference. Bulgarian National Radio and TV, which is still state owned and remains among the most influential broadcasters in the country, cannot be pronounced politically independent of the government. In particular, it lacks full financial independence since the passage of its budget is dependent on Parliament. Nevertheless, the radio and television businesses in Bulgaria have experienced radical changes. Out of 11 radio stations with national coverage, only 1 is state owned. There are also 98 local radio stations. As for television, there are 63 stations in the country, 10 of which reach national audiences and only 1 of which is state owned. The rest are regional cable networks.

With the exception of party-run newspapers and publications that defend the economic interests of their owners, newspapers in Bulgaria are mainly independent. The same applies to radio stations. However, it is a fact that many Bulgarian media outlets have biases or special interests that often override professional journalistic concerns. This is particularly true when the interests of a media outlet's owners are at stake. The government has also tried to use its power to grant broadcast licenses as a lure to influence the electronic media, but its efforts have produced few results. Ultimately, the sheer variety of media in the country ensures that no single interest dominates the stream of information or public opinion.

In 2002, two scandals concerning press freedom erupted. The first was related to the head of the state Bulgarian News Agency (BTA), who was dismissed by the parliamentary majority for "lack of political confidence." The parliamentary majority took advantage of the fact that there is no legislation governing the BTA and made this change exclusively for political reasons. The second scandal erupted when the parliamentary Committee on the Media introduced a new media bill less than year after the Law on Electronic Media was amended. Both events contributed to the public perception that the ruling majority is trying to subject the media to its narrow political interests. In addition, communication between the government and the media has deteriorated since the present cabinet came to power in 2001.

With the exception of *Troud* and *24 Chasa,* Bulgaria's large, national, privately owned dailies and weeklies are printed in the state-owned print house IPK Rodina. Although this has contributed to some cases of government interference, there have been no such incidents in recent years. All print distribution networks are privately owned.

In general, the record of Bulgarian courts on matters pertaining to freedom of speech meets international standards. When criticizing governmen-

tal officials, though, journalists can be accused of libel. Under the penal code, which was amended in March 2000, both prosecutors and individual citizens can bring charges against a person for libel, the penalty for which is no longer imprisonment but, rather, a monetary fine. Since the penal code was amended, 97 cases of libel have been filed against journalists, and 1 has led to a conviction.

Among Bulgaria's most important journalistic associations are the Media Coalition and the Free Speech Civil Forum Association. The Bulgarian Journalists' Union, a holdover from the Communist period, is trying to reform its image. More than 50 percent of all journalists in Bulgaria are women.

According to Alpha Research, a Bulgarian marketing and social research agency, there was nearly a 100 percent increase in the number of Internet users in Bulgaria between August 2001 (7.8 percent of the population) and January 2002 (14 percent). Internet access is free of regulation, and there are no restrictions for private citizens. Freedom House's annual *Survey of Press Freedom* has rated Bulgaria "Free" since 1990.

Governance

1997	1998	1999	2001	2002	2003
4.25	4.00	3.75	3.50	3.50	3.75

Since 1989, Bulgaria has enjoyed a stable democratic system of government. The main factors of stability are the balance of the power between the central government and local governments; the system of checks and balances among the legislative, executive, and judicial branches of government; and the legal assurances of public participation in the political process. Bulgaria's political system has remained stable despite changes of power.

These positive trends aside, some significant concerns have emerged in the area of effective governance. For many years, successive governments developed policies that respond to external actors such as the EU and the IMF but fail to meet the expectations of Bulgarian society, particularly in the economic arena. As a result, political elites have grown weary trying to balance these competing interests, and the public has lost confidence in the country's democratic system of governance. Fearing that both of these factors—coupled with a weak judicial system—could lead to instability, a wide public discussion began in 2002 on constitutional changes that would transfer more power to local governments, reform the judicial system, and ultimately restore legitimacy to Bulgaria's system of democratic governance.

According to the 1991 Constitution, Bulgaria is a parliamentary democracy in which supreme power resides with the legislative branch. The parliamentary majority appoints the executive. However, there are adequate provisions for minority rule should the majority fail to form a government

that is acceptable to the full National Assembly. In times of crisis within the cabinet, the president can appoint a provisional government to prepare for general elections. Throughout the last decade, Bulgaria's system of democratic government has been tested heavily and repeatedly and has never failed. All changes of government have followed legal and constitutional procedures.

The president of Bulgaria, who enjoys very few executive powers, represents the country abroad and is considered nonpartisan. However, since the president is elected directly by the people, the officeholder enjoys the same level of legitimacy as members of the National Assembly. The president cannot translate this legitimacy into executive decision-making power but can wield substantial influence. This has helped during several crises in which the president has served as an effective facilitator in tough political negotiations.

The Constitutional Court decides whether the National Assembly and other major institutions are operating according to the Constitution. In its 11-year history, the Court has repealed many unconstitutional proposals. The Supreme Court has the right to declare unlawful decisions of the Council of Ministers null and void, and it has exercised this discretion repeatedly. The country's system of checks and balances has been sufficiently effective thus far.

Under the Constitution, the Bulgarian National Assembly is the only body that can formulate rules with the force of law. Other bodies—mainly the executive branch—may adopt normative acts, but their legal force is lower than that of laws. The legislature adopts laws with a simple majority. It also makes changes to the Constitution, approves the national budget, elects and dismisses the Council of Ministers, and decides on issues of war and peace, troop deployment, and ratification of international agreements. Although the president may veto laws, Parliament may override vetoes with a simple majority.

Committee hearings and legislative sessions are open to the public and the media. Most bills can be found on the Bulgarian National Assembly's Internet site, and some sessions of the National Assembly are broadcast live on television. The work of the Council of Ministers is observable only through the regular press conferences of its members and through a daily bulletin published on the Bulgarian government's Internet site. A particularly positive development was the final adoption of the Law on Access to Public Information in July 2000.

Most changes in local government in Bulgaria date to 1991 with the adoption of the new Constitution and the Law on Local Self-Government and Local Administration. The Constitution divides the national territory of Bulgaria into municipalities and regions. The basic territorial and administrative unit in the country is the municipality. Regional divisions only facilitate coordination between the national government and the municipalities. Municipalities have the right to own property and maintain independent budgets. They also have the authority to address all issues of local importance,

including the management of public property, development policies, education, health care, culture, social aid, and environment protection. The central government determines local budgets.

The Council of Ministers appoints regional governors. Municipal councils and mayors are elected. Between 1989 and 2002, every municipality in Bulgaria held elections for councils and mayors at least twice. All elections have been free and fair, with changes in the parties in power occurring frequently.

Municipal governments have two sources of revenue: central budget subsidies and taxes. Since the Constitution requires the National Assembly to approve all tax rates, local and property tax rates are defined by each municipality and then adopted en bloc by the Parliament. Once the municipalities receive their budget subsidies from the central government, they have complete control over their use. The only exception applies to moneys received from the central budget for specific and targeted national programs.

At the local level, government administrators have proved that they are capable of selecting good local leaders and civil servants. Local civil servants are employees of the municipalities, not of the central government. Still, partisanship and central interference have some direct effects on appointments and policy making.

Reform of Bulgaria's civil service began with the adoption of the 1998 Law on Administration and the 1999 Law on Civil Service. Although a new Law on Civil Service was adopted in 2000, its implementation has been somewhat problematic. The main problem concerns Article 20, which requires civil servants to resolve without delay a citizen's request. In practice, there is still considerable lag time before citizens receive the decision of the state administration. The minister of state administration has stated that the Law on Civil Service will be changed, but he has not elaborated any specific ideas or plans.

Rule of Law

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
4.25	3.75	3.50	3.50	3.50	3.50

The Constitution provides for an effective separation of powers among the legislative, executive, and judicial branches of government. The effective rule-making body in Bulgaria is the National Assembly, whose legislative acts and decisions are constrained only by the Constitution. This supremacy is undisputed and is enforced in practice. Although some important areas of regulation have traditionally been left to the discretion of the executive branch, this

practice has diminished as economic reform has proceeded along with the adoption and implementation of laws that meet EU standards.

Bulgaria's Constitution has been in force since July 1991. Its text has remained unchanged since then, despite several pronouncements by different political forces that they would seek amendments. In the summer of 2002, the UDF, the second largest party in the National Assembly, announced 24 concrete proposals for changes to the Constitution and opened formal talks with state organs and other parties. The proposed changes concern all three branches of power, the competencies of local administrations, the rights of citizens, and issues related specifically to EU integration. At year's end, the UDF's ideas still had not become formal legislative proposals. Debate had been suspended pending a Constitutional Court decision on whether the proposed amendments would require the decision of a Grand National Assembly (the only body authorized to change the Constitution in its more fundamental aspects, such as the form of government) or just an ordinary National Assembly.

During its 11 years of existence, the Court has established itself firmly as the only legitimate interpreter and enforcer of the Constitution. Relevant recent examples include Constitutional Court Decision Numbers 6 and 9 in 2002, which confirmed the unconstitutionality legislation that would have imposed a financial burden other than taxes on sports clubs and shortened appeals procedures in arbitrage cases. Possibly the most significant check on the legislature in 2002 was Constitutional Court Decision Number 13, which struck down 44 provisions contained in amendments to the Law on the Judicial System that would have affected judicial power. A recent example of a check by the Constitutional Court on the executive was Decision Number 18 in 2001, through which the Court prevented two of the members of the newly elected Council of Ministers from simultaneously retaining their mayoral positions in two major cities by taking a "leave of absence." Both ministers resigned their positions as mayors, and elections were held in 2002 to fill their posts.

The National Assembly adopted several important changes to the penal code in September 2002. The amendments were driven by three main goals: implementing the government's anticorruption program, addressing new realities following the September 11, 2001, terrorist attacks on the United States, and continuing progress on the EU integration process. The penalties for taking a bribe were increased, child pornography was criminalized, and the punishment for raping a woman between the ages of 16 and 18 was significantly toughened. The penal code also contains a new section on human trafficking and introduces punishments for various computer crimes. Probation as a form of punishment was also introduced.

Although only judges can authorize searches and arrests, an exception can be made when an arrest is necessary to stop an imminent criminal act. In such a case, a judge must confirm the arrest within 24 hours. Reports by the International Helsinki Federation, Amnesty International, the Bulgarian

Helsinki Committee, the U.S. State Department, and other observers of human rights in Bulgaria indicate that police beatings and violence do take place, albeit rarely, and are most common at the moment of arrest. The criminal justice system in Bulgaria continues to function very slowly.

There are adequate provisions for the protection of human rights in Bulgaria. The Constitution contains numerous protections, including explicit provisions on business and property rights. The expropriation of property is allowed only under special circumstances and in exchange for fair compensation. Article 19 of the Constitution enshrines the freedom of economic initiative and enterprise and includes a ban on the abuse of monopoly power.

Article 6 of the Constitution bans discrimination based on race, nationality, ethnic identity, sex, and religion, and Bulgaria has ratified most human rights, minority, and social conventions. Despite the presence of these provisions, Bulgaria is often charged with their violation, especially with respect to race-based discrimination and abuses within the law enforcement system. Human rights observers particularly highlight discrimination against Roma.

Bulgaria's judicial system is independent from political and other influences. Members of the judiciary are immune from prosecution except in the case of serious crimes. The supreme governing body of the judiciary is the Supreme Judicial Council (SJC), whose members are elected by judges, prosecutors, investigators, and others in the legal profession. Although the SJC is entitled to submit its own budget to the government, the government has typically sent a budget to Parliament that is significantly lower than the original request. Courts in Bulgaria do not function efficiently. They are slow, and their practice is inconsistent.

The right to a fair trial is guaranteed in Bulgaria, and as a rule, court hearings are open to the public. The defense receives a full opportunity to examine evidence, develop and defend a case, and appeal decisions if necessary. The Supreme Court of Cassation and the Supreme Administrative Court ultimately oversee the application of the law, and on numerous occasions these two courts have demonstrated their independence from the executive branch. In November 2002, for example, the Supreme Administrative Court overturned a decision by the Privatization Agency to award a high-profile purchase in the tobacco industry to a specific company. The minister of justice is not linked with courts and has the right only to chair sessions of the Supreme Judicial Council and make proposals, particularly on administrative punishments for members of the judiciary. The minister of justice does not have the right to vote on the council.

The state is not obliged to provide public defenders, except under certain conditions, including criminal cases carrying severe punishments (a minimum of 10 years' imprisonment) and cases in which the defendant is a minor. The authority of the courts is recognized, and once made, judicial decisions are enforced effectively. However, the process of enforcement is

considered slow and allows obligated parties to avoid resolution for significant periods of time, especially with respect to civil law decisions.

Judicial reform has emerged as a priority in Bulgaria, particularly with regard to meeting the requirements for membership in the EU. The problem can be divided into three parts. First is the public's image of the judiciary as corrupt and failing to dispense justice fairly and in a timely manner. The public is also suspicious of efforts to reform the judiciary, because it feels that the authors of such proposals put their personal interests above those of society. Second, the judiciary does not have sufficient resources to carry out its duties. Despite claims on the part of the legislature and the executive that the judicial system is a priority, its budget has been stagnant in recent years, and requests for additional funding have been routinely ignored. As a result, the judiciary and courts in particular are understaffed and overburdened with mundane tasks that could be handled easily with new information and communication technologies. Staff are also underpaid and courtrooms in short supply.

Perhaps the most important problem facing the judiciary is the absence of sufficient independence and accountability within the system. Although courts and the investigative and prosecutorial arms of the judicial system function independently, there is a fundamental constitutional question about whether the latter two should be part of the judiciary at all. With regard to accountability, only the SJC can make appointments when constitutionally set mandates expire, but it cannot hold any of the separate bodies responsible for their actions.

A stark example of this can be seen in the relationship between the prosecutor-general and the SJC. In December 2002, after two hearings, the SJC agreed that there was enough evidence to conclude that the prosecutor-general had abused his office by introducing a heavy-handed style of decision making. However, the SJC had no authority to hold the prosecutor-general accountable for his actions. Its only recourse was to make a public appeal for the prosecutor-general to resign. In 2002, Parliament amended the Judicial System Act to increase the power of the SJC in situations like these, but Constitutional Court Decision Number 13 pronounced the amendments unconstitutional.

Corruption

1997	1998	1999	2001	2002	2003
na	na	4.75	4.75	4.50	4.25

In force since 2000, Bulgaria's Law on Civil Service limits the ability of the average civil servant to engage in private economic activities. However, there are no such legal requirements for individuals at the highest levels of government. Specific codes of conduct for civil servants and policy

makers are under development but won't be in place for some time.

During the period covered by this report, several instances of direct links between members of the executive branch and specific businesses came to light. First, when the new government began actively managing the Bulgarian foreign debt, its policy included the issuance of new euro-denominated bonds and the swap of Bulgarian Brady bonds for newly issued bonds denominated in euros and dollars. After the transactions were concluded, it was revealed that the brother of the minister of finance and the wife of the deputy minister of finance responsible for the whole operation were on the payroll of the international investment banks selected to handle the deal. Second, the deputy prime minister and minister of labor and social policy declared ownership of shares in a quartz sand factory and in a financial brokerage firm. Third, a deputy minister of trade and communications left his position and was hired by the largest Bulgarian mobile phone provider only weeks after he had supported the company's demand to pay lower fees for additional frequencies. Whether these examples of potential conflicts of interest actually led to abuses of power is unknown. It also cannot be claimed that these cases represent an increase in such ties over previous governments; instead it may suggest that such ties were simply better concealed in the past.

The adoption in 2000 of the Law on Publicity of Personal Property of High Government Officials in the Republic of Bulgaria led to the creation of a public register within the state National Audit Office of property held by a broad range of high officials. The media, and thereby the public, are guaranteed access to the register. To date, the law has been enforced, and most public officials have submitted the required declarations in a timely manner. In 2002, though, several prominent cases of nonsubmission by members of Parliament (who cannot be prosecuted) continued.

Other legislative acts aimed at increasing the level of accountability of public officials are the 2001 Law on State Internal Financial Control, the 2000 Law on Access to Public Information, and the 1999 Law on Public Procurement. Racketeering is against the law, and the spread and significance of the phenomenon have decreased in recent years. Recent changes to the penal code include harsher punishments for corrupt acts, a broader pool of public servants who are covered by anticorruption provisions, and the criminalization of bribery in the private sector. The National Audit Office monitors all government institutions controlling budgetary resources and has the right to investigate anyone working for these bodies.

The government adopted a national strategy for combating corruption in 2001 and an action plan for its implementation in 2002. The most significant innovation in the action plan was the creation of a commission that will coordinate anticorruption efforts, collect information on alleged corruption, and take cases to appropriate judicial bodies when it finds that there is sufficient evidence to prosecute. The commission is headed by the minister

of justice. Pursuant to the action plan, Parliament adopted a new Law on Privatization and amended the Law on Public Procurement in 2002 with the explicit aim of improving transparency and accountability.

Civil society organizations have become more active in the fight against corruption as well. In 2002, for example, NGOs established a new civic organization called the Agency for Combating Corruption whose purpose is to collect, investigate, publicize, and eventually help prosecute corruption cases. Another project run by NGOs aims to investigate, publicize, and pursue in court corruption cases that have been in the public eye for several years. At this time, it is too early to assess the impact of these efforts.

The potential for economic corruption remains high in Bulgaria. Although efforts have been made to decrease state intervention in economic and market activities, it will take time for new policies to produce substantial improvements. In September 2002, for example, the government announced its intention to abolish or loosen one-third of the licensing and permission regimes for businesses.

As of September 2002, the average monthly salary in the state government sector was BGN 368 (approximately US$185). Although this marks a significant increase from BGN 330 in September 2001 and BGN 290 in September 2000, it is still low relative to the cost of living and fails to provide a sufficient disincentive for engaging in corrupt practices. Even though public perceptions of the levels of corruption and the need to pay bribes are slowly improving, customs and police officers, health care workers, tax administrators, members of Parliament, ministry officials, and local government officials are still perceived as corrupt. Bribes are not an absolute necessity in these sectors, but they are a reality and continue to distort the normal conduct of policy and business.

Two organizations periodically perform and publish measures of corruption in Bulgaria. The first is the local branch of Transparency International (TI), called Transparency Without Borders, which compiles a Corruption Perceptions Index (CPI) annually. On a scale of 1 (most corrupt) to 10 (least corrupt), the index for Bulgaria has improved every year, from 2.9 in 1998 (the first measurement for Bulgaria) to 4 in 2002. Overall, Bulgaria ranked 45th out of 102 countries surveyed in 2002, up from 66th out of 85 countries in 1998. The table indicates a declining level of perceived corruption since 1998. Among the 10 former socialist states aspiring for EU membership, Bulgaria is the only country to record improvements in the index for every one of the last four years. The Transparency International measurements are regularly and widely publicized in the country, and Transparency Without Borders has been active in raising public awareness about the problem.

The second organization dealing with the issues of corruption in Bulgaria is a broad alliance of NGOs called Coalition 2000. The group uses

Transparency International Corruption Perceptions Index, 1998–2002

YEAR	TI CPI for BULGARIA	TI RANK for BULGARIA
1998	2.9	66th out of 85
1999	3.3	63rd out of 99
2000	3.5	52nd out of 90
2001	3.9	47th out of 91
2002	4.0	45th out of 102

sociological surveys to measure several aspects of corruption on a scale from 10 (most corrupt) to 0 (least corrupt). Coalition 2000 asks respondents about three aspects of their experience with corruption: their general attitudes and tolerance for corruption, their personal engagement in corrupt practices, and their perceptions of the level of corruption in the country. The results indicate that most measurements have improved between the first survey in June 1998 and the last one in October 2002.

Coalition 2000's Index of Corruption Pressure—a measure of demands by public officials for bribes—fell from 2.1 in 1998 to 1 in mid-2002. The organization's surveys do not indicate any area in public life in which bribes are indispensable. However, the customs office, tax administration, the police, and the judiciary are still identified as problem areas. The privatization of state enterprise is another area of concern.

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Croatia

Capital: Zagreb
Polity: Parliamentary democracy
Economy: Mixed capitalist-statist
Population: 4,300,000
GDP per cap at PPP: $8,091
Private sector as % of GDP: 60
Ethnic Groups: Croat (78 percent), Serb (12 percent), Bozniak (1 percent), other (9 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	4.00	4.25	4.25	3.25	3.25	3.25
Civil Society	3.50	3.50	3.50	2.75	2.75	3.00
Independent Media	4.75	4.75	5.00	3.50	3.50	3.75
Governance	4.00	4.00	4.00	3.50	3.50	3.75
Democratization Scores	**4.20**	**↓4.25**	**↑4.19**	**↑↑3.25**	**3.25**	**↓3.44**
Constitutional, Legislative, and Judicial Framework	4.75	4.75	4.75	3.75	3.75	4.25
Corruption	na	na	5.25	4.50	4.50	4.75
Rule of Law Scores	**na**	**na**	**5.00**	**↑↑4.13**	**4.13**	**↓↓4.50**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

INTRODUCTION

Following the death of autocratic President Franjo Tudjman in 1999 and the defeat of his Croatian Democratic Union (HDZ) in the 2000 general elections, a reform-minded six-party coalition came to power promising swift reforms. The coalition's top priorities were fighting corruption, prosecuting individuals who profited from a fraudulent privatization process and close ties to the previous regime, and arresting Croat war criminals. These sweeping changes were designed to put Croatia on track for accession to the European Union (EU) and NATO, both eagerly awaited developments after years of international isolation.

Following initial success, including the adoption of a new Constitution that transformed the country from a presidential system into a modern parliamentary democracy, the government (led by the Social Democratic Party) hit a wall in 2002. Mired in intracoalition disputes and failing to implement the outlined reforms, the government has stagnated and even backtracked in the second part of 2002. The country's cooperation with the International Criminal Tribunal for the Former Yugoslavia (ICTY) remains a particular point of contention, forcing the government to balance domestic nationalist pressures and the demands of the international community. While it is clear that the current government is a dramatic improvement over the Tudjman regime in terms of transparency and management, its inconsistent approach on popular issues and lack of follow-up on numerous promises has put Prime Minister Ivica Racan's government on thin ice vis-à-vis its constituency, creating an environment that may be ripe for the comeback of the nationalist HDZ.

Croatia has staged a solid macroeconomic recovery following years of ethnic conflict and economic mismanagement in the 1990s. When the current government took over, the Tudjman regime had already succeeded in stabilizing the currency and repairing war damages. The country has a $4,880 per capita income, less than half that of Portugal, which ranks last among EU member states. However, the figure is more than double that of Bulgaria, believed to be next in line to join the EU following the current 10-country wave of expansion. Croatia's gross domestic product (GDP) in 2002 grew by 5 percent, driven mostly by a solid tourist season that brought in over $4 billion and by highway construction, the biggest project of the Racan administration, financed by the state and with obvious political overtones.

If the current government's first two years in office were marked by cutting thousands of jobs and slashing public administration salaries, then 2002 was characterized by a more generous approach to state spending. Unemployment has reached a record 21 percent, and no government wants to commence its last year in office with such a legacy. As a consequence, the government heavily subsidized the shipbuilding and agricultural industries, addressing the needs of the constituents of the country's two leading parties, the Social Democratic Party (SDP) and the Croatian Peasants Party (HSS). The state also overspent in the health and education sectors, swelling the budget deficit to 4.5 percent of GDP.

Personnel cuts in the defense sector and an overhaul of the judiciary came to a halt in 2002, postponing further painful yet necessary structural reforms. The 2003 budget proposal promised an even more generous approach. Clearly sensitive to electoral issues that will arise in 2003, the proposal offers significant support for the shipbuilding and agricultural industries, 4 percent salary increases, and further aggressive borrowing for highway and affordable housing construction.

The projected budget deficit stands at 4.5 percent, but the International Monetary Fund (IMF) believes that it will be closer to 5.8 percent. It will not help the budget that the overdue privatization of large state-owned enterprises will likely wait until after the elections. Companies for sale were to include the Croatian electricity generation and distribution monopoly HEP, the Croatia Insurance Company, and the national third television channel. All of them are likely to be postponed until 2004. Bidding for Industrija Nafte (INA), the country's oil and gas monopoly, is in an advanced stage, with Austrian, Hungarian, and Russian bidders expected to make offers sometime in 2003. As 2002 drew to a close, the government was in negotiations with the IMF for a 2003 loan that would be similar to the one received in 2001. IMF officials stated that the standby would be possible only if the deficit were cut to 5 percent. Finance Minister Slavko Linic stated repeatedly that Croatia did not need the loan but wanted it as an endorsement of its good macroeconomic policy

The Racan cabinet's fear of public backlash against new job cuts was not the only reason reforms slowed in 2002: near constant intracoalition disputes also significantly reduced the government's focus and effectiveness. The clash revolved mostly around Racan and Drazen Budisa, leader of the Croatian Social Liberal Party (HSLS), the second strongest party in the coalition. Their animosities date back to 2000, when Budisa failed to win the presidency against Stjepan Mesic and felt that Racan did not provide him with enough support. After his failed presidential bid, Budisa tried to secure a high post in the government, but Racan was less than willing to accommodate him. The rift culminated with Racan's resignation, staged in order to receive another mandate and form a cabinet that excludes Budisa and the

HSLS. Popularity ratings within the SDP and the coalition deteriorated because the public perceived the government as more concerned about itself than the promised reforms. The main opposition party, the HDZ, was the primary beneficiary of the coalition's crises.

Following the 2000 elections, observers speculated that strong internal factions would quickly destroy the HDZ. The HDZ did split in September 2002, but with minimal damage. The party leader, Ivo Sanader, effectively excommunicated his rival Ivic Pasalic, who then formed the Croatian Bloc (HB), a right-wing party that is now trying to woo HDZ sympathizers. In the meantime, the HDZ recuperated by taking advantage of a series of national political crises and incidents related to Croatian territorial integrity and indictments against Croats by the ICTY. These episodes included territorial disputes with Slovenia in the Piran Bay and the war crime indictment of retired general Janko Bobetko, for many a heroic figure who led Croatian troops in the war of independence from 1992 to 1995. The HDZ-led right-wing opposition has succeeded in weakening Racan's patriotic credentials and portraying itself as a political alternative based on firm principles rather than the constant political maneuvering of the ruling coalition.

Probably the greatest achievement of the post-2000 government has been Croatia's quick reintegration into the international community. Croatia was already a member of the Organization for Security and Cooperation in Europe (OSCE) and the Council of Europe, as well as the Quadrilaterale (with Italy, Slovenia, and Hungary) and the Stability Pact. In 2000, it joined NATO's Partnership for Peace and the World Trade Organization. Croatia will enter the Central European Free Trade Agreement in 2003. The most important agreement, however, is the Stabilization and Association Agreement (SAA) that Croatia signed with the European Union in 2001. The government pledged to enact a series of reforms by 2006, paving its way to EU membership.

According to the European Commission, the necessary reforms include restructuring the judiciary, speeding up the return to Croatia of Serb minorities, and improving regional cooperation. Becoming a member of the EU must be the goal of any administration in the country that wants to shake off the negative image of Croatia as a "Balkan state." Citizen support for joining the EU has been steady in the polls for years and is currently at 77 percent, according to the Ministry for European Integration. Unfortunately, as a direct consequence of the government's refusal to hand over General Bobetko to the ICTY, Croatia has witnessed diplomatic pressure unseen since the Tudjman era. Since the start of the standoff with the ICTY in mid-September 2002, the British Parliament has suspended the ratification of Croatia's SAA and the country has been literally ignored in official EU correspondence regarding either NATO or EU accession. The process seemed to have come to a halt in mid-November, when Jacques

Wunenburger, head of the EU Mission to Croatia, stated that Croatia should not apply for membership in 2003. Although Wunenburger explained that the EU would not be ready to consider new members immediately after its pending 10-country expansion, he also strongly hinted that the country's dispute with the ICTY was the main cause of such a stance.

Croatia faces significant challenges as it enters the last year of the current government's mandate. Electoral politics are bound to stall both reforms and cooperation with the ICTY, and the EU's skepticism about extending membership to new countries is likely to grow. Considering that all political platforms will base their appeal on the promise of escaping the Balkans and joining the EU, Croatia may have to do some soul-searching and adjust to new realities. The year 2002 was one of stagnation after two years of dramatic progress; 2003 will likely be the year of awakening to the fact that EU accession may not happen anytime soon.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
4.00	4.25	4.25	3.25	3.25	3.25

A multiparty, center-left coalition government has ruled Croatia since June 2001. The last parliamentary elections took place on January 3, 2000, and brought sweeping changes in the country's political landscape. Following the 10-year rule of the right-wing HDZ and the death of its leader, President Franjo Tudjman, in late 1999, voters chose a coalition of six opposition parties led by the SDP, the reformed Communist Party. The election marked the end of Croatian international isolation brought by Tudjman's refusal to stop destabilizing Bosnia and Herzegovina, improve Croatia's human rights record, and cooperate with the ICTY. The new government, headed by SDP leader Ivica Racan, promised to address its campaign promises quickly.

The ruling coalition originally featured the SDP, the HSLS, the HSS, the Istrian Democratic Congress (IDS), the Liberal Party (LS), and the Croatian People's Party (HNS). However, the coalition proved to be very unstable. Following bitter arguments mainly over Drazen Budisa's objections to Racan's handling of cooperation with the ICTY and disputes with Slovenia, Racan dissolved the government in July 2002. President Stjepan Mesic gave him another mandate, and Racan, as expected, left the HSLS out. A number of HSLS members who disagreed with Budisa's party leadership left to form a new party called Libra, which kept 9 of the HSLS's 24

seats in Parliament and certain posts in the Racan government. The IDS had already left the coalition in June 2001, unhappy with the government's inefficiency. Currently, the coalition holds 75 out of 151 seats in Parliament, enough to retain control of the 16-party Parliament.

The 2000 elections were a landmark event for several reasons. Not only did the country turn the corner by voting for economic and political reforms, but the already weakened HDZ allowed for the most open and free elections to date as well. Even though state media remained significantly biased in favor of the ruling HDZ, the improvement in their coverage of the election was obvious. Most state media bias favoring the HDZ was balanced by the pro-change sentiment among private media and in the nongovernmental organization (NGO) community, particularly in animated youth and women's organizations.

Women made significant gains in the 2000 elections. They now make up 28 percent of all members of Parliament, among the highest percentage in the transitional democracies. (See table on next page.) One practical incentive contributed to this—higher budget financing for parties with more female representatives. In its final report on elections, the OSCE voiced concerns regarding uneven state media coverage, irregularities in electoral commissions, and chaotic voter registries; however, the agency concluded that the 2000 elections stood in stark contrast with the 1995 parliamentary elections, in which the HDZ applied extraordinary pressure at all levels to ensure victory.

Croatia lacks a stable set of procedural laws to insure that the administration and the public are properly and promptly informed about electoral laws. According to Citizens Organized to Monitor Voting (GONG), a well-known NGO that encourages public debate on electoral issues, Croatia needs a reformed law on voter registries, a law on campaign financing, a permanent electoral commission, and a stable law on electoral districts. Representatives of GONG acknowledge that Croatia is holding free and fair elections but believe that better procedural laws would ensure smoother and more transparent electoral processes.

The Law on Elections in Croatia had four incarnations in the first decade of the country's independence, the last one coming just 38 days prior to the 2001 local elections. Croatia has a proportional voting system, with 10 districts holding 14 seats each, plus 6 seats for the diaspora and 5 for minorities. The frequent changes to the Law on Elections have often served to improve the chances of victory for incumbent governments. For example, under Tudjman, Croats with permanent residencies outside Croatia could elect 12 representatives to a Parliament of 120 members. The purpose of the law was to increase support for the HDZ by allowing members of the diaspora, which overwhelmingly supports the party, to participate. Tudjman's tactics also included serious gerrymandering. Fearful of losing the city of

Zagreb, he endorsed electoral borders that prevented the city from functioning as a single electoral district. As a consequence, two Zagreb neighborhoods a couple of miles away found themselves in different districts, each bundled with villages well outside the urban area. Rural populations voted mainly for the HDZ, weakening the urban Zagreb opposition.

Party Representation in the Croatian Parliament

Party	Number of Representatives			
	2000 Elections	*Current*	*Male*	*Female*
Social Democratic Party (SDP)	44	44	28	16
Croatian Democratic Union (HDZ)	46	35	29	6
Croatian Social Liberal Party (HSLS)	24	14	11	3
Croatian Peasants Party (HSS)	16	16	13	3
Libra	-	10	9	1
Croatian Bloc (HB)	-	5	4	1
Istrian Democratic Congress (IDS)	4	4	4	-
Croatian Party of Rights (HSP)	4	4	4	-
Democratic Center (DC)	-	3	2	1
Croatian People's Party (HNS)	2	2	1	1
Liberal Party (LS)	2	4	4	-
Croatian Coast and Mountains Regional Alliance (PGS)	2	2	2	-
Croatian Christian Democratic Union (HKDU)	1	1	1	-
Slavonia-Baranja Croatian Party (SBHS)	1	1	1	-
Serb People's Party (SNS)	1	1	1	-
Croatian Independent Democrats (HND)	-	1	1	-
Independent Representatives	4	4	3	1
Total	151	151	118	33

Upon assuming power in 2000, Prime Minister Racan's government had before it the difficult task of reintegrating Croatia with the international community following a decade of isolation under President Tudjman. At the same time, Racan fought to keep his "patriot Croat" image at home amid the international community's demands for the arrest of Croats accused of war crimes, the end of state support for Croats in Bosnia and Herzegovina, and the creation of conditions supporting the sustainable return of Croatian Serb refugees. These preconditions did not sit well with the local population, which still possessed vivid memories of war and saw such moves as treason. Racan and his government have often been perceived as sellouts ready to sacrifice Croat heroes and everything they fought for. At least this is the image that the HDZ-led nationalist opposition has reinforced quite successfully. In his attempts to alter this perception, Racan has compromised with the nationalists by not removing them from the judiciary, the military, and the intelligence services. Stalling reforms in these sectors has also alienated Racan from his core constituency, a pro-Western and anti-HDZ urban class.

Another figure fiercely criticized by the nationalist political opposition is President Mesic, the surprise winner in the 2000 presidential elections. After early predictions favoring Budisa, Mesic won the first round of voting on January 24, 2000, with Budisa finishing second, followed by former HDZ foreign minister Mate Granic. At one time a high-ranking Communist and the last president of the former Yugoslavia, Mesic presented himself as an outsider and campaigned as an anti-Tudjman figure. He also maintained the image of a friendly and accessible people's president—a stark contrast to Tudjman's elitist posture and humorless manner. And the tactics worked. On February 7, Mesic defeated Budisa in a runoff and ended the presidential elections, which were even freer of improper interference than the parliamentary elections. In particular, the pro-HDZ state media had provided mostly balanced coverage of the 13 candidates who succeeded in collecting the 10,000 signatures needed to enter the race.

The participation of ethnic minorities in Croatian elections has been driven by the dramatic conditions under which Croatia gained independence. The current Law on the Constitution, adopted in May 2000, provides for proportional representation of minorities that account for more than 8 percent of the population. In reality, this provision applies to no one, because according to the 2001 census, the largest minority is that of the Serbs, who constitute only 4.5 percent of the population. The remaining minorities account for less than 8 percent combined. The law also sets aside five to seven seats in Parliament for minorities making up less than 8 percent of population—that is, all of them. However, the Law on Elections, amended in October 1999, contradicts the Constitution by stating that minorities constituting less than 8 percent of the population are to receive five seats in

Parliament. More specifically, Serbs, Italians, and Hungarians get one seat each, Czechs and Slovaks together receive one, and Austrians, Germans, Jews, Ruthenians, and Ukrainians are entitled to one seat. In the parliamentary elections of January 2000, minorities were awarded seats according to the electoral, not the constitutional, law.

The allocation of just five seats to minorities is the end result of a constant deterioration in minority rights since independence. The 1991 Constitution provided minorities with various cultural and self-governing rights. In addition, Serbs, who in the 1991 census stood at 12 percent of the population, were entitled to proportional representation, while other minorities could count on five seats: one each for Italians and Hungarians, one for Czechs and Slovaks, one for Ruthenians and Ukrainians, and one for Germans and Austrians. After Croatian forces overran the rebellious and autonomous Serb region of Krajina in 1995, effectively ending the war of independence, Parliament dropped the provision that guaranteed Serbs proportional representation. The move was intended to reflect the fact that as the Croatian army gained control of Krajina, Serbs departed for Bosnia and Serbia. Later, in 1995, the Law on Elections was amended again to award Serbs three seats in Parliament and other ethnic minorities four additional seats. The deterioration of the Serbs' position continued into 1999, when new amendments to the Law on Elections provided the current five seats for minorities, including only one for Serbs.

The current Law on the Constitution is under review in order to fulfill a long overdue obligation, following the country's 1996 accession to the Council of Europe, for a fair Law on National Minorities. The government is working on the new draft with the OSCE Mission, the Council of Europe's Venice Commission, and various NGOs and minority representatives. According to the Venice Commission, the current law does not offer "an adequate response to the political needs of minorities in Croatia." The Racan government tried to push a new draft in an urgent procedure in July 2002, but Parliament rejected it. The law was given a reading, however, and the government was to submit the final draft no later than six months after the reading—that is, by the end of January 2003.

The draft law offered minorities the right to at least five representatives in Parliament. In addition, minorities with more than 1.5 percent of the population are guaranteed a seat. This in effect would apply only to Serbs. Any additional Serb representatives would be determined by the number of Serbs who voted divided by the average number of votes needed to elect one representative to Parliament. All other minorities (those below 1.5 percent) would be guaranteed a total of four seats.

The leaders of national minorities have objected to the latest proposal. Italian minority representative Furio Radin has stated that three amendments need to be added: "First, explicit incorporation into the Law on the

Constitution of the standard . . . that permits the Parliament to adopt legislation ensuring a special right to national minorities to elect representatives into the Parliament. Second, proportional representation in executive bodies at all levels of government. Third, greater specificity of the cultural autonomy granted to national minorities." The sole Serb representative in Parliament, Milan Djukic, noted that he will not support any law that fails to reflect the freedoms and provisions in the 1991 Law on the Constitution.

As is clear, the Serb minority question in Croatia is still one of the most controversial issues in the country. According to a social tolerance poll conducted by the GfK Agency in October 2002, 25 percent of Croatian citizens would like to see all Serbs forced out of the country. Many political parties support this public sentiment, making it highly unlikely that Djukic will see his demands fulfilled anytime soon.

Croatia's political landscape features 86 parties, 16 of which currently enjoy representation in Parliament. Since the first postindependence elections in 1990, 6 new parties have been added each year in the registry. Some have ceased all activity and exist on paper only. Since the last parliamentary elections, the number of parties in Parliament has increased from 12 to 16, with the most recent additions being Libra and the HB. Considering that the legislative threshold is 5 percent, the number of parliamentary parties is high. However, the number will likely decrease after the elections in early 2004. According to current popularity polls, several parliamentary parties, including Libra, the HSLS, and the HB, will not meet the threshold.

Despite the number of registered parties, only a few have a massive membership base. These include the HDZ and the SDP. According to voluntary disclosures by parties in the last three years, around 370,000 people, or nearly 8 percent of the total population, are active members of political parties.

The opposition is currently led by the HDZ, the second strongest party (34 seats) in Parliament and a right-wing force that experienced a revival in 2002. The HDZ comeback began in May 2001 with the local elections. Overall party support declined from the 1997 local elections, but far less than anticipated considering the events of 1999 and 2000. The HDZ won the most votes in 16 out of 20 counties but secured a stable majority in only 4. Voter turnout was only 46.85 percent, a dramatic decline from 75.3 percent and 63 percent for the 2000 parliamentary and presidential elections, respectively. Local elections always draw fewer voters, but the dramatic decline in 2001 could be attributed to the ruling coalition's inability to push forward many promised reforms and to continuous intracoalition quarreling.

The main problem with the local elections was the adoption of the Law on Elections only 38 days prior to voting, giving parties and the administration very little time to adjust. According to the OSCE's final re-

port on the local elections, the 2001 elections highlighted the need for harmonization of Croatian laws on the elections of Parliament, the president, and local governments. The OSCE also pointed to the absence of a mechanism to punish improper practices by election commissions, nontransparent campaign financing, and infringements on media regulations.

Civil Society

1997	1998	1999	2001	2002	2003
3.50	3.50	3.50	2.75	2.75	3.00

Croatia does not have a developed civil society. Forty-five years of communism followed by a decade of Tudjman's autocracy stripped the average citizen of civic and democratic initiatives. Lack of tradition combined with an unfriendly legal environment and poor overall social and economic conditions stifled the third sector for the whole decade following the country's transition to democracy in 1990. This was helped by the fact that Tudjman's isolationist regime portrayed foreign organizations devoted to civil society building as agents of conspiracy against the newly acquired Croatian sovereignty.

However, toward the end of the Tudjman regime, as the 2000 general elections were approaching, the country saw unprecedented growth in civic action and volunteerism. Vibrant NGO activity helped bring about a change in government through the encouragement of voter participation, awareness campaigns, and constant pressure on the HDZ government to support a transparent electoral process. The organization GONG started as a provote initiative but developed into an all-purpose advocate offering anything from legal advice to tours of the Parliament. GONG's scope of work is indicative of the enthusiasm that spread in the civil society sector when it became obvious that the Tudjman regime would be seriously challenged in the 2000 elections. GONG and similar groups have played a major role in animating Croatian youths, traditionally an apathetic demographic group, not only to vote but also to become active participants in the democratic process.

Croatia's new center-left government has showed a willingness to help strengthen civil society. In November 2000, for example, following a number of discussions, it gathered representatives from numerous NGOs, nonprofit organizations, the public sector, religious institutions, and international organizations to adopt its Program for Cooperation between the government and the nongovernmental, nonprofit sector in Croatia. A number of important measures followed, including the introduction of certain tax breaks for NGOs and the adoption of the Law of Associations. The new law significantly improved the legal framework for NGO activity, including the re-

moval of vague clauses permitting government interference in NGO work; it also eliminated registration and tax hurdles.

Financial independence remains elusive throughout the third sector. The two main obstacles to self-sufficiency are the absence of a philanthropic tradition and the country's poor economic conditions. Limited tax incentives for the private sector's contributions came into being only with the adoption in 2001 of the Law of Associations, and it will take time before regular financing channels are established. Membership-based financing is rare. The main sources of financing continue to be foreign organizations and governments. State contributions are channeled through the governmental Office for Associations and various ministries, but they remain limited.

According to the Office for Associations, there are about 17,000 NGOs in Croatia, of which 2,946 (15.5 percent) are ethnic, veterans, youth, human rights, environmental, social, humanitarian, and women's groups. The rest are various sports, science, technical, hobby, and other organizations.

In addition to women's groups, human rights organizations, environmental organizations, and election watchdogs, there are nonliberal right-wing organizations in Croatia that are capable of destabilizing the government. These are mainly veterans organizations that found themselves out of favor with Croatia's new government, and they oppose the cuts in privileges that the Tudjman government instituted. The strength of groups such as the Association for the Protection of the Homeland War Legacy was displayed during massive demonstrations in 2001 against the arrests of Croat generals. Protesters were able to block main roads, politicize cultural and sporting events, and gather as many as 150,000 people for rallies.

Common slogans at such events call for the removal or even arrest of President Mesic and Prime Minister Racan, as well as certain left-oriented political and public figures. The most recent display of their power came in September 2002 following the ICTY's indictment of retired general Janko Bobetko. Public and political pressure was extraordinary to not cooperate with the ICTY, and veterans organizations went so far as to put armed guards around the general's house. It became obvious that Racan's government, rather than provoke an armed confrontation, was not going to attempt to arrest Bobetko—a strong hit against the government's capacity to enforce the Constitution, in which cooperation with the ICTY is clearly outlined. The constitutional Law on Cooperation with the ICTY was passed by the HDZ-ruled Parliament in 1996.

It is not obvious how the various veterans organizations are funded, but no one doubts their close connections with the HDZ, the HB, the current military establishment, and the Catholic Church. They have helped radicalize a significant segment of the population, especially disaffected youths who have seen few socioeconomic improvements: unemployment, in particular, remains at a record high.

The Catholic Church is a major influence in Croatian society. According to numerous polls, the church is the most trusted institution. However, it represents one of the most backward influences, with extremely conservative leadership. The institution played a significant role in the national homogenization process leading up to Croatian independence and, as a consequence, enjoyed a privileged position during the Tudjman rule. Since the change in government in 2000, the church has remained closely associated with right-wing segments of society. On numerous occasions, church officials have openly criticized the current government on purely political grounds. The church's main publication, *Glas Koncila* (*The Voice of the Council*), is regularly filled with xenophobic and racist commentary. Besides the Catholic Church, there are well-organized Orthodox Christian and Muslim religious communities that operate freely and with little outside influence.

Over 60 percent of Croatia's workers are union members. Unions are independent and increasingly influential in the legislative process. The largest of the five major union confederations is the Union of Autonomous Trade Unions of Croatia, followed by the Association of Trade Unions of Croatia, the Confederation of Independent Trade Unions of Croatia, the Council of Croatian Public Employees' Unions, and the Association of Croatian Workers' Unions. The number of strikes, typically small, increased in 2002, mainly over the government's attempts to weaken the bargaining position of unions in negotiating social contracts.

Croatia's education system is not free of political influence, especially on issues of recent history, religious content, and language. After the country split from Yugoslavia in 1991, national homogenization included the emergence of patriot experts who presented themselves as authorities on these issues. Textbooks were rewritten not only to reflect new realities, but also to portray the world as the HDZ regime saw fit. Curiosities included omitting facts that would give a bad name to the Nazi-supported Ustasa regime that ran Croatia during World War II. Catholic religious education was introduced to schools. In addition, a number of commonly used words were designated Serbian and therefore unacceptable for use. Indeed, correcting someone who had just used a Serbian word became a matter of national pride. These phenomena were omnipresent in the media as well, but it was in schools that the approach became institutionalized in the 1990s.

After great lobbying efforts by the Catholic Church and the HSS, the senior partner in the current ruling coalition that holds the Ministry of Education, religious education was introduced to kindergartens in 2002. Parliament is currently debating legislation that would provide better guidelines for the selection of textbooks and give teachers more freedom in the choice of educational materials. Private educational institutions are rare, but there are no major legal impediments to their development.

Independent Media

1997	1998	1999	2001	2002	2003
4.75	4.75	5.00	3.50	3.50	3.75

Croatia's most trusted and penetrating source of information is television. Since Croatian Radio and Television (HRT) remains a state monopoly, though, the public has yet to hear a strong independent voice out of their TV sets. HRT is currently mired in conflict among several groups of journalists, editors, and managers loosely connected to political groups outside the company. During the decade of the HDZ's rule, HRT served as the ruling party's outpost, and any dissent from the party's agenda was effectively purged. Following the change of government in 2000, HRT became a battlefield for already fragmented interests, resulting in numerous resignations and accusations. The public in the meantime was promised that HRT would be transformed into a modern public service free of political influence. In addition, the government has committed to selling the HRT3 channel to a private competitor. Unlike Croatian television, the print media offer independent views through a number of popular dailies and weeklies with diversified ownership and little political pressure.

Since the 2000 elections, the media have seen little interference from the government. Only state television remains a battlefield for various interest groups. The new Law on HRT, passed in February 2001, gave the government one year to dissolve HRT into independent television and radio branches and to sell HRT3. Since then, though, the government has failed to fulfill either task.

In addition, the Law on HRT posed several problems regarding HRT's conversion to a true public service provider. According to the OSCE's analysis, the law leaves too much room for political interference, delegating power to a Board of Managers that is appointed mostly by Parliament. Also, the 1999 Law on Communications, as amended in 2000, grants most executive regulatory control to the government's inspector for telecommunications. The Council for Radio and Television, at the same time, is responsible for issuing and revoking licenses, without the power to control the state-owned media or impose fines on its own merit. Moreover, Parliament has the right to remove any member of the council at any time, effectively leaving the government as the ultimate authority. As of this writing, the government was working on fulfilling its promises in the 2001 law and instigating a public debate about a new draft law.

According to a study commissioned by the Croatian Journalists' Association, HRT is the prime source of information in the country, with 90 percent of those polled naming HRT as a source of information and 74 percent naming it as the only source. Until the government sells HRT3,

there will be no real competition to HRT. HRT is heavily subsidized by the government, and independent ventures without major capital investment simply cannot compete in the market.

Croatia's print media have been in a better position since the removal in 2000 of various government control mechanisms, ranging from secret service surveillance and threats against journalists to numerous legal and tax hurdles. The two best-selling dailies are *Vecernji List* and *Jutarnji List,* circulating at about 200,000 copies a day. Both are independent, with relatively balanced coverage, yet neither has been able to clearly delineate editorial and news content. This problem is common to most media, whether independent or owned by the state. The most popular political weeklies are *Nacional* and *Globus,* with circulation of about 70,000 copies each, and *Feral Tribune,* which has won numerous international awards.

Questionable court decisions against journalists, newspapers, magazines, and publishers continue to have a chilling effect on reporting. The concept of "emotional suffering" (*dusevna bol*) is popular among members of the political and business elite who were close to the Tudjman regime, and in the 1990s courts awarded significant amounts of money to these individuals. According to the Croatian Journalists' Association, plaintiffs collected about $200,000 in 96 cases.

With the change of government in 2000, many believed that the era of dubious court decisions had passed. However, according to some estimates, 1,200 libel suits against journalists remain backlogged in the court system, and recent court decisions of some cases suggest that the judiciary is still showing considerable bias against independent and critical reporting. In February 2002, the district court in Zagreb ordered the weekly *Feral Tribune* to pay $23,700 to Marica Mestrovic and Zeljko Olujic, who pressed charges in 1998 for two articles that allegedly caused the plaintiffs emotional suffering. The writer of the first article, art historian Zvonko Makovic, argued that Mestrovic was not competent to run the foundation she was heading. Makovic was acquitted during the trial, and his article was recognized as a legitimate form of public criticism. However, the court concluded that the article still had caused Mestrovic suffering and ordered the publisher of *Feral Tribune* to pay damages.

Olujic, who is also Metrovic's lawyer, brought suit against *Feral* editor Viktor Ivancic for an article that exposed some of Olujic's political views, including claims that the Ustasa regime during World War II was not Fascist and that Jews were responsible for the Holocaust. The decision of a lower court, here confirmed by the district court, suggested that Ivancic's article "reeks of cosmopolitan views and attitudes." *Feral*'s bank account was blocked following the court decision, nearly taking the weekly out of business.

The monthly *Croatian Left* is another publication that was hit with a ruling that had a chilling effect on the independent press. In March 2002,

the district court in Zagreb ordered the publication to pay $13,000 to retired general Janko Bobetko for emotional distress suffered when his name was mentioned among others responsible for crimes against Serbs in Sisak during the Croatian war of independence. One has to question such financial punishment for a little-known publication whose annual circulation does not equal in value the figure awarded to Bobetko.

At the same time, the Croatian Helsinki Committee for Human Rights (HHO) has identified the problem of unprofessional, untrue, and inflammatory reporting. In its quarterly report, the HHO singled out a number of cases in which independent publications such as the *Globus* weekly used unfounded accusations, politically motivated tirades, and sensationalist language. In addition, the HHO has noted instances of unethical reporting, in which the media published the full names and photos of indicted individuals whose trials had not yet taken place, as well as regular bias against the Roma.

Croatia's Internet sector is growing steadily in terms of both users and providers. Currently there are 480,000 Croatians on-line, according to GfK, representing 11 percent of population. There are no restrictions on access.

Governance

1997	1998	1999	2001	2002	2003
4.00	4.00	4.00	3.50	3.50	3.75

Improvements in transparency, accountability, and access to information are the principal indicators of the growing stability of Croatian governmental institutions. The main potential source of instability is the dependence of local governments on the central state budget. The inability of local governments to collect and distribute revenues severely limits their capacity to function independently.

The winning political parties in 2000 campaigned on transparency and responsible spending. Indeed, the expectations of the public were so high following the Tudjman regime's decade-long refusal to provide insight into the state's finances that President Mesic had to explain to the media how he was paying for his summer vacation in 2000. By instigating public debate, though, the new government has significantly increased input from expert and NGO sources into the lawmaking process. The new labor code and the Law on HRT are politically sensitive issues that exemplify the new approach. The government changed the draft labor code numerous times following heated debates with trade unions and employers associations, and the Law on HRT saw input from various independent sources. Draft laws and other documents are easily accessible through the media. Final laws are typically the product not only of political deals, but also of a process that includes a fair amount of public input.

Despite significant improvements in access to information, Croatia remains the only country in the region that does not have a freedom of information act. All information not labeled a state, professional, or military secret is accessible by law to journalists, but it is not explicitly stated that the information is free and open to the public. There is even some obstruction of access to journalists, such as the August 2002 episode in Sisak in which Danko Kovac, the president of the district court, forced three journalists to sign a document stating that they were forbidden to report on court witness accounts for seven months. The witness accounts were related to an investigation of crimes committed against Serbs in Sisak during the Croatian war of independence.

The inability of local governments to be financially independent remains a potential source of instability. The April 2001 Laws on Local Self-Governance and Financing of Local Governments are seen as insufficient to address the most pressing needs of local entities. According to a study written by Katarina Ott and Anto Bajo of the Institute for Public Finance, Croatia's administrative structure is not sustainable, because a large number of local units cannot generate sufficient income and are consigned to permanent dependence on central government subsidies.

Croatia comprises 20 counties, 123 cities and towns, 424 municipalities, and Zagreb, which functions as both a county and a city. According to a World Bank–financed study by Inge Perko Separevic of the Croatian Legal Center, growth in the number of administrative units between 1992 and 2000 was dramatic. Forty-four new municipalities were formed, and 49 municipalities gained city status, increasing the number of cities to 123.

Other problems with the legal framework include the overlap of central and local responsibilities. For example, a county governor is an employee of both central and local government. In addition, dependence on the central budget has given local governments the incentive to manipulate communal services to boost local budgets, thereby making it impossible to systematically track and control the communal economies. Ott and Bajo also name the absence of internal audits as a major obstacle to transparent financing.

Rule of Law

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
4.75	4.75	4.75	3.75	3.75	4.25

The reformist government that took office in 2000 was quick to transform Croatia's presidential Constitution into a modern European parliamentary democracy based on a system of checks and balances among the executive,

legislative, and judicial branches of government. Turning the country into a parliamentary democracy has been one of the most important accomplishments of the new administration. The constitutional framework simply does not provide for a return of a dictatorship and, at the same time, does not reduce the presidency to a merely ceremonial role.

The first overhaul of the Constitution took place in November 2000, and the second one followed in March 2001. The second revision dissolved the House of Counties, the lower house of Parliament, and provided a framework for fundamental reform of the judiciary. Under Stjepan Mesic, the presidency has also taken a dramatic reduction in authority, with the new Constitution transferring most presidential powers to Parliament and the government. Parliament, in turn, has been transformed into a transparent institution with televised sessions, input from NGOs in the work of committees, and documentation that is available to the media. According to the nongovernmental organization GONG, Parliament is a vastly different place when it comes to considering recommendations provided by civil institutions. Mesic did succeed in keeping some authority over security issues and appointments of top military personnel.

Of the three branches of government, the judiciary has been the least willing to reform. Croatia has 250 courts and 1,756 judges, 62 percent of whom are women. The resistance to change emanates mainly from the presidents of courts and representatives of the legislative branch, who are appointed to oversee the functioning of courts but not interfere with issues concerning the branch's independence. Their competencies include the recruitment, selection, training, and appointment of judges and a series of other tasks dealing with operational and financial issues facing courts. Most sitting court presidents were appointed by the State Court Council (DSV), a tool that Tudjman and the HDZ used to dictate the appointments of their cadres. After the formation of the DSV in 1996, the Tudjman regime purged the judicial branch and effectively turned the post of court president into the sole authority of any particular court. Already in 1995, the regime had dismissed 13 Supreme Court justices and 400 judges on political grounds.

A series of laws passed by the Racan administration dramatically reduced the authority of court presidents. The remaining resistance to change in the ranks, therefore, stems not from ideological differences, but from the refusal by individuals who received their appointments during the Tudjman era to give up their high social and professional status. Leading the antireformist sentiment is the Association of Croatian Judges, whose head, Vladimir Gredelj, is also president of the court in Bjelovar County. The association challenged the new laws before the Supreme Court, which dismissed the case on nearly all counts.

Ultimately, this process has stalled the implementation of the new laws. According to the Ministry of Justice, by April 2002 (the legal deadline to

appoint court presidents in line with the new laws), only 115 of 249 judges had been appointed; a sizable majority of these were merely reappointments of incumbents. Of the numerous instances of obstructive behavior, one received solid media attention. At the Vrbovec Court, court president Milan Kranjec refused to leave his office, doing so only under escort by the judicial police. While it is certain that the current government has provided the judiciary with a de facto independence that was nonexistent under the Tudjman regime, this newly found independence will hamper attempts to refill posts awarded by the previous regime.

The country's court system is dealing with a great backlog of cases, most dating from the pre-2000 period. According to the Ministry of Justice, the current ratio of solved to new cases is 95 percent. Minister of Justice Ingrid Anticevic-Marinovic has declared that the backlog of over 1 million cases will be eliminated by the end of 2007, primarily by hiring more judges and delegating 700,000 simpler cases to public notaries. The Ministry of Justice also has set up a center for professional education that helps judges, prosecutors, and others deal with their workloads more efficiently. Nevertheless, despite Anticevic-Marinovic's optimism, the transfer of such a large amount of cases remains a concept without clear details on the criteria for delegation or a timeline for making it happen. Ultimately, the Croatian judiciary is sure to remain the country's number one problem impeding progress and change in all segments of society.

Croatia's Constitution provides for all basic human rights, including business and property rights. The country has struggled to enforce the Law on Cooperation with the International Criminal Tribunal for the Former Yugoslavia. Local courts brought several high-profile cases against Croats who allegedly committed crimes against Serbs during the war of independence. However, the process has been mostly unsuccessful. A recent example is the trial against Croat military police who allegedly tortured and killed Serbs at the military prison Lora in Split. The trial featured the release of all defendants by Judge Slavko Lozina, their re-arrest upon pressure from the government and the ICTY, and repeated denials by Serb witnesses to confirm previously signed statements amid the threatening atmosphere. The media widely reported Judge Lozina's cheering at a concert in Split attended by members of the right-wing political and military establishment. The concert featured the singing of pro-Nazi Ustasa songs and chants against President Mesic, with special luxury seats kept empty in honor of Generals Mirko Norac and Ante Gotovina, the former in prison and the latter in hiding for war crimes. The Lora trial reflects the difficult challenges any future government will face in its attempts to reform the judiciary.

A number of human rights violations have been brought before local courts, most relating to the politically sensitive issue of minority returns. Although the government has changed its attitude toward the returnees

significantly—through new strategies, public relations campaigns, and correspondence with international institutions—Croatian courts remain biased against them. Court decisions that do favor minorities are often not implemented. While the current government's rhetoric is a vast improvement over the pre-2000 regime, much remains to be done in the coming years.

Corruption

1997	1998	1999	2001	2002	2003
na	na	5.25	4.50	4.50	4.75

The government elected in 2000 has treated corruption in a manner similar to public administration and the judiciary. That is, it has put in place a solid legal framework and institutions to deal with problems inherited from the previous regime, but their implementation and functioning have been slow or have stalled. This slowdown is reflected in Transparency International's 2002 Corruption Perceptions Index, which ranked Croatia 51st out of 102 countries and gave it a score of 3.8 out of 10. This represents a step back from the previous year, when the country ranked 47th and received a score of 3.9.

Croatia's Parliament adopted the government's National Anti-Corruption Program and Action Plan in March 2002. The document actually was drafted over a year earlier, and certain tasks contained in it had already been completed by the time of its passage. For example, the Action Plan called for the Ministry of Internal Affairs to form a Crime and Corruption Department with toll-free telephone lines for citizens to report specific cases. In October and November 2001, the new department received 240 calls, 20 faxes, and 10 e-mails, and the tips did lead to a few small-scale arrests.

The ministry handed over most of the investigations to the Office for the Suppression of Corruption and Organized Crime (USKOK), which Parliament formed in October 2001 with much publicity. The creation of USKOK has solved the country's need for an independent and specialized entity to fight corruption, as prescribed by Article 20 of the Council of Europe's Criminal Law Convention on Corruption, which Croatia signed in November 2000. Over a year later, USKOK had not produced significant results, but it still may be too early to tell. Under the Action Plan, the government also adopted new regulations for local self-government laws and joined the OSCE Convention and Stability Pact's Anti-Corruption Initiative. To date, however, the government has failed to pass through Parliament legislation on conflict of interest for public officials. Parliament rejected the first draft, judging it too harsh.

According to the Action Plan, 65.8 percent of the country believes that corruption is very widespread; another 32.9 percent considers it merely widespread. In addition, the daily paper *Vecernji List* has reported that 30 per-

cent of population believes corruption is normal, while only 40 percent finds it unnecessary. Of those polled, at least one-quarter had actually bribed someone, mainly individuals in the health sector (44 percent), the judiciary (13 percent), and public administration (8 percent).

The appointment in 2001 of Radovan Ortynski as public prosecutor was an important part of the Racan government's campaign again corruption. However, Ortynski was fired in 2002 following the rejection by Parliament of his annual report. Already sensing Parliament's dissatisfaction with the document, Ortynski presented the report by announcing that organized crime could not be fought in Croatia because it reaches high into the government and the judiciary. He then followed with a statement saying that he could prove the claim. Although several representatives asked that a commission be formed to investigate Ortynski's allegations, the parliamentary judicial committee refused the request. Both the SDP and the HDZ voted for Ortynski's removal, thus ending an embarrassing episode in the government's fight against corruption and organized crime. To a certain extent, the ordeal exemplified the government's overall success in highlighting the issue of organized crime in Croatia and particularly the looting of state resources by elites close to the Tudjman regime.

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Czech Republic

Capital: Prague
Polity: Parliamentary democracy
Economy: Mixed capitalist
Population: 10,300,000
GDP per cap at PPP: $13,991
Private sector as % of GDP: 80
Ethnic Groups: Czech (81.2 percent), Moravian (13.2 percent), Slovak (3.1 percent), other (3.5 other)

Nations in Transit Ratings and Averaged Scores

	1997	*1998*	*1999*	*2001*	*2002*	*2003*
Electoral Process	1.25	1.25	1.75	1.75	2.00	2.00
Civil Society	1.50	1.50	1.50	1.50	1.75	1.50
Independent Media	1.25	1.25	1.75	2.00	2.50	2.25
Governance	2.00	2.00	2.00	2.00	2.25	2.25
Democratization Scores	**1.50**	**1.50**	**↓↓1.75**	**↓1.81**	**↓↓2.13**	**↑2.00**
Constitutional, Legislative, and Judicial Framework	1.50	1.50	2.25	2.50	2.50	2.50
Corruption	na	na	3.25	3.75	3.75	3.50
Rule of Law Scores	**na**	**na**	**2.75**	**↓↓3.13**	**3.13**	**↑3.00**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

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INTRODUCTION

The Czech Republic came into being on January 1, 1993, when Czechoslovakia split peacefully into two states—the Czech Republic and the Slovak Republic. Under the coalition government of three center-right parties that had come to power a year earlier, the country enjoyed a propitious international environment and stable political and social conditions at home during the first years of its existence. The country's new constitutional framework, which drew primarily on the traditions of pre–World War II Czechoslovakia, provided for a parliamentary system of government and a president with limited executive powers. It also institutionalized elements of democratic governance and a market economy. The privatization of state-owned enterprises was achieved through a combination of restitution of assets to previous owners, standard methods of tender, and a large-scale voucher program.

By the mid-1990s, tensions in the ruling coalition were building and a feeling that reforms were losing pace had emerged. Following the Czech Republic's initial privatization successes, a deficient institutional framework and continued state ownership of the country's major banks came to be seen as obstacles to much-needed structural reforms. The 1996 parliamentary elections, when the ruling parties succeeded only in forming an unstable minority government, contributed to the malaise An economic downturn that began at the end of the year forced the devaluation of the hitherto stable currency, as well as emergency spending cuts, and ultimately led to the government's downfall in 1997 amid allegations of improper party financing. A temporary government held office until extraordinary elections were held in 1998 and the country's two largest parties, representing opposite sides of the political spectrum, joined together in a somewhat unorthodox alliance. Having entered into the so-called Opposition Agreement, the center-right Civic Democratic Party (ODS) agreed not to seek the overthrow of the minority cabinet of the left-leaning Czech Social Democratic Party (CSSD). The arrangement embittered other parties and many of the country's elites. It also elicited civic protests and occasional mass demonstrations. The strategic aim of the Opposition Agreement—constitutional and electoral reforms—was not achieved.

The strength of the Czech economy also looked uncertain during this period. Macroeconomic imbalances and faulty policies stifled growth, and

previously hidden costs of the post-Communist transformation came clearly into view. In response, the government undertook the commendable task of privatizing the country's large banks. However, prior to privatization it improved the banks' balance sheets by removing nonperforming loans from their portfolios. The government also undertook the controversial takeover of the Investicni a Postovni Banka, selling it to another Czech bank under highly favorable terms. The total cost of this transaction to the banking sector is estimated to be as high as CZK 300 billion (US$10 billion). The government succeeded in jump-starting growth only by pouring cash from individual asset sales into the economy and ultimately worsened the long-term fiscal outlook. In 2002, the Czech Republic's budget deficit reached 4.5 percent of gross domestic product (GDP), and according to projections by the European Commission, the Czech Republic is set to hold the highest budget deficit of all European Union (EU) candidate countries until 2005. The public debt currently stands at 20 percent of GDP.

Despite these difficulties, the Czech Republic successfully joined the North Atlantic Treaty Organization in 2000 and proceeded with efforts to become a member of the EU. At a historic summit in Copenhagen in December 2002, the country's hard work culminated in the signing of accession agreements on EU membership. The CSSD government served out its full term into 2002, and elections in June resulted in the formation of a center-left government of the CSSD, the Freedom Union (US), and the Christian Democratic Union–Czechoslovak People's Party (KDU-CSL). Although the new government enjoys only a single-vote majority in Parliament, there is at least a clear delineation between the government and the opposition.

The year 2002 was also marked by the changing roles of three political leaders who had exerted controversial but formative influence during the first decade of the country's democratic transformation. President Vaclav Havel, whose term ends in February 2003 and whom the Constitution bars from seeking reelection, gave the transition process moral legitimacy and secured respect for the country abroad. Prime Minister Milos Zeman, who stepped down after the June elections, proved himself a capable leader, first of his party in opposition and then as a firm prime minister. He did so even as a polarizing figure in Czech politics who was adored by some and loathed by others, and who led a government that became increasingly profligate and tainted by corruption. Former Prime Minister Vaclav Klaus, also a polarizing figure, was credited with championing the tenets of market economics and managing the "velvet divorce" of the Czech and Slovak Republics. He was also criticized, though, for abandoning these ideas in practice and showing scant regard for the legal framework of the post-Communist transformation and the changing role of civil society. Klaus renounced the leadership of his party in December

and was expected to seek the presidency in 2003. To an extent, the short political history of the Czech Republic is a chronicle of the rivalry among these three individuals, dubbed the country's "founding fathers" by some and "political dinosaurs" by others.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
1.25	1.25	1.75	1.75	2.00	2.00

The Czech Republic's electoral legislation has undergone a variety of changes in recent years. The country's systems for electing local governments, the Chamber of Deputies (the lower house of Parliament), and the president all have come under pressure for reform. The particularly bitter fight over changes to the procedures for electing members of the Chamber of Deputies has been at the core of political developments for the last three years. Previously, elections to the chamber were based on a proportional, party-based system consisting of seven electoral districts and a 5 percent threshold for gaining seats. However, reform of the electoral system was one of the central goals of the Opposition Agreement between the ODS and the CSSD, both of which argued that the proportional system insufficiently facilitated the creation of strong governing majorities. Other parties felt that such change would not be in their interests.

In 2000, Parliament passed a new electoral law solely with votes from the Opposition Agreement bloc. Although the new legislation provided for a proportional system, it called for modifications to the existing system that had the effect of concentrating mandates in favor of stronger parties and establishing a higher threshold for coalitions. The Christian Democratic Union–Czechoslovak People's Party (KDU-CSL), the Civic Democratic Alliance (ODA), the Freedom Union (US), and the Democratic Union (DEU)—also known as the Coalition of Four—and President Havel decried the new law as an opportunistic power grab. The president and a group of senators filed briefs against the relevant sections of the law with the Constitutional Court, arguing that the new system breached the constitutional provision that elections to the Chamber of Deputies should take place "according to the principles of proportional representation." In January 2001 the court ruled in the plaintiffs' favor, taking the view that the electoral system should not only be technically proportional but also have predominantly proportional effects. Consequently, Parliament passed a new law that called for a vote-counting system similar in its effects to the one in the pre-

vious law and whose changes were limited mostly to accommodating the existence of the new self-governing regions that came into being in 2001.

Passage of the compromise law had a far-reaching impact on the Czech political landscape. On the one hand, the Coalition of Four, with the threat of a disadvantageous electoral system having been removed, lost its drive to build a single, integrated political force capable of winning elections. Instead, its members focused more on becoming attractive to their prospective coalition partner of choice, the CSSD. The Coalition of Four, which became a two-member coalition by joining the US with the DEU and expelling the ODA, entered the government after the June 2002 election, but the liberal US suffered a loss of political identity after that and its support in the polls fell below 4 percent. On the other hand, the Opposition Agreement parties—the CSSD and the ODS—were deprived of the long-term political benefits of their alliance and were left to suffer its drawbacks, namely their unpopularity with the general public and many of their own supporters.

The CSSD proved victorious in the June 2002 election to the Chamber of Deputies with 30.2 percent of the vote, followed by ODS with 24.5 percent, the Communist Party (KSCM) with 18.5 percent, and the Coalition of Four with 14.3 percent. No other party overcame the 5 percent threshold to secure seats. (The Green Party, the next most successful party, took only 2.4 percent of the vote.) There were no major complaints against the conduct of the vote, and the monitoring mission of the Organization for Security and Cooperation in Europe declared the election free and fair. The most conspicuous feature of the vote was low turnout—only 58 percent. This represented a sharp decrease over previous elections to the Chamber of Deputies in which voter turnout had never sunk below 70 percent.

Another important feature was the success of the KSCM, which registered its best showing ever. It also was the only party to experience a gain, compared with the 1998 election, both in relative (7.2 percent) and absolute (220,000 more votes) terms. All other parties, including the victorious CSSD, lost parliamentary seats. Since the Czech Communists, unlike their counterparts in neighboring post-Communist countries, have never fully renounced their totalitarian past, their showing is worrying. Although there is no consensus among observers of Czech politics about the reasons for this development, various explanations have been put forward. Some have suggested that the CSSD, no longer in opposition, lost its ability to siphon off Communist voters. Others point to the legitimization of the Communist Party as a result of the appearance in the campaign of the theme of the "Sudeten German threat." Still others suggest that the KSCM enjoyed such a strong showing owing to the voting public's general disgust with the democratic politics of the Opposition Agreement era.

The new government is led by the CSSD, with the KDU-CSL and the US as its junior partners, and is composed solely of members of those par-

ties. The clear demarcation between the government and the opposition (now the ODS and the KSCM) is a welcome departure from the Opposition Agreement toward a more standard arrangement. However, the government relies on a majority of just a single vote in the Chamber of Deputies. In addition, the political differences within the ruling coalition are sizable, and the government has already suffered legislative defeats. Some members of the CSSD hint at the possibility of dispensing with the US and relying instead on Communist votes. The Communists themselves gain the most from this situation, aligning themselves sometimes with the government and at other times with the ODS. Where the KSCM was once shunned by political parties for failing to renounce its past, it now is rewarded by proportional representation in various governmental and parliamentary councils. The weight of the Communist vote now makes the continuation of this attitude untenable, and it is just a question of time before the KSCM becomes part of a government coalition.

Parliament amended the Law on Municipal Elections in 2000 by moving it in the direction of more concentrated mandates for stronger parties. This legislation was less controversial than the law governing elections to the Chamber of Deputies and was not challenged. Municipal elections in November 2002 took place according to this law. Voter participation was 43 percent, compared with 45 percent in 1998 and 61 percent in 1994. Elections to the governing bodies of the country's new self-governing regions were held for the first time in 2000; voter turnout was 34 percent.

Elections to the Senate, the upper chamber of Parliament, consistently draw the lowest turnout of voters. Although the 1992 Constitution contained provisions on the Senate, the body did not come into being until 1996. The Senate does not have the power to approve and recall governments, nor does it vote on state budgets. Although the Senate may act on legislation, the Chamber of Deputies often overrides its amendments. Bills on which the Senate does not act are deemed to have its approval. The role of the Senate in the eyes of the general public remains unclear, and calls for its abolition are still occasionally voiced.

Members of the Senate are elected to six-year terms from 81 single-mandate districts according to a two-round majority system. A third of all Senate seats come up for election every two years. Turnout for elections in 2002 was 24 percent in the first round and 32 percent in the second round. In 2000, voter participation was 33 percent in the first round and 21 percent in the second round. Only a candidate who gains more than 50 percent of the vote can win in the first round; otherwise a second round must take place. In contrast to the similar French system, only the two strongest candidates proceed to the second round. If there are numerous candidates and voter participation is low, a miniscule number of votes can decide who proceeds to the second round. Ultimately this diminishes the legitimacy of the Senate.

The president is elected by both chambers of Parliament in a process that requires a high level of consensus. There are no special registration requirements for presidential candidates, but only groups of 10 or more deputies or senators may make nominations. The last presidential election took place in 1998 and was free and fair. With the towering personality of Vaclav Havel gone, the election of his successor in 2003 is expected to be difficult.

The Czech political system is based on political parties and is rooted in a constitutional commitment to their "free competition." The functioning of parties, however, leaves much to be desired. Although most political parties are organized as mass-based groups with exclusive membership requirements, their actual membership numbers are very low. There are numerous other parties in the Czech Republic, but they lack sizable memberships and sustained influence on national politics. By the close of 2002, the Ministry of the Interior had registered 118 political parties and movements, several of which were no longer active.

Table 1. Reported Membership in Leading Czech Political Parties

PARTY	MEMBERSHIP
Communist Party of Bohemia and Moravia (KSCM)	220,000
Christian Democratic Union–Czechoslovak People's Party (KDU-CSL)	50,000
Civic Democratic Party (ODS)	18,000
Czech Social Democratic Party (CSSD)	18,000
Freedom Union–Democratic Union (US-DEU)	800

Recent legislative changes provide generous state financing for parties represented in Parliament. Funds are granted according to a formula based on the number of seats each party holds in Parliament, regional assemblies, and large municipal assemblies. Parties also receive a contribution for election campaign costs based on the number of votes received in previous elections. Any party receiving more than 1.5 percent of the vote in an election to the Chamber of Deputies is eligible for state support.

Political parties must register with the Ministry of the Interior. According to the Law on Associating in Political Parties and Political Movements, registration is denied to groups that break laws, seek to abolish the democratic foundations of the state, are not governed by democratic rules and organs, or seek to hold power at the exclusion of others or deprive citizens of their equal rights, or to those whose activities endanger morals, public order, or the rights of citizens. These provisions have occasionally been used to deny registration to extremist parties of both the left and the right. In one case of apparent abuse of the process, the Liberal Party was denied registration in 2001 on the grounds that it opposes legislation that outlaws so-called ver-

bal crimes such as the promotion of fascism and communism. The Supreme Court heard an appeal by the Liberal Party in April 2002, affirming the Ministry of the Interior's argument that the group's goal is contrary to the constitutional order. When the Constitutional Court refused to hear an appeal, the party decided to takes its case to the European Court for Human Rights.

Ethnic minorities in the Czech Republic do not have political representation of any note at the central level. Past attempts at political organization among the Roma (Gypsy) minority ended in fragmentation and futility. Nonpolitical minority organizations do exist. Their representatives engage in the government's Council for National Minorities and cooperate with governing bodies on both the regional and municipal levels.

Civil Society

1997	1998	1999	2001	2002	2003
1.50	1.50	1.50	1.50	1.75	1.50

Civil society in the Czech Republic is an increasingly vibrant and mature part of the social and political fabric of the country. The most common form of voluntary organization is the civic association. As of November 2002 there were 54,895 NGOs registered in the country. Of these, 46,151 were civic associations; however, only about two-thirds were considered active. The remaining NGOs consisted of church-related organizations (4,810), foundation funds (786), public benefit organizations (707) and foundations (328).

Czech nongovernmental organizations (NGOs) are active in many fields, including sports, the environment, culture and cultural preservation, and social and health services for the handicapped, the elderly, and other disadvantaged groups. Several organizations successfully participate in the provision of international humanitarian aid. A limited number of groups—the most active being environmentalists—engage in the dissemination of ideas or in public advocacy. An even smaller number of organizations fit the category of public policy think tanks.

The legal foundations for the various types of Czech NGOs include the 1990 Law on Association of Citizens, the 1995 Law on Public Benefit Corporations, and the 1997 Law on Foundations and Funds. These latter two laws were amended in 2002. Writing for the Trust for Civil Society in Central and Eastern Europe, analyst Petr Pajas noted that the original laws had "introduced many positive changes in the legal environment—especially in the areas of transparency, accountability, and governance." However, according to Pajas, "certain changes in these laws were found to be necessary." The amendments to the Law on Public Benefit Corporations allow

groups to establish branches abroad and to dismiss board members who violate their bylaws or statutes. In addition, foreigners may now establish public benefit corporations in the Czech Republic and serve on their boards without restriction. The changes to the Law on Foundations and Funds improve the mechanisms for investing foundation assets.

A small number of anti-liberal organizations do exist in the Czech Republic, and the Ministry of the Interior monitors them in its regular report on extremism. Groups on the extreme right express mainly anti-Roma and anti-Semitic sentiments and often are connected to racist attacks. Some groups maintain contacts with similarly oriented groups abroad. An attempt to integrate the extreme right into organized politics by forming a party before the 2002 election foundered owing to organizational and financial problems. Groups on the extreme left are inspired mostly by anarchist, anti-capitalist, and anti-globalist ideologies. Organizations like these usually have only a few dozen members.

Experience and training have contributed to ongoing improvements in the organizational capacity of Czech NGOs. In particular, several large foundations run workshops and seminars on organization, fund-raising, project management, application writing, communications, and other topics. The situation is much better in Prague, though, than in other parts of the country. Many NGOs are too overloaded with day-to-day project work to pay sufficient attention to strategic planning. In addition, the culture of volunteerism is not sufficiently developed, and few NGOs devote systematic energy to building a network of supporters. The importance of boards of directors is not always fully grasped.

The nonprofit sector is heavily dependent on the state and large foreign donors for funding. However, foreign grants are in decline and are set to decrease substantially when the Czech Republic joins the EU. To address this growing regional problem, several large Western foundations partnered in 2000 to form the Trust for Civil Society in Central and Eastern Europe. The trust's mission is to "support the development and long-term stabilization of civil society in Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia, and Slovenia."

Transparency in the government's financing of NGOs has increased in recent years. Since 1999 the government has adopted a list of civil society activities that it will fund each year through NGOs and then publishes a list of available contracts. However, this system limits capacity building by NGOs because the state offers support only on a year-to-year basis without the promise of renewal. The state also lacks sufficient mechanisms for evaluating the effectiveness of the organizations to which it provides grants. In 2000, state entities granted CZK 3,161 million (US$105 million to NGOs.

The nonprofit sector also has benefited from grants directed to the endowments of Czech foundations. The Foundation Investment Fund was

established in the early 1990s with proceeds from the privatization of state enterprises. In tenders in 1999 and 2001, Parliament gave grants totaling $50 million to 73 foundations. When this process brought to the attention of foundations the need for better financial management, several groups associated with the Donors' Forum, an umbrella group of Czech foundations, jointly established a professionally managed investment fund for their endowments. Nevertheless, the financial position of domestic foundations remains insufficient to provide the majority of financing for the country's nonprofit sector. On average NGOs receive about 39 percent of their funding from the government.

The public generally views the nonprofit sector favorably, and the government engages groups in a more open manner today than it did in the first half of the 1990s. Media coverage of NGO activities has improved as large groups have grown more media-savvy and media outlets, in turn, have shown more interest in their work. For instance, *Mlada Fronta Dnes*, the most widely circulated newspaper, devotes a weekly public service section to a particular NGO.

During the floods of August 2002, Czech NGOs were engaged heavily in relief work. The Czech public appreciated these efforts and responded by volunteering their time and making donations to the effort. The two largest NGO collections brought in CZK 250 million (US$8.3 million) and CZK 33 million (US$1.1 million) respectively, while a government-sponsored effort resulted in donations of CZK 142 million (US$4.7 million). The NGOs often seemed more flexible in their ability to respond to the crisis and more knowledgeable than state officials of the flooded areas' specific needs.

Trade unions are free, and the government accommodates their ideas on labor legislation. Although most unions are close to the CSSD, with several union leaders even having become Social Democratic politicians, they function independently in their efforts to protect the welfare state. The Czech-Moravian Confederation of Trade Unions, an umbrella organization that unites most but not all trade unions, has published complaints from workers about the difficulties they have encountered in registering unions in several foreign-owned hypermarkets. About 25 percent of the workforce belongs to a union, but that number is in decline.

Czech law does not regulate interest group participation in the country's political life. NGOs, professional associations, and interest groups may be invited on an ad hoc basis to participate in political deliberations. However, this rarely happens in practice. A group known as the "Tripartite" does bring together the government, an association of employers, and trade unions on a formal basis to discuss welfare and economic policy. Governmental councils on minority, Roma, and NGO issues are exceptions. Both local and national environmental groups have been active in waging public campaigns, most notably in protest against the construction of the Temelin nuclear power

plant and a number of other industrial and infrastructure projects. Some members of NGOs have begun to transform their social activism into the direct pursuit of political power. In 2001, for example, a group of activists joined the leaders of the Christian Democratic Party and the Freedom Union in signing a joint document known as the Brandys Declaration, which detailed a variety of policy goals such as increased state financial commitments to the nonprofit sector. The same activists then conducted a voter-education campaign that was slanted against the ODS. Following the 2002 elections, an environmental activist set out to take over the top leadership post in the Green Party

Successful efforts have been made since the beginning of the 1990s to purge the educational system of political propaganda. However, elementary education is still criticized as rigid and unresponsive to students with special needs. The discriminatory practice of placing Roma students in special education schools also remains a problem. The greatest difficulties facing institutions of higher education are a lack of funding and the unwillingness of the political class to reform the university system and expand opportunities for higher education to a wider segment of the population. The Czech Republic lags behind not only Western states but also neighboring countries in the proportion of the population that receives a university education.

In 2002, of the country's 1,021,000 elementary school–aged students, 6,744 were enrolled in private schools (both religious and parochial); 75,196 out of 487,000 students at the secondary level were attending private schools. Private universities have been in existence since 1999 and currently enroll about 7,000 students. Private schools receive state subsidies on a per-student basis. However, parity with state schools is not guaranteed by law, and the size of the state's contribution is negotiated on an ad hoc basis. The previous government was not a friend of private education, the defense of which was one of the few issues to unite right-wing parties in Parliament. The current government came to power promising to "preserve the comparable conditions" of public and private schools.

Independent Media

1997	1998	1999	2001	2002	2003
1.25	1.25	1.75	2.00	2.50	2.25

Czech media are free but not without problems. Ceska Televize (Czech TV), the public service television broadcaster, has been plagued by political problems and does not fully fulfill its role as a provider of high quality, thorough, and impartial information. Both CT and TV Nova, the dominant private television broadcaster, attract as much attention from their own management and ownership disputes as they do from their programming.

With the exception of a few specialized journals, no media are state-owned. Czech TV, Czech Radio, and the Czech Press Agency are independent public service institutions that were established and endowed with property under Czech law and are overseen by councils appointed by the Chamber of Deputies. The two state broadcasters are partially financed by obligatory fees collected from individuals who own radios and TV sets. Parliament establishes the fees, and the broadcasters collect them. Czech law outlines the general aims of the broadcasters, and in a 2001 amendment Parliament approved a more detailed code of standards for Czech TV.

The newspaper market has experienced consolidation in recent years, and a number of national and regional titles no longer exist. *Blesk*, the country's most popular paper, is a tabloid. *Super*, which was *Blesk's* biggest competitor, folded in 2002. With the exception of *Pravo*, all of the major daily newspapers are controlled by foreign—predominantly German—owners. Although some observers have expressed concern that the papers' foreign owners are negatively influencing news content, the fears seem misplaced. Of greater concern is the concentration of media ownership. *Mlada Fronta Dnes* and *Lidove Noviny*, two of the four most serious national papers, share the same owner. Practically all regional dailies are also owned by a single investor.

Foreign owners contribute to a different problem. Although they operate reputable businesses, most are publishers of regional, not national, newspapers in their home markets. (The only exception is *Hospodarske Noviny*, which is owned by the U.S. firm Dow Jones and the German company Handelsblatt.) As a result, they do not seem to have a sufficient understanding of the role and significance of the national newspapers they publish in the Czech Republic. At many papers, this has led to a lowering of the level of content and to pressure to skimp on human resources. Only *Hospodarske Noviny* has begun to pursue a strategy of building a quality readership. Other papers tend to pursue the highest circulation levels possible.

Table 2. Major National Newspapers

NEWSPAPER	AVERAGE PAID CIRCULATION*
Blesk	412,151
Mlada Fronta Dnes	305,556
Pravo	202,736
Lidove Noviny	92,480
Hospodarske Noviny	75,513

*as of November 2002
Source: Audit Bureau of Circulations Czech Republic

Tabloid magazines, TV guides, hobby magazines, and women's magazines dominate the Czech magazine market. *TV Magazin*, the highest-selling magazine, has a paid circulation of 506,103; *Tyden*, the most successful

news magazine, has a circulation of 61,394. Although a handful of independent newsweeklies provide a variety of viewpoints, their impact on the market is low. Periodicals like these typically either have strong financial backing or must devote most of their space to soft news and human interest stories in order to survive. *Respekt*, the best-known opinion and news magazine, has been operating at a loss for several years, and its experience suggests that the economic environment for such publications is difficult.

Czech Radio, the national broadcaster, operates four stations with different formats. Radiozurnal, its pop music and news station, is the most listened-to station in the country. This station is followed closely in popularity by the private stations. There are a number of national and regional private radio stations, most of which broadcast low-cost pop music and talk programming and none of which has any significant news-gathering capacity of its own. The Czech broadcast of Radio Free Europe ended in 2002. Although some of its staff moved over to Czech Radio 6, a news station run by Czech Radio, the Czech service of the BBC assumed the role of the country's most respected news station. BBC's Prague-based staff produces news and several hours of commentary and discussions daily.

TV Nova dominates the Czech television market. TV Prima, another private station, has been gaining in market share, while Czech TV has been stagnant since experiencing a steep fall after the launch of TV Nova in 1993.

Table 3. Average TV Viewership, January to June 2002

STATION	PERCENTAGE
TV Nova	44.23
Czech TV 1	20.50
Czech TV 2	10.38
TV Prima	19.60
Others	5.29

Source: Taylor Nelson Sofres-ATO Mediaresearch

The regulation of broadcast media suffers from both incoherent legislation and the faulty performance of the Council for Radio and Television Broadcasting, the state regulator whose members are appointed by Parliament and which is often viewed as protecting the interests of the ODS, the CSSD, and TV Nova. In addition, individual broadcasters are not without problems, particularly in terms of the quality and objectivity of the programming they produce. TV Nova and Czech TV provide two cases in point.

TV Nova's news programs are often manipulative and biased. During the 2002 election, for example, its coverage was slanted in favor of the ODS, the CSSD and the KSCM at the expense of the KDU-CSL and the US. At the same time, though, its news programs often carried important develop-

ments that the public service broadcasters missed. Czech TV, for its part, has responded to pressure to compete with the country's commercial broadcasters by highlighting ephemeral news, pushing foreign news to the back of the program, and reducing the length of news items. The failure of Czech TV to fulfill its role of providing quality information and space for informed debate became apparent during the 2002 election campaign. In previous years, Czech TV often was accused of playing an activist role in support of particular political parties. In 2002, though, its role in the elections was significantly diminished and it featured only rigid roundtable-style debates before prime time. Czech TV's main evening news broadcast largely avoided election news, leaving other media outlets to break important events that influenced the campaign.

Czech TV has been in a chronic state of crisis for some time; the crisis reached its high point but certainly not its end during the "TV crisis" of December 2000 and January 2001. In November 2002, the broadcaster lost its fifth director in as many years. This predicament is fueled by a combination of causes that include the temptation of politicians to try to influence its work, the lobbying interests of employees and film industry professionals, and an ill-defined mission. The problems of Czech Radio are not as prominent, probably because the financial and political stakes associated with it are lower.

Czech media are editorially independent. Infringements on their independence have been alleged but are difficult to assess. Likewise, anecdotal evidence suggests that the influence of lobbyists and public relations agencies is substantial. Often contributing to the problem are opaque and concentrated ownership structures.

The legal framework for press freedom can be described as adequate. However, problems arise in its implementation and interpretation. For example, many prosecutors and judges do not posses a sufficient understanding of the issues related to press freedom and their judgments are overtly restrictive or simply incoherent. A case in point was that of journalist Ivan Brezina, who in 2001 sued Prime Minister Milos Zeman for asserting publicly that a power-generating company had paid Brezina for articles he wrote on energy policy. Although the trial revealed that Zeman had based his assertion on inaccurate information and the judge ordered Zeman to apologize, Brezina actually lost the case on appeal and was forced to pay court expenses. In 2002, Minister Without Portfolio Karel Brezina (unrelated to Ivan Brezina) successfully sued cartoonist Stepan Mares for publishing comic strips that depicted Brezina engaging in sexual acts, even though the drawings also contained political commentary.

Although provisions on libeling the president and prime minister have been removed from the criminal code, the code's broad provisions on criminal libel remain in force. Lawmakers are considering those provisions' re-

peal, but those who favor the statute argue that it produces swifter and less expensive justice than the available civil remedy. To the apparent approval of the general public, this statute was used in 2002 in the successful prosecution of reporters from the tabloid *Blesk* for information they had reported on two popular actors.

The Syndicate of Journalists, the main professional journalistic association, has about 3,500 members. Of these, approximately 40 percent are women. The syndicate is active both in representing journalists' interests to policy makers and the public and in cultivating higher professional standards. The organization's recognition and prestige is growing but should be higher.

The Internet is playing an increasingly important role in the exchange of information and ideas. The Freedom of Information Act obliges the government to post certain kinds of information online, and most governmental institutions and municipalities maintain their own Web sites. In addition to Web sites operated by newspapers, there are several popular webzines (Web-based magazines) devoted to public affairs. At the close of 2002, about 2.4 million people, or 24 percent of the population, were using the Internet regularly. This figure was 14 percent higher than the previous year. The high daytime usage rates charged by Czech Telecom, the dominant service provider, present the single greatest obstacle to higher usage by individuals and small organizations. The company's off-peak rates are much more reasonable. Czech Telecom began to offer broadband access in 2002, but the cost of the service is excessively high.

Governance

1997	1998	1999	2001	2002	2003
2.00	2.00	2.00	2.00	2.25	2.25

There is no evidence to suggest that the Czech government will be forced to seek extra-constitutional resolutions to problems at any time in the near future. However, "stable" might be too strong a word to describe the country's current system of governance. Given the failure of electoral reform in 2001, national elections could keep producing a Chamber of Deputies that is incapable of supporting strong, effective majorities. The inability of the country's political elites to keep public finances in good shape contributes to institutional weakness as well. Despite problems like these, successive governments have managed to maintain broad support for important stabilizing measures needed to prepare the country for entry into the EU.

Since 2000, steps have been taken to improve transparency in the functioning of executive and legislative bodies. For example, draft legislation, transcripts of parliamentary debates, records of plenary votes, and copies of

government regulations and resolutions are now available online. The Freedom of Information Act, which Parliament adopted in 1999, is being exercised most vigorously at the local administrative level, and an independent Web site—www.ostosest.cz—is devoted to monitoring the functioning of this law.

Members of Parliament have a research unit at their disposal and sufficient funds to commission expert reports and analyses. However, they lack sufficient interest in soliciting broad public input in policy making. As one knowledgeable lobbyist put it, "Typically, a policy idea is generated by officials in a vacuum. This is not surprising when one considers how little consultation there is in the Czech Republic between officials and those affected by policy." Information such as analysis of politicians' voting records is nonexistent, and independent structures providing expert examinations of policy are undeveloped. Instead, policy develops mostly in a closed system in which various interests approach policy makers directly and outside of public view.

The Constitution provides for self-government by municipalities and regions. Local communities are governed by elected bodies and may issue local regulations within the boundaries of the law. They also may own property and maintain their own budgets, but their influence over income generation is limited. Municipalities and regions have authority over property tax rates and may introduce certain fees, but the bulk of their income comes from the redistribution of central funds and is only partially related to the economic output of the community itself.

The Constitution contained provisions on self-governing regions when it was adopted in 1992, but these 14 administrative divisions only came into existence in 2001. While responsibility for education, cultural activities, health care, social services, and transportation has been transferred to the self-governing regions from the state, this process has not been accompanied by a commensurate reduction in the number of bureaucrats in the central government and actually has resulted in a reduction of state services for some citizens. Nevertheless the new regions gradually have been gaining legitimacy. They proved themselves particularly useful in helping communities cope with the August 2002 floods.

The efficiency and professionalism of the civil service has been considered insufficient for many years. Civil servants operate under the provisions of the Labor Code just like any other Czech worker. The Code of Ethics for Employees of the State Administration, which the government approved in March 2001, is vague and has had minimal publicity. At the urging of the EU, a new law on civil service was adopted in June 2002 and will be phased in over the next four years. The new law sets detailed rules for civil servants, among them limitations on their business activities, minimal educational standards, and requirements for passing periodic exams. It also shields them from political interference and grants them above-average compensation, a

high level of job security, and social privileges such as longer paid leave. Several attempts at passing similar legislation failed in the past because of the fear that the introduction of privileges such as job security would only encourage civil servants to be unresponsive to the public's needs. The new law enshrines an expansive number of such privileges and contains few safeguards against their abuse.

Rule of Law

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
1.50	1.50	2.25	2.50	2.50	2.50

The Constitution provides for a system of checks and balances between legislative, executive, and judicial authority. The Czech National Bank, whose independence the Constitution also establishes, is sometimes considered a separate branch of government. Parliament often amends government bills substantially, adopts bills submitted by members, and in certain cases votes across party lines. In fact during the years of the Opposition Agreement, the CSSD government passed many important bills not with the support of its partner, the ODS, but with votes from the Coalition of Four and even the Communists. Still, under the country's party-based parliamentary system, the Chamber of Deputies does not act as a separate political force unconnected to the government. The Senate behaves differently, but its significance is minor in day-to-day political life.

The president enjoys limited but important powers in appointing the government, ambassadors, members of the Czech National Bank's council, and Constitutional Court judges. However, under the Constitution, the president is not accountable for the exercise of these and other powers. In recent years, when relations between the president and the prime minister often became polarized, some politicians argued that minor clarifications were needed in the constitutional division of power. It is possible that a consensus would have formed on the nature of such changes if it had not been for the charged political climate of the Opposition Agreement years in which any such attempt was viewed with suspicion by the opposing side.

The Constitutional Court is charged with interpreting the Constitution, and it performs its role vigorously. It also reviews the constitutionality and compatibility of judicial decisions and legislation with binding international norms. In addition to other cases already cited in this report, the court found in 2002 that the government's regulation of rent control was unconstitutional. It also struck down parts of the Law on Churches and

Religious Societies that limited the right of churches to establish separate legal entities for purposes other than narrowly understood religious activity without the state's approval. Since the president or a group of members of Parliament may submit a law or a section of a law for constitutional review, the court sometimes finds itself being viewed as an additional legislative chamber and criticized by politicians who disagree with it. Overall, the court's decisions are respected by the country's broad political spectrum. Only a small portion of its findings are considered controversial.

The criminal code has experienced continuous modifications, and it is widely acknowledged that a new code is needed. Judges authorize searches and pretrial detentions. Although bail has been introduced, pretrial detentions are still often excessively long and judges are criticized for being too accommodating to prosecutors. The state appears to respond too eagerly to societal demands for a "strong hand." Hard-charging, media-savvy investigators and prosecutors receive favorable media coverage, and TV stations use police footage indiscriminately. Recent legislation veered in the direction of criminalizing acts that should be the domain of civil or administrative law. For instance, an amendment to the criminal code in force since July 2002 makes it a criminal offense for a physician to issue a fraudulent certificate of sickness.

Political rights and civil liberties are articulated in the Bill of Basic Human Rights and Freedoms that is an integral part of the Constitution. The Czech Republic is also party to numerous international conventions on human rights. Human rights are enforced by the courts. Their observance and advancement is also the focus of several governmental bodies: the Government Council for Human Rights, the Government Council for National Minorities, the Government Council for Issues of the Roma Community, and the Government Council for Equal Opportunities for Men and Women. These bodies monitor developments in their fields, coordinate policy, and advise the government. They also may be entrusted with drafting legislation. The Office of the Public Defender of Rights, or ombudsman, began to function in 2001 and to date has dealt mainly with the shortcomings of state administrative bodies. Although it can urge offending bodies to provide redress, it has no power to order them to act.

Recent reforms of the criminal code, the civil code, and the labor law have been aimed at improving the country's antidiscrimination efforts. These changes include the transfer of the burden of proof from the defendant to the plaintiff. In February 2002, the government approved a comprehensive report, *Report on the Possibilities of Measures to Eliminate Discrimination,* which proposed a variety of measures and legislative changes. A new comprehensive antidiscrimination bill is now being drafted.

Parliament approved a new law on churches in 2002 that reduced barriers to registration by lowering from 10,000 to 3,000 the number of adher-

ents needed to register a new religious group. However, the law also contains a controversial provision designating a special category of churches that are authorized to perform functions such as teaching religion at state schools and conducting religious activities within the armed forces and in prisons. Eligible churches must have adherents equal to at least 1 percent of the population (approximately 10,000 persons). The Constitutional Court struck down provisions of the law that limited the ability of churches to establish separate legal entities such as charities.

Although most judges rule fairly and impartially, the functioning of the judiciary is still not considered satisfactory. Among the most common complaints are incoherent judgments and administrative delays. In 2002, between January and November, 45 complaints against infringements on the right to a speedy trial were submitted to the European Court for Human Rights. According to one government representative, the Czech Republic was set to lose every case. Unfortunately, the government appears to think that the appropriate remedy is a stronger grip by the executive over the courts. Reaching consensus on judicial reforms has been difficult. A minister of justice resigned in 2000 after Parliament rejected his reform proposal. Parliament passed a subsequent proposal that included provisions compelling judges to take periodic exams at the Judicial Academy. However, the Constitutional Court struck down these passages on the grounds that the academy was too closely connected to the Ministry of Justice and therefore would give the executive undue influence over a judge's career. The state does provide public defenders to indigent defendants.

Corruption

1997	1998	1999	2001	2002	2003
na	na	3.25	3.75	3.75	3.50

According to Law 238/1992, members of Parliament, government ministers, and heads of government agencies must make annual declarations of income, gifts, and any real estate property they or their spouses might have acquired. Ministers and heads of government agencies are barred from holding any other job or engaging in business activities other than the administration of their own properties. They also cannot simultaneously be members of Parliament. The limitation on business activities does not apply to members of Parliament, who simply must declare such work or that of their spouses. Members of Parliament also must reveal any conflicts of interest (including those of spouses and other relatives) associated with any issue that they are debating, voting on, or considering the submission of proposals for.

There are no meaningful penalties for submitting false declarations. Although a parliamentary committee exists to conduct inquiries into such be-

havior, it cannot take action against proven improper conduct. No such inquiry has ever even taken place. In addition, there is no cooling-off period in the law; some politicians have emerged immediately from their political careers as top officials at companies they had been regulating or of consultancies and investment banks in which they essentially engage as lobbyists. Although society has grown less tolerant of conflicts of interest, subtle forms persist and the media are unable to follow every case.

The government of Milos Zeman promised to take a tough line on corruption when it assumed power in 1998. It initiated an anticorruption sweep dubbed "action clean hands" and, responding to pressure from international institutions and foreign investors, adopted an anticorruption program in 1999. The program includes a variety of measures, including the passage of amendments to the Tax Law, laws governing the conduct of the police and judicial proceedings, the Law on Competition, and the Law on Public Tenders. The Ministry of the Interior must present yearly progress reports. Advances in 2002 included the creation of an administrative branch within the judiciary that will specialize in reviewing the decisions of state administrative organs, as well as the passage of an amendment to the Law on Public Tenders that limits the government's ability to bypass public tenders and award a contract to a preselected contractor—a loophole that Mr. Zeman's government used liberally. Some of the government's proposed measures are populist political ploys, notably the notion of requiring citizens whose assets exceed a certain level to declare the origins of their property. These efforts may look reassuring on paper, but judging from polls, press reports, and surveys from organizations like Transparency International, the actual results are elusive.

A new law on political parties entered into force at the beginning of 2001. The law strengthens both the rules for accepting financial contributions and the requirements for declaring financial dealings. Unfortunately the parties decided to resolve the problem of party financing by legislating for themselves large contributions from the state budget. Although this approach might weaken the incentives for corruption, it has drawbacks. Most notably, some observers believe that the financing mechanism might conflict with the Constitution's provision that parties must be separate from the state. The law also contains significant loopholes. For example, it bans contributions from all foreign entities except foundations and political parties. As a result, the CSSD has been able to receive contributions from the ruling parties of Britain and Sweden, the two countries that manufacture the Gripen fighter jet whose purchase the government was pursuing.

So-called functional corruption, which forces citizens and companies to pay bribes to receive regular services in a timely manner, is believed to be widespread. However, most areas in which the free market is allowed to operate are now largely corruption-free. For example, the once widespread

need to pay a bribe in order to obtain a telephone line is now a thing of the past in a country where there are as many cell phones as inhabitants. A danger of a different order is the emergence of client networks consisting of state officials and business groups that cooperate in awarding public contracts and influencing regulatory decisions. Czech sociologist Pavol Fric describes this phenomenon as the "corrupt symbiosis of the elites."

Unfortunately the government's efforts to tackle this kind of behavior lack credibility since the government itself has engaged in many decisions that lack transparency and invite suspicion of corruption. For example, the year 2002 saw the defeat of the government's attempt to purchase the Gripen fighter jets. The government had repeatedly changed the conditions of the tender so that eventually four out of five contenders withdrew their bids amid accusations of manipulation. The manufacturer of Gripen, the Swedish-British consortium BAE Systems/Saab, offered manufacturing offsets worth 150 percent of the value of the contract—an amount that independent observers found incredible. Eventually, the Senate defeated a bill authorizing the purchase of the jets, and in the wake of the August floods the government shelved the deal.

Another case in 2002 concerned the construction of the D47 highway in Northern Moravia. In 2001, the government awarded the contract to build the highway to a consortium led by a Russian-Israeli company that is under investigation for financial misdeeds in Russia. It did so without issuing a public tender. Following the June 2002 parliamentary elections, the new minister of transportation agreed with the allegations voiced by critics that the contract is disadvantageous to the state and overpriced by an order of tens of billions of Czech korunas. Another case worth mentioning is one involving Karel Srba, a top economic official at the Ministry of Foreign Affairs. Srba, already sacked from the ministry for his role in a suspicious and legally flawed rental of ministry property, was arrested in June and charged with contracting with an assassin for the murder of a journalist. In the course of the investigation, it emerged that Srba was responsible for improperly awarding contracts at the ministry for the combined value of about CZK 200 million (US$6.6 million). Ironically, Srba had also been entrusted with conducting the "clean hands" anticorruption sweep at the Ministry of Foreign Affairs.

The credibility of the government's anticorruption drive also has been undercut by alleged cases of malfeasance by police investigators. Two cases are well documented. In 1999, two top officers from the police's organized-crime unit were accused of blackmailing a customs officer. In 2001 they were exonerated by a judge who expressed puzzlement at the conduct of the investigation and the quality of the evidence presented. In another case, the commander of a special police anticorruption unit that investigated bank fraud and corrupt practices in the financing of political parties was charged

in 1999 with revealing state secrets. The commander received a disciplinary punishment that prevented him from remaining in his job, but the criminal charge against him was later dismissed when it turned out that the evidence had been tampered with. The culprits, however, were never found.

The new government of Prime Minister Vladimir Spidla has shown signs of improvement. Spidla made it clear before the 2002 elections that he would not work with one of Zeman's advisers—a former Communist official widely believed to be both a conduit for corrupt practices and a security risk. After the election, all members of the new government published declarations of their property and financial assets. Some ministers even took steps to stop conspicuously ineffective projects and dissolve client networks. As for the more mundane "functional corruption," the prospects are mixed. The government's efforts in this could be offset by the proliferation of bureaucratic regulations in fields such as public hygiene and trade licensing that spread owing in part to the harmonization of Czech law with EU regulations and in part to the government's ideological bent.

In a survey conducted by the market research firm GfK Czech Republic, a third of all respondents reported experiencing bribery as a party of everyday life. Almost a fifth admitted that they had offered bribes. More than 52 percent of the respondents agreed that the Czech Republic is a corrupt state—a figure that is above average in comparison with other Central European states. The acceptance of corruption and the sentiment that opposing it is futile are on the rise. The Czech Republic's performance in Transparency International's annual Corruption Perceptions Index has worsened in recent years, dropping from 39th place in 1999 to 52nd place in 2002.

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Estonia

Capital: Tallinn
Polity: Parliamentary democracy
Economy: Mixed capitalist
Population: 1,400,000
GDP per cap at PPP: $10,066
Private sector as % of GDP: 80
Ethnic Groups: Estonian (65 percent), Russian (28 percent), other (7 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	2.00	1.75	1.75	1.75	1.75	1.75
Civil Society	2.25	2.25	2.50	2.25	2.00	2.00
Independent Media	1.75	1.75	1.75	1.75	1.75	1.75
Governance	2.25	2.25	2.25	2.25	2.25	2.25
Democratization Scores	**2.10**	**↑2.05**	**↓2.06**	**↑2.00**	**↑1.94**	**1.94**
Constitutional, Legislative, and Judicial Framework	2.25	2.25	2.00	2.00	1.75	1.75
Corruption	na	na	3.25	2.75	2.50	2.50
Rule of Law Scores	**na**	**na**	**2.63**	**↑↑2.38**	**↑↑2.13**	**2.13**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

INTRODUCTION

Since the early years of post-Soviet transition, Estonia has been a regional front-runner in consolidating a democratic system of government. Estonia has enjoyed free and fair parliamentary and municipal elections, and the state has respected basic freedoms, including freedom of the press, religion, and the judiciary. Despite some problems with corruption, predominantly at the local governmental level, international corruption-ranking organizations have rated Estonia as the least corrupt country in the former Soviet Union and Eastern Europe. The status of the large noncitizen, mostly ethnic Russian, population remains a source of tension between Estonia and Russia, although various policy initiatives continue to address this issue.

The country's political system has been remarkably stable during the last decade, despite several changes of government that sometimes occurred in the midst of well-publicized scandals. Estonia's leaders have been able to draw upon the political and economic successes of the country's brief interwar period of independence, a time that is still within living memory of many older Estonians, as a model for current and future policy decisions. In relation to many other countries in the region, the country's economic growth over the last 10 years has also contributed to overall political stability. Finally, Estonia can attribute much of its stability to the fact that successive governments have been in agreement on significant broad policy questions, even if they have disagreed on specific issues.

The consensus of Estonia's political elite on certain fundamental issues has allowed for the implementation of some of the most extensive political and economic reforms in the former Soviet Union. In a key example, entrance into the European Union (EU) and NATO has remained a central foreign policy objective of each national government. The necessity of adopting significant legislative changes to bring Estonian laws into harmony with EU standards has continued to drive much of the country's reform efforts during the last several years.

Although Estonia finally received formal invitations to join the EU and NATO in late 2002, entrance into both Western institutions is not a foregone conclusion. A public referendum on EU accession is scheduled for September 2003 (it is not clear whether a referendum on NATO membership will be held), and popular opposition to EU membership is widespread in Estonia.

According to one public opinion poll conducted in November 2002, support for EU membership stood at 57 percent (64 percent for NATO).

Public support for accession is not higher for several reasons. Some observers point to the high economic and social cost of post-Communist reform that has touched many segments of the population. Others point to the low level of agricultural subsidies and the imposition of market barriers as conditions to joining the EU. Furthermore, many Estonians appear to be unaware of what EU membership will mean for them. In one public opinion survey conducted in spring 2002, half of the respondents believed that they were poorly informed on integration-related matters.

While EU-related issues made headlines in 2002, the year brought other developments in Estonia's political and legal landscape. In January, the prime minister resigned his position following growing infighting within the ruling coalition. The new government, whose coalition members reflected a more center-left orientation, nevertheless espoused continuing support for such established policy priorities as EU membership and most related reforms. The October local elections saw further defeat for the two traditional center-right parties that had been part of the previous national government. Estonia continued to move forward with a variety of reform measures in 2002, including the adoption of a new Penal Code and a Law on the Courts, as well as programs aimed at reducing corruption and improving the level of governmental cooperation with civil society.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
2.00	1.75	1.75	1.75	1.75	1.75

Throughout the last decade, Estonia's political system has remained largely stable. Elections have been conducted freely and fairly, and successive governments have pursued pro-market and democratic reform policies along essentially the same lines. The country has also enjoyed stability despite several collapses of national governments that have been linked to scandals involving state officials and to unpopular or failed privatization programs. Estonia's independent media have been quick to publicize such negative developments, which have led to the public's growing disenchantment with many of the country's political leaders.

Since the restoration of independence, power has been transferred smoothly several times between left- and right-leaning governments. The most recent parliamentary elections, which took place in 1999, resulted in

the formation of a majority government—one with greater prospects for longevity—by a center-right coalition. Although the left-wing Center Party received the most votes of any single party, the center-right Reform Party and Pro Patria, along with the more centrist Moderates, put aside enough of their differences to form a coalition. The three parties, which together captured 53 seats in the 101-seat legislature, evenly divided the 15 cabinet seats among them. The new leadership of Prime Minister and Pro Patria member Mart Laar, who had been the premier earlier in the decade, used its majority in Parliament to pass various legislative measures, including emergency spending cuts and radical Tax Code changes that were part of the coalition's broader economic liberalization program.

In contrast with the government's progress on the legislative front in 1999 and 2000, the Estonian political scene witnessed several scandals in 2001 involving high-level officials. In February, the newspaper of the opposition Center Party published a bizarre story that accused Prime Minister Laar of having fired a gun at a photograph of his long-standing political rival, Center Party leader Edgar Savisaar, at a shooting range in May 1999. Laar refused calls to resign by some opposition parties and major national newspapers after an investigation revealed that he had participated in the shooting incident. Other senior government figures, including the transport and communications minister and the economy minister, faced scandal in connection with the planned privatization of the country's national railway when media scrutiny revealed that a convicted felon was among the managers of the international investment group that had been awarded purchase of the railway. As a result of such revelations and scandals, public opinion polls indicated that confidence in the government was at only 28 percent, the lowest since the three coalition partners came to power after the March 1999 elections.

Popular disenchantment with the government, coupled with the failure of the three-party ruling coalition to rally behind a single candidate, led to the victory of former Soviet Estonian leader Arnold Ruutel in the September 2001 presidential election. Ruutel also enjoyed strong support in rural areas that have suffered in Estonia's ambitious drive for market reforms. Many poll watchers were surprised by Ruutel's successful bid for the presidency after he had lost the previous two presidential elections to Lennart Meri, who was barred by the Constitution from seeking a third consecutive term. Although Ruutel affirmed that the country's foreign policy priorities of EU and NATO membership should not change, he stressed that reducing unemployment and improving opportunities for education would be among his main goals. However, any changes in government policy are limited because the president's post is largely ceremonial.

On December 19, Prime Minister Laar announced that he would resign the following month because of increased infighting within the national

ruling coalition of Pro Patria, the Reform Party, and the Moderates. His decision followed on the heels of the collapse of the same three-member coalition in the Tallinn City Council less than a week earlier, when the Reform Party withdrew its support and announced that it would form a coalition with the opposition Center Party. Some analysts maintained that Laar's decision was a tactic to try to salvage Pro Patria's declining popularity by moving it into the political opposition. Nevertheless, Laar's government enjoyed the distinction of having survived longer than any other since Estonia declared independence.

Laar fulfilled his pledge to step down in January 2002 and was replaced by Reform Party leader and former central bank president Siim Kallas. The new national government, in which the ideologically different Reform Party and Center Party joined forces in a new ruling coalition, now mirrored that of Tallinn's city government. This development, along with President Ruutel's election and the change in composition of the capital city's legislature, indicated a shift toward greater inclusion of the political left at both national and local levels and declining support for the traditional center-right parties. At the same time, Prime Minister Kallas stressed that he would follow the foreign policy priorities set by Laar's government, particularly EU and NATO accession.

The political scandals and frequent changes of government during the last 10 years have contributed to the public's general lack of interest in participating in the country's political process. After voter turnout at the national level increased slightly from 67 percent during the 1992 parliamentary poll to approximately 70 percent in 1995, it declined more sharply to 57 percent in 1999. Among the reasons cited for the decline were confusion over the various candidates and parties, many of which espoused similar platforms, and a perceived inability to influence the political system through voting. In local elections, voter turnout has remained largely steady, though below figures at the national level. Approximately 52 percent of eligible voters, including noncitizen permanent residents, took part in the 1993 and 1996 elections. In the 1999 local elections, turnout saw a modest decrease to 49.4 percent. During local polling in 2002, voter participation rose again to 52 percent.

Voter apathy has also been expressed in the low levels of party membership in Estonia. The number of eligible voters as of November 1, 2002, was 858,505. However, total membership nationwide in the country's most prominent political parties was only about 28,500. The two largest parties are the Estonian People's Union (8,000 members) and the Center Party (7,400), followed by Res Publica (4,000), the Moderates (3,200), the Reform Party (3,000), and Pro Patria (2,900).

In an attempt to gain wider public support, many political parties have merged during the last decade. Between mid-1998 and August 2002, the

number of political parties registered in Estonia declined from 28 to 20. The Parliament Election Act encourages the formation of larger, and therefore fewer, political parties by establishing a 5 percent threshold that parties must meet in order to enter Parliament. Just two months before the registration deadline for the March 1999 parliamentary elections, Parliament approved an amendment to the Political Parties Act that raised from 200 to 1,000 the number of members that a party must have in order to register and run in an election. Some smaller parties raised concerns regarding the late introduction of these changes and claimed that the move was prejudicial against them.

Despite the continuing decrease in the number of parties in Estonia, the country's electoral system remains multiparty based at all levels of government. Seven electoral coalitions and 9 parties competed in the 1995 national legislative elections, and 12 parties took part in the 1999 poll. In September 1998, 13 political parties were represented in Parliament. After the 1999 poll, there were only 7, owing largely to mergers of smaller parties. Nineteen parties participated in the 1996 local elections; the number decreased slightly to 14 in 1999 and 13 in 2002.

Although the Constitution stipulates that only citizens of Estonia may be members of political parties, noncitizens, the majority of whom are Russian-speaking non-ethnic Estonians, may vote in local elections. Several political parties have been formed to address the concerns of both citizen and noncitizen Russian speakers and to increase their involvement in Estonian politics. Other parties maintain that they already represent the interests of different ethnic groups throughout the country. Of the seven parties that captured enough votes to enter Parliament following the March 1999 elections, only one, the Estonian United People's Party, could have been considered a predominantly Russian party. The Estonian Unity Party, which regards itself as politically center-right, was registered officially in October 2001. While two-thirds of its members are non-ethnic Estonians, the party's leadership rejects claims that it is solely a "Russian" party.

Questions regarding the participation of Russian speakers in the country's political life were highlighted in December 1998, when Parliament adopted changes to the Parliament Election Act and the Local Government Council Election Act. Under the amendments, candidates were required to possess sufficient Estonian-language skills to participate in their respective assembly's work and understand legal acts. The amendments, which took effect in May 1999, did not affect candidates in the March 1999 legislative elections.

The Organization for Security and Cooperation in Europe (OSCE) criticized the amendments as incompatible with Estonia's Constitution and international human rights standards. The commissioner of the Council of Baltic Sea States also expressed concern that they would restrict a citizen's

right to run for office and the right of the electorate to vote for the candidates of their choice. On November 21, 2001, in a reversal of policy, Parliament voted to abolish the Estonian-language requirements—a decision that helped convince the OSCE to end its 10-year mission in Estonia on December 31. At the same time, though, Parliament voted to make Estonian the official working language of both Parliament and local councils. Reportedly, it did so to balance the law abolishing the Estonian-language requirement for candidates in national and municipal elections.

Civil Society

1997	1998	1999	2001	2002	2003
2.25	2.25	2.50	2.25	2.00	2.00

Since the restoration of independence, Estonia's nongovernmental organization (NGO) sector has undergone significant and often rapid changes, including the emergence of many specialized nonprofit groups. Nevertheless, the legacy of the Soviet era and ongoing economic difficulties throughout much of the country continue to impede the development of civil society. Many NGOs face such challenges as insufficient management skills, financial constraints, and fledgling cooperation with the government sector and the general public. In response, various groups have taken steps to address some of these problems by organizing training programs, conducting research into the state of the country's nonprofit sector, and providing opportunities for greater information exchange.

The first several years after the disintegration of the Soviet Union witnessed a rapid growth in Estonia's nonprofit sector, with the establishment of hundreds of new NGOs and the renewal of some voluntary organizations that had been active before 1940. As of November 2002, there were 17,285 registered nonprofit associations and 490 foundations. More than half of these are real estate and business groups, while the rest are involved in community and social service activities, including education and health issues. Women's issues are represented by such diverse organizations as the Estonian Association of University Women, the Estonian Women's Studies and Resource Center, and Civil Courage (an umbrella organization of women's groups). A number of religious groups are engaged in local charity work. The Agape Center, an initiative of the Methodist congregation of the city of Parnu, and the Tallinn Christian Care Center operate assistance programs that include educational outreach, clothing donations, and soup kitchens. The interests of the country's ethnic minorities are represented by organizations like the Estonian Union of National Minorities. Despite the remarkably large number of officially registered nonprofit organizations, most are either small in size or largely inactive.

Popular participation in NGOs remains constrained in part because the existence of a truly independent civil society—as opposed to the enforced voluntary activities of the Soviet period—is still a relatively new phenomenon. Other factors include larger economic concerns that limit the ability of much of the population to engage in charitable activities and a belief that civic initiatives will not solve the country's problems. According to a 2001 study conducted by CIVICUS and the Open Estonia Foundation, 42 percent of NGOs surveyed reported membership bases of 30 people or fewer. The same study indicated that perhaps only half of all nonprofit groups in the country enjoy active membership bases.

Recent legislation governing the operation of nonprofit organizations includes the Nonprofit Associations Act and the Foundations Act. The Nonprofit Associations Act states that a nonprofit group may be recognized as a legal entity only if it is officially entered in the nonprofit associations and foundations register. The registration process is generally not regarded as particularly complicated or costly. Nonprofit associations and foundations are granted certain tax exemptions, including on the payment of entrance and membership fees.

Despite a general trend toward greater professionalism in the nonprofit sector, most NGOs continue to suffer from limited institutional and organizational capacities. Many smaller groups in particular do not have a clearly defined management structure and lack the skills to engage in long-term strategic planning initiatives. With the exception of leading and established NGOs, which employ full-time, permanent, paid staff members, most organizations rely on part-time or volunteer help. During the last several years, a small but capable cadre of local trainers, usually associated with NGO support centers, has developed to assist members of less developed nonprofit groups.

The long-term financial viability of most NGOs remains problematic because of inadequate fund-raising efforts and limited public experience with philanthropic activity. Individual nonprofit organizations typically have few sources of funding, and the amounts donated are small. Another problem for the nonprofit sector is the general public's unawareness of, or indifference to, the activities of Estonian NGOs. This is true in part because many, especially smaller, groups spend little time publicizing their work. Since most NGOs are not well versed in public relations, the media devotes relatively little attention to them. Local and regional newspapers tend to provide greater coverage of local nonprofit groups than do national media. One notable exception has been the inclusion in a leading Estonian paper, *Postimees*, of a monthly supplement that highlights developments in the nonprofit sector.

In an effort to help remedy some of their organizational, financial, and public image concerns, nonprofit groups have demonstrated an increasing willingness and ability to exchange information and cooperate on joint projects.

The Network of Estonian Nonprofit Organizations (NENO), an umbrella group for the country's NGOs, operates in the capital and through nine regional support centers across the country. NENO provides support services, conducts training programs, participates in lawmaking initiatives, and issues publications on various NGO topics in Estonian, Russian, and English. In 1999, NENO helped to organize Estonia's first national NGO conference for nonprofit groups to discuss issues of mutual interest and concern.

Cooperation between the state and the nonprofit sector to shape public policy and legislation continues to expand. In April 2001, a group of NGOs under the direction of NENO submitted to Parliament a document entitled *The Estonian Civil Society Development Concept* (*EKAK*) that defines the complementary roles of the public and nonprofit sectors and outlines mechanisms for the future development of civil society. In December 2002, Parliament adopted the *EKAK* as a national strategy for the government's cooperation with nongovernmental organizations. While seminars and conferences involving the NGO community and government officials have become more frequent, primarily larger, well-known NGOs acting on the national level participate in the drafting of legislation and other political discussions.

Estonia's trade union sector, which operates independently from the government, has continued to see membership decline in recent years. According to the U.S. State Department, membership in the Central Organization of Estonian Trade Unions (EAKL), the country's principal trade union alliance, decreased from a reported high of 500,000 in 1992 to 330,000 in 1993, 200,000 in 1994, and only 50,000 in 2002. This decline has been attributed largely to the privatization and breakup of large, government-owned enterprises and the subsequent shift of workers to smaller firms and the service sector. The Organization of Employee Unions, which split from the EAKL in 1993, has 40,000 members. A central union of food-processing and rural workers was established in the late 1990s. Approximately one-third of Estonia's workforce reportedly belongs to one of these three labor federations.

Entrepreneurs organizations have grown in Estonia since the mid-1990s. The country's largest business organization, the Estonian Chamber of Commerce and Industry, has a membership base of some 3,200 large companies and smaller enterprises. The Estonian Business Association represents 44 enterprises, while the Estonian Association of Small and Medium-Size Businesses, which was founded in 1988, is the country's oldest organization of its kind. The Estonian Farmers' Federation, whose membership declined from 10,000 in 1991 to approximately 5,000 in 2002, defends the interests of farmers. The Estonian Chamber of Agriculture and Commerce, which unites Estonian agricultural producers, processors, and other groups in the food sector, consists of some 150 member organizations and companies.

Although the Constitution stipulates that only citizens of Estonia may join political parties, noncitizens may form nonprofit and social groups. Estonian law prohibits political parties and associations from directing their activities toward the violent change of the country's constitutional system or from otherwise violating criminal law. Politically active interest groups focus on issues such as education, the environment, minority rights, and social welfare. Organizations involved in public policy research, including the Jaan Tonisson Institute (JTI), have worked with the government to affect policy on economic, political, and human rights issues.

The country's educational system, which is free from political control, has seen the number of private schools increase during the last decade. In 2002, there were 10 private universities, compared to 5 in 1998 and 1 in 1996. At the beginning of the 2001–2002 academic year, there were 10 private higher education institutions compared to 7 public institutions (excluding vocational schools).

In Estonia's state-funded schools, where both Estonian- and Russian-language education continue to be available, lawmakers, education experts, and instructors have debated the issue of the language of instruction. In March 2002, Parliament adopted amendments to the Basic Schools and Upper Secondary Schools Act that will maintain state-funded education in Russian after 2007, the year that it was due to be replaced with Estonian. Under the amendments, individual schools may apply to keep Russian as their language of instruction, and schools will have to propose measures to provide for the eventual shift to Estonian. Critics of the original law had charged that the government had done too little to prepare for the transition and that it would adversely affect students in mostly Russian-speaking areas, particularly in the country's northeast.

Independent Media

1997	1998	1999	2001	2002	2003
1.75	1.75	1.75	1.75	1.75	1.75

Estonia's media sector is free from government interference and is characterized by a surprisingly large number of print and broadcast outlets given the country's small population. With already one of the highest Internet penetrations in the region, Estonia in 2002 launched a new project to provide further free computer and Internet education. Partly as a result of intense competition for limited advertising and subscription revenues, financial difficulties continue to plague some newspapers and broadcast media.

The Estonian Constitution prohibits censorship and guarantees the right to freedom of expression, provisions the government respects in practice. According to Article 45, "Everyone shall have the right to freely circulate

ideas, opinions, persuasions, and other information by work, print, picture, and other means," and "there shall be no censorship." Although there is no specific press law, print media are regulated through other pieces of legislation, including the Copyright Act, Competition Act, Language Act, and State Secrets Act. Electronic media are governed by the May 1994 Broadcasting Act, which enshrines the right of television and radio stations to make independent decisions about the content of their transmissions. Freedom House's *Annual Survey of Press Freedom* rated Estonia as "Partly Free" in 1992 and "Free" from 1993 to 2002.

The overall legal framework provides adequate protection for press freedom, and there are no legal penalties for "irresponsible journalism." Estonia's Criminal Code, which was repealed in June 2002, had carried a penalty of a fine or detention for defaming or insulting the honor or dignity of another person. Under a new Penal Code that entered into force in September 2002 and replaced Estonia's Criminal Code, only cases involving the defamation or insult of a representative of state authority, a person enjoying international immunity, a court, or a judge are punishable by a fine or up to two years in prison.

While public service radio and television receive financing from the state budget, they do not face government interference in their editorial decisions. Although the country's major newspapers possess particular political leanings, not all openly endorse individual parties or candidates. A holding company owned by Tallinn's deputy mayor, Vladimir Ivanov, and his son purchased two Russian-language newspapers in 2002. One local media analyst predicted that the Estonian United People's Party, of which Ivanov is a key member, would be presented in a more favorable light in the two publications. Much of the media conduct probing investigative reports, but some journalists tend to publish rumors and allegations as facts. Some newspapers have presented paid political advertisements as part of their editorial content. Much of the country's media outlets are controlled by foreign interests, notably companies from Sweden and Norway.

For a country of only 1.4 million people, Estonia currently boasts three nationwide television stations: the privately owned TV3 and Kanal 2 and the state-run public service channel Estonian Television (ETV). Cable and satellite networks offer programs from all over Europe. More than 30 radio stations operate throughout the country, including the state-owned public service broadcaster Eesti Raadio, which controls four nationwide channels. The country's large Russian-language-speaking population can tune in to five Russian-language radio channels: one public service channel operated by Eesti Raadio and four commercial channels. Although there are no local Russian-language television stations, ETV and Kanal 2 carry some Russian-language programs. Viewers also have access to the ORT and NTV channels from Russia via cable networks or home satellite receivers. In April 2002,

Parliament approved a plan to increase Russian-language broadcasts on ETV from 55 hours in 2002 to 96 hours by 2005.

All Estonian-language daily newspapers are privately owned and receive no state subsidies. There are dozens of weekly papers and magazines, as well as local and regional publications. Of the country's six national daily newspapers, four are printed in Estonian and two in Russian. According to information provided by the Estonian Newspaper Association (EALL), the circulations of the four major dailies are 73,300 for *Postimees,* 65,900 for *Ohtuleht,* 34,000 for *Eesti Paevaleht,* and 19,400 for *Aripaev.* The country's two largest weeklies, *Eesti Ekspress* and *Maaleht,* account for approximately 90,000 copies per week. There are nearly 20 Russian-language newspapers, including the dailies *Estonija* and *Molodjozh Estonii* and the weeklies *Den za Dnem* and *Vesti Nedelya,* which have a combined circulation of about 50,000.

Use of the Internet in Estonia has exploded during the last decade. The first permanent Internet connection was established in April 1992. In 1996, only 2 percent of Estonians were regular users, a figure that rose quickly to 10 percent in 1998, 26 percent in 2000, and about 40 percent in 2002. Estonia continues to have one of the highest Internet penetrations of the former Soviet Union and Eastern Europe and has more Internet users than some European Union member states. The increase in Internet use has been attributed to growth in home computer sales and to successful national campaigns to extend Web access throughout the country, including at public sites where Estonians can use the Internet for free.

According to a 2002 study of Internet use that was financed by the International Bank for Reconstruction and Development and the Open Society Institute, the main reasons cited for not using the Internet were lack of personal interest, inadequate computer skills, and lack of access (including the high cost of purchasing a home computer). Under a project launched in 2002, several banks and telecommunications companies will provide free basic computer and Internet education to 100,000 adults, mainly in rural areas. In February 2002, Tartu University, the country's largest institution of higher education, launched an Internet portal for on-line studying.

The main organization representing the interests of the media is the EALL, an umbrella group of newspaper publishers, editors, and journalists that was established in 1990. Uniting nearly 40 newspapers, EALL engages in lobbying efforts, conducts training courses, and issues publications for member organizations. Of the its 14 board members, 2 are women.

In 1991, EALL established the Estonian Press Council, comprising various broadcast and print-related organizations, as a regulatory body to support the development of professional standards and practices for journalists. The Estonian Press Council also hears cases involving journalistic conduct. In 2001, the council received 33 complaints, of which 13 were upheld. In

2002, EALL created a new Press Council after resigning from the old council over disagreements concerning the body's leadership. The new nine-member Press Council met for the first time in June. In December, it agreed to a request from Internet news portals to handle complaints regarding the journalistic content of these sites as well. Other media associations include the Association of Estonian Broadcasters and the Estonian Journalists' Union.

The large number of competing press and broadcast outlets relative to the small size of the country's population has contributed to financial difficulties for some private media. For example, the national commercial station TV1, whose broadcasting license was annulled in October 2001, was hundreds of thousands of dollars in debt and had not paid its employees for the two previous months. Despite receiving government funding, the state-run ETV also has faced numerous financial problems, which have led to staff dismissals and reductions in programming. Between 1997 and 2000, ETV ran a budget deficit of between 1.5 and 2.5 million euros. In July 2002, ETV stopped airing commercial advertisements as required under amendments to the Broadcasting Act. The loss in revenue is expected to be offset by nearly $1 million in broadcasting license fees that the country's two national private television stations will be required to pay.

At the same time, the country's media advertising market continues to increase, rising from 40.8 million euros in 1999 to 52 million euros in 2002. In 2002, newspapers accounted for 45 percent of all media advertising, followed by television at 24 percent, magazines at 13 percent, and radio at 10 percent. Other media outlets, including the Internet and outdoor advertising, make up the remaining 8 percent.

Governance

1997	1998	1999	2001	2002	2003
2.25	2.25	2.25	2.25	2.25	2.25

The October 2002 local elections led to a clear defeat for two traditional center-right political parties, while the parties represented in the national ruling coalition were returned to power in Estonia's two largest cities. A new center-right party passed its first political test by capturing a surprisingly large number of votes nationwide. With parliamentary elections just five months away, the outcome of the local poll was watched with particular interest and attention. At the same time, efforts to improve the work of Estonia's national and local governments and the country's civil service sector continued during the year. Although Estonia has made considerable progress overall, areas that require additional attention include reducing the number of municipalities, improving the financial viability of

local governments, and further modernizing the country's civil service.

Over the last several years, the government has taken various steps to ensure transparency in the work of the executive and legislative branches. Article 44 of the Constitution requires all state and local governments to provide information about their activities to Estonian citizens at their request. The only exception is information that is intended for internal use only or that is prohibited by law from being revealed. Most sessions of Parliament are open to the general public. The official *Riigiteataja* (*State Gazette*), which is available on-line, publishes laws that the legislature adopts. The government press office, along with each ministry's press secretary, disseminates official information to the news media. Every plenary workweek, senior officials, including the prime minister, hold televised briefings at which they answer questions from members of Parliament. A Public Information Act designed to improve government transparency applies to state and local agencies as well as to private entities that provide public services like education and health care. Under the law, which took effect in January 2001, government agencies must post information on the Web; e-mail requests are treated as official requests for information.

The national government launched a Web portal in June 2001 called TOM (an Estonian acronym for "Today I Decide"), which aims to encourage greater transparency in government by enabling Internet users to participate in various stages of the legislative process. This novel program capitalizes on Estonia's widespread use of information technology by displaying bills and amendments to current laws that various ministries have proposed. Before the bills are sent to Parliament, Internet users can log on to the site and submit their comments through a chat room. They also can propose new draft laws for consideration. Suggestions that receive support from a majority of users are then sent to the relevant ministry or Parliament committee for discussion.

Although the 1992 Constitution provides a general legal basis for local power, Parliament has adopted subsequent laws to address specific subnational government issues. These include the Rural Municipality and City Budgets Act (June 1993), the Local Taxes Act (September 1994), the Territory of Estonia Administrative Divisions Act (February 1995), and the Local Government Council Election Act (March 2002). As established by the Constitution, local authorities manage and autonomously resolve local issues. The basic functions of local government include such tasks as the organization of social services and the maintenance of local public transportation and roads. Local authorities also share certain responsibilities with the central government, including in the field of education. Although currently there is no regional level of self-government, county governments are responsible for organizing and coordinating the work of national institutions at the local level.

Municipal governments receive funding from the state budget through both direct budgetary appropriations and shared taxes. They also raise revenues autonomously. Money is allocated from the state budget to local budgets for purposes that may include supplementing budget revenues. At the same time, the Constitution stipulates that local governments have their own independent budgets and possess the right to levy and collect taxes and to impose fees. The Local Taxes Act establishes the types of taxes that local authorities have a right to levy, including local sales tax, entertainment tax, and motor vehicle tax.

Local governments continue to face financial difficulties and to operate at a deficit. According to the Estonian Ministry of Finance, for the first 11 months of 2002, total revenues of local governments equaled 9.491 million kroons (about $722,000) while total expenditures amounted to 9.799 million kroons (about $746,000) During the same period, revenues from personal income taxes (a shared tax that is centrally imposed and collected) constituted 41 percent of the total income of local budgets. Grants from the national government accounted for 36 percent. The remaining 23 percent comprised other tax revenues (5 percent), nontax revenues (16 percent), and other grants, including those from abroad (2 percent). The vast majority of revenue for local authorities comes from the central government, effectively placing some limits on the financial independence of local governments. Ongoing efforts to reduce and consolidate the overall number of local authorities—and thereby improve each authority's financial and administrative capacities—progressed slowly in 2002.

Since the restoration of independence, Estonia has held four local elections: in 1993, 1996, 1999, and, most recently, October 2002. International observers have described each poll as free and fair. Although only Estonian citizens may stand as candidates, noncitizen permanent residents who have lived in their respective municipality for at least five years are allowed to vote in local elections.

Seven months before the October 2002 municipal poll, Parliament adopted amendments to the local Law on Elections banning election alliances. According to supporters of the amendments, the aim was to increase the responsibility of political parties by preventing them from entering into temporary unions of convenience. Critics charged that the move would limit opportunities for smaller parties to compete. The country's legal chancellor challenged the constitutionality of the amendment and referred the law to the Supreme Court's Constitutional Review Chamber (CRC). In July, the chamber ruled that the ban was unconstitutional, noting that it had been established too soon before the October vote and therefore could significantly affect the election outcome. Because the chamber's ruling could not be appealed, Parliament had to amend the law again to allow for election alliances.

The results of the October local election were watched closely as a possible predictor of the March 2003 parliamentary vote. The local poll was contested by over 15,000 candidates— more than 70 percent on party tickets, approximately 26 percent as members of electoral alliances, and the remainder as independents. Nationwide, the Center Party was the clear winner, capturing 25.8 percent of the vote. Res Publica, a new center-right party, came in second with 15.5 percent, followed by the Reform Party with 12.2 percent and the Estonian People's Union—the country's main rural party—with 11.2 percent. In Estonia's most important municipal race for the Tallinn City Council, the Center Party captured 32 out of 63 seats, while Res Publica took 17 seats, the Reform Party 11 seats, and the Estonian United People's Party—an alliance of Russian-speaking politicians—3 seats.

The election signaled a resounding defeat for Pro Patria and the Moderates, who already had been pushed out of the national ruling coalition at the start of the year. Nationwide, Pro Patria captured only 6.6 percent of the vote, while the Moderates secured only 4.4 percent. Neither party gained a single seat on the Tallinn City Council. The results also demonstrated a desire among the electorate for a new political force; both parties lost considerable support to Res Publica, which had campaigned for a "new politics" based on greater honesty and openness. Meanwhile, the country's Russian parties also suffered a poor showing, polling under 5 percent nationally and capturing only three seats in the Tallinn City Council. The Center Party, which enjoyed an overwhelming victory in the predominantly ethnic Russian northeast city of Narva, cut into much of the Russian parties' traditional base of support.

Following the election, the Center and Reform Parties signed a coalition agreement in Tallinn, where they were already coalition partners. Res Publica became part of the opposition. Incumbent mayor of Tallinn Savisaar was reelected to his post the following month.

Although Estonia's public administration underwent six reorganizations between 1987 and 1995, substantial reform of the civil service system began in 1996 with the entering into force of three key pieces of legislation that established a legal framework for public service. The Public Service Act, the Government of the Republic Act, and the State Public Servant Official Titles and Salary Scale Act address issues such as the rights and duties of public servants, their recruitment and evaluation, and the salary scales for different levels of employment. Under the Public Service Act, local civil servants are considered local government employees. Recent reform efforts include the approval in February 2002 of civil service training priorities drawn up by the state chancellery and several government ministries. The priorities, based on those set out in the 2001 Public Administration Reform Program, will address such issues as financial management, personnel training and appraisal systems, and general administrative reform.

While most of Estonia's civil servants conduct their work in an impartial and politically neutral manner, the public service administration continues to suffer from a lack of transparency in recruitment, promotion, and remuneration levels, as well as inadequate coordination among different administrative bodies. The majority of the country's civil service is under the age of 40, while one-third are under the age of 30. Staff turnover rates range from about 12 to 14 percent. As of the end of 2001, there were 20,166 employees in the Estonian administration, a decline of 2 percent from the previous year's total of 20,500. Approximately 4,000 to 5,000 people are employed in local government. According to a 2001 amendment in the Wages Act, the salaries of high-level civil servants and members of the boards and supervisory councils of state-owned enterprises must be posted on the Internet as public information. The decree is intended to create greater financial transparency in the civil service sector, where many employees currently receive significant bonuses and allowances in addition to their regular wages.

Rule of Law

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
2.25	2.25	2.00	2.00	1.75	1.75

Estonia has made significant progress during the last decade to establish and support an independent and professional judicial system. In 2002, the adoption of a new Law on the Courts represented a significant step in further improving the judiciary's independence and administration, although its effective implementation will need to be tested over time. Penal law reform advanced when a new Penal Code, adopted in 2001, entered into force in September 2002. The government continues to address issues affecting the country's non-ethnic Estonian population, including citizenship and language legislation and integration efforts.

One of the first legislative priorities following the restoration of independence was the reestablishment of Estonia's Constitution, which was adopted by public referendum in June 1992 with 93 percent of the vote. The Constitution guarantees fundamental human rights, including freedom of conscience, religion, thought, and assembly, and prohibits discrimination on the basis of nationality, race, color, sex, language, origin, creed, political or other persuasions, and financial or social status. It also includes a chapter on the rights and obligations of citizens and noncitizens. Estonian citizens have the right to engage in commercial activities and to form profit-making associations, as do foreign citizens and stateless persons residing in Estonia,

unless otherwise determined by law. Property rights are protected under the Constitution. No property may be expropriated without the owner's consent, except in cases of public interest and in exchange for appropriate compensation. In practice, the government generally respects these political, social, and economic rights.

Estonia's Constitution establishes the division of power among the executive, legislative, and judicial branches of government, and this separation exists in practice. Among the main responsibilities of the country's 101-member Parliament are the adoption of laws and regulations, the passage of a state budget, the election of the president, and the authorization of the prime ministerial candidate to form a government. The executive branch, which is represented by the prime minister and his cabinet, executes domestic and foreign policy, prepares draft laws, administers the implementation of laws adopted by Parliament, and directs the work of government institutions. Estonia's president, who serves as the country's head of state, commands a largely ceremonial position. Under the Constitution, justice is administered only by the country's court system, and judges are not allowed to hold any other elected or appointed office.

The country's legal chancellor reviews laws adopted by the national and local governments for conformity with the Constitution. If a conflict is found and appropriate changes are not made by the respective legislative body within 20 days, the legal chancellor appeals to the Supreme Court for a repeal of the law. The legal chancellor also serves as an ombudsman by handling individual complaints against state institutions and officials. Since there is no separate court for addressing constitutional matters, the Supreme Court serves as the court of constitutional review through its Constitutional Review Chamber (CRC). The chief justice of the Supreme Court serves as chairman of the CRC.

In 2002, the CRC issued several rulings, including one on the constitutionality of a ban on electoral alliances several months before the country's municipal elections. In its decision, the CRC noted that in Estonia's current social and political environment, the ban disproportionately restricted political representation; it was declared unconstitutional based on Article 12 (sustaining individual equality) and Article 156.1 (requiring local elections to be general, uniform, and direct). In another major case, the CRC ruled that a section of the taxation law which gave the finance minister the power to set penalty rates for delinquent payments, was unconstitutional. The Court based its argument on Article 13 of the Constitution, which mandates that state taxes, duties, fees, and fines are provided by law, and decided that only Parliament should be authorized to codify the rate into law.

Estonia's Constitution and other legislation include safeguards for the independence of the judiciary, and most judges are regarded as politically impartial in their rulings. Among the main guarantees for judicial indepen-

dence are provisions for life tenure for judges and protections against their removal from office. The impartiality of judges is reinforced by limits on their outside activity, such as prohibitions on holding positions in Parliament or city councils, belonging to a political party, and being managing partners or members of the boards of companies.

Ongoing reform of Estonia's judicial system took a decisive step forward with the adoption of a new Courts Act in June 2002. The new law, which entered into force in July, represented a further improvement in the judiciary's independence, particularly from the Ministry of Justice. The Courts Act eliminates political involvement in disciplining judges by transferring the authority to initiate proceedings against judges from the Ministry of Justice to the legal chancellor. The training of judges is now under the overall responsibility of a new Council for Judicial Training rather than the Ministry of Justice, and the Courts Act raises the salaries of judges to enhance their economic independence. With the exception of the Supreme Court, the administration of courts is now shared by the Court Administration Advisory Council (most of whose members are judges) and the Ministry of Justice. However, although the council is tasked with significant administrative decision-making powers, the Ministry of Justice retains primary responsibility on budgetary matters. In addition, the effective implementation of the new Courts Act will need to be tested over time.

While the courts are increasingly staffed with competent professionals, there is still room for improvement. The lack of clear and defined standards for selecting, evaluating, and promoting judges remains a noted area of concern. The number of vacant judges' posts continued to decline slightly from 14 of 238 total posts in 2000 to 10 of 238 posts in 2001 and 7 of 243 posts in 2002. At the same time, the backlog of criminal court cases—defined as the proportion of cases pending for more than one year—grew slightly during 2001. A provision of the new Courts Act increasing the role of court managers to deal with daily operations may help to decrease the backlog by relieving judges of some managerial tasks. The quality of court decisions in the lowest-level courts appears to be getting better, as evidenced by the growing number of decisions in criminal cases upheld on appeal; however, the percentage of decisions upheld on appeal in civil cases has declined slightly. Judicial decisions in both criminal and civil cases generally are implemented effectively, and the collection of money awarded in court cases is improving.

Significant progress in penal law reform took place when a new Penal Code that was adopted in June 2001 entered into force in September 2002. The new code replaced the Criminal Code of the Estonian SSR that was adopted in 1962 and revised in 1992 (with subsequent amendments). Among the important changes in the Penal Code were the inclusion of both criminal offenses and administrative offenses (misdemeanors) and the introduction of community service as an alternative form of punishment. Under Estonian law,

a warrant is required for the search and seizure of property. During the investigative stage, the prosecutor issues warrants after probable cause has been shown; after a case goes to trial, the court issues warrants. All defendants must be given the immediate opportunity to choose an attorney. The state must provide an attorney to anyone who cannot afford legal counsel.

The government's three-year prison reform plan, which was adopted in March 2000, continues to work toward improving prison conditions throughout Estonia. A new prison built to EU standards opened in the town of Tartu in October 2002, while renovation of the country's other prisons moved forward. However, problems remain in such areas as overcrowding, lack of funding and trained staff, and reports that law enforcement officials use excessive physical force and verbal abuse against suspects and inmates.

During the Soviet era, large numbers of non-Estonians, mostly Russians, migrated to Estonia. They and their descendants now constitute approximately one-third of the country's total population of 1.4 million. Under the 1992 Citizenship Act, which readopted legislation from 1938, anyone born after 1940 to a parent who was a citizen of pre–World War II Estonia is a citizen by birth. Those who arrived during the Soviet period are regarded as immigrants who must apply for citizenship based on requirements that include residency in Estonia and knowledge of the Estonian language.

The 1995 Citizenship Act toughened certain conditions for naturalization, such as the length of residency. The Russian government, Russian speakers in Estonia, and some international organizations criticized elements of the law as discriminatory. In December 1998, the government adopted amendments allowing children who were born to legally resident, though stateless, parents after February 26, 1992, to acquire Estonian citizenship at the request of their parents and without having to pass a language test.

As of late 2002, approximately 1.1 million residents of Estonia were citizens. Of these, around 117,000 have received citizenship by naturalization since 1992, and 4,091 were naturalized in 2002. About 216,000 hold permanent residence permits, and 53,200 hold temporary residence permits. Bureaucratic delays and the language requirement continue to be cited among the primary disincentives for securing citizenship. In an effort to encourage more residents to take the language exams, the European Union launched a program in 1999 to reimburse the language-training costs for those who passed the language exam.

Knowledge of the Estonian language remains important not only with regard to the acquisition of citizenship, but also in terms of employment and political participation. Under current legislation, public sector workers are required to have a minimum level of Estonian-language ability, proportionate to the public interest of their positions. Certain private sector employees, including pilots, rescue workers, and teachers at private schools and universities, must be proficient in Estonian when it is in the public interest. Although

Parliament abolished Estonian-language requirements for candidates for public office in 2001, it also adopted a law making Estonian the official working language of local councils. However, the government can grant municipalities the right to conduct their business in another language if it is the language of the majority of the locality's permanent residents.

The status of Estonia's large ethnic Russian population continues to strain relations with Russia, which has accused Estonia of violating the group's rights. However, according to a recent EU report, the rights of the Russian-speaking minority, both citizens and noncitizens, are largely observed and safeguarded. During the last decade, the government has taken a number of steps to further integrate all non-ethnic Estonians into society. In 1993, Estonia's president established a roundtable of national minorities to participate in the state's national minorities policy. The Non-Estonian Integration Foundation, a state institution, was established in 1998 to facilitate various integration-related activities. In 2000, the government approved a state integration program for 2000–2007 that focuses on education, language training, and public awareness campaigns; its implementation will be reviewed on an annual basis. In March 2002, Finland, Sweden, Norway, and the United Kingdom pledged $1 million for integration projects.

Corruption

1997	1998	1999	2001	2002	2003
na	na	3.25	2.75	2.50	2.50

Estonia enjoys a reputation as one of the least corrupt countries in Eastern Europe and the former Soviet Union. Over the last several years, it has implemented various policies to enhance the transparency of state institutions and the accountability of public officials. Although Estonia has a relatively limited corruption problem overall, there are questions regarding the effectiveness of anticorruption enforcement efforts. Specific areas of continued concern include corruption at the local government level and within the customs and border guard services.

Estonia has made significant progress toward instituting a comprehensive anticorruption legislative framework. Laws that address issues related to corruption include the Anticorruption Act (which includes a code of ethics for public officials), the Public Service Act, the State Procurement Act, the State Property Act, the Money Laundering Prevention Act, the Public Information Act, and the Penal Code. In the area of international instruments, Estonia has ratified three conventions sponsored by the Council of Europe: the Convention on Laundering, Search, Seizure, and Confiscation of the Proceeds from Crime; the Civil Law Convention on Corruption; and the Criminal Law Convention on Corruption. Furthermore, Estonia par-

ticipates in the Council of Europe's Agreement Establishing the Group of States Against Corruption (GRECO), the Baltic Anticorruption Initiative, and the Anticorruption Network hosted by the Organization for Economic Cooperation and Development.

The primary anticorruption methods aim at preventing conflicts of interest by requiring declarations of financial assets by public officials and by restricting private sector employment. Under the Anticorruption Act, government officials may not join directory bodies at commercial enterprises, unless the enterprise is partly state owned. They may engage in enterprises if they receive permission from their government agency and if the enterprise does not hinder their work as public servants. In addition, public officials must submit yearly declarations of their economic interests. Currently, some 15,000 officials present such declarations. The declarations of high-ranking officials, including members of Parliament, judges, and government ministers, are submitted to the Parliamentary Anticorruption Committee for review and published in the *State Gazette*. Since 2001, the wages of high-level civil servants and members of the boards and supervisory councils of state-owned enterprises have been freely available on the Internet.

Although laws addressing corruption have been well established, the effectiveness of enforcement and implementation of anticorruption legislation is less certain. The security police, which is the principal law enforcement body responsible for detecting and investigating corruption and is functionally independent of the main police force, is generally regarded as performing its role well. However, pretrial investigations of corruption cases involving municipal officials fall within the jurisdiction of local police and therefore are arguably less stringently pursued. The State Audit Office conducts external audits of all public expenditures and revenues and is generally regarded as competent at the central administration level. However, as with the security police, its limited authority to audit local governments has been cited as a source of concern. The Public Procurement Office, which verifies legal compliance of procurements, has come under fire for being subject to political interference and for lacking adequate force to supervise and inspect contracting authorities. The Parliamentary Anticorruption Committee has been criticized for having limited effectiveness in scrutinizing the economic declarations of high-ranking officials.

While there is little evidence of corruption in the judicial system, the effectiveness of the courts in prosecuting corruption cases is subject to some doubt. In 2001, there were 58 convictions for corrupt acts, including for the acceptance of bribes, misuse of official position, and abuse of authority. However, only seven defendants received prison sentences. This apparent leniency in the imposition of punishments has been cited as possibly encouraging a climate of tolerance toward corruption. In a report released in 2002,

GRECO concluded that the "results of corruption investigations and prosecutions are not impressive."

In the case of corrupt senior-level government officials, there have been some successful prosecutions in the past few years. In one case that attracted considerable publicity, two top Ministry of Finance officials were convicted in 2000—one for corruption and the other for misuse of official position—in connection with a car that was purchased for the ministry at a special discount and then sold to an official for private use at the same price. A more recent high-profile corruption case concerned the Estonian Culture Endowment, the organization that funds most of the country's cultural activities. In August 2002, police arrested its director, Avow Viiol, who confessed to having embezzled some $500,000 of the endowment's funds between 1999 and 2002. Estonia's culture minister, who had supervised Viiol, subsequently tendered her resignation in the wake of the growing scandal. A decision in Viiol's case was pending at year's end; if convicted, he could face a maximum sentence of eight years in prison.

Most personal services, such as admission to educational institutions and hospitals, do not require the payment of bribes, and corruption in business registration and licensing appears to be rather limited. While there is generally little evidence of corruption among most civil servants, the low salaries of some public servants (relative to those of private sector counterparts) have led to concerns regarding the potential for corruption. Customs and border guards have been cited as being particularly vulnerable, given the illegal activities such as smuggling and organized crime with which they come into contact while performing their jobs. In response, the Customs Board has adopted a number of anticorruption measures, including the establishment of departments to conduct financial audits and participate in investigating corruption cases of customs officials.

Bribery among local authorities, where business and government officials are sometimes closely connected, is regarded as one of the most serious and widespread corruption problems in Estonia. This has been compounded by the fact that local police, who have relatively little training in corruption issues, rather than the more experienced security police, conduct investigations into acts of corruption by local officials. Among the areas cited as most likely to be affected by corruption at the local level are restitution and privatization of property, public procurement projects, and abuse of official travel.

Despite these concerns, the overall level of corruption in Estonia continues to be considered among the lowest in comparison with other transition countries in the region. In Transparency International's 2002 Corruption Perceptions Index, for example, Estonia received a score of 5.6 on a 10-point scale, where 10 represents the lowest possible level of corruption. Of 102 countries surveyed, Estonia was ranked 29th, the best placing of any

former Soviet country and just two places behind the highest-ranked Eastern European state, Slovenia.

During the last several years, nonstate actors have worked to raise public awareness of and further help combat corruption. The nonprofit Jaan Tonisson Institute, which serves as the national chapter of Transparency International, has conducted various educational programs and research projects on corruption-related issues. JTI has often coordinated its efforts with state agencies, other nonprofit organizations, and private enterprises. In 2002, it organized a project for Estonian, Latvian, and Lithuanian government officials, journalists, and NGO representatives focused on developing and exchanging ideas for combating corruption in all three Baltic countries. The country's media, particularly the printed press, have become increasingly active in exposing corruption. In the last few years, the media have devoted considerable coverage to corruption in the issuance of driver's licenses and to allegations of corruption surrounding the privatization of Estonian Railways.

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Georgia

Capital:	Tbilisi
Polity:	Presidential-parliamentary democracy
Economy:	Capitalist-statist
Population:	4,400,000
GDP per cap at PPP:	$2,664
Private sector as % of GDP:	65
Ethnic Groups:	Georgian (70 percent), Armenian (8 percent), Russian (6 percent), Azeri (6 percent), Ossetian (3 percent), Abkhaz (2 percent), other (5 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	5.00	4.50	4.00	4.50	5.00	5.25
Civil Society	4.50	4.25	3.75	4.00	4.00	4.00
Independent Media	4.50	4.25	3.75	3.50	3.75	4.00
Governance	4.50	5.00	4.50	4.75	5.00	5.50
Democratization Scores	**4.70**	**↑4.55**	**↑↑4.00**	**↓4.19**	**↓↓4.44**	**↓↓4.69**
Constitutional, Legislative, and Judicial Framework	5.00	4.75	4.00	4.00	4.25	4.50
Corruption	na	na	5.00	5.25	5.50	5.75
Rule of Law Scores	**na**	**na**	**4.50**	**↓4.63**	**↓↓4.88**	**↓↓5.13**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

INTRODUCTION

Democratization in the Republic of Georgia has been impeded over the last decade by frequent challenges to the viability of the state. The early 1990s in particular were marred by ethnic territorial wars in Abkhazia and South Ossetia, a successful armed rebellion against the country's first democratically elected government, and an interval of warlordism and semianarchy. The legacies of this period include the internal displacement of 264,000 people, a general environment of instability in the country, and the rise of two self-proclaimed states that cover some 15 percent of Georgia's territory and function as centers for violence and organized crime.

Georgian partisans in Abkhazia continue to destabilize this self-proclaimed state and neighboring regions. Likewise, since the influx in 1999 of refugees from the war in neighboring Chechnya, the small region of Pankisi has become a safe haven not only for an illicit drugs and arms trade, but also for Chechen fighters and their supporters from Muslim countries—some with alleged links to international terrorist organizations such as al-Qaeda. Although this situation led to occasional bombings and open threats of military invasion by Russia in 2002, the Georgian government succeeded in improving the situation in Pankisi by year's end. Nevertheless, a sense of volatility remained.

The level of democratic freedoms enjoyed in Georgia proper is uneven. The country has made considerable progress in liberalizing its economy and guaranteeing the rights of political parties, civic organizations, and the media to function freely. However, corruption is widespread, and an ongoing fiscal crisis undermines the government's ability to address the most significant problems facing the country. In addition, Georgia lacks an effective system of democratic governance, and the fairness of elections is widely questioned. Electoral violations and infringements on civic freedoms tend to be higher outside the capital city. In the autonomous region of Adjara, for example, leader Aslan Abashidze has consolidated a one-man autocracy that prohibits independent civic and political activities. Violence against religious minorities is also on the rise in Georgia.

The most significant political event of the last two years was the breakup of the Citizens' Union of Georgia (CUG), a party that was founded in

1993 to support President Eduard Shevardnadze and enjoyed a firm parliamentary majority from 1995 to 2001. In 2001, tensions between the reform-minded wing of the coalition and members of the former Communist nomenklatura (state bureaucracy) finally came to a head, and the coalition divided. Although President Shevardnadze had acted as an arbiter between the two factions, the so-called reformers who remained in the CUG also expressed disagreement with the president. The CUG's parliamentary majority collapsed in September 2001 after Shevardnadze resigned from the party's chairmanship. In May 2002, a court ruled in favor of the president's loyalists in a battle for control of the party.

Three outspoken opposition groups emerged after the CUG's breakup: the United National Movement (led by former minister of justice Mikheil Saakashvili), the United Democrats (led by former Speaker of Parliament Zurab Zhvania), and the New Rights Party (led by a group of young politicians with business backgrounds). After the CUG suffered a crushing defeat in the June 2002 local elections (winning less than 2 percent of the vote nationwide), it began to reconsolidate under the leadership of Avtandil Jorbenadze, the minister of state and the second-highest-ranking person within the executive. The rump CUG largely became the party of the ruling bureaucracy. The Tbilisi City Council, chaired by former minister Saakashvili since November 2002, became the most important government body controlled by the opposition. In late 2002, opposition parties were involved in negotiations over possible coalitions to challenge the incumbent power in the 2003 parliamentary elections.

The breakup of the CUG has resulted in a general opening of the political fight in Georgia and, though accompanied by violence, an increase in competition during elections. In 2005, President Shevardnadze's term in office will end, and elections that year are being viewed as a major test for Georgia to consolidate its democratic institutions and carry out an orderly and fair change of power. At the same time, Shevardnadze's potential exit raises fears of further destabilization, for he has long positioned himself as the indispensable final arbiter among Georgia's rival political groups. Shevardnadze has stated publicly that he will not seek another term—a step that would require a constitutional amendment—but some opposition leaders have expressed doubts that the president is truly ready to step down.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
5.00	4.50	4.00	4.50	5.00	5.25

Elections in Georgia are based on a multiparty system. The Constitution and the electoral code guarantee universal suffrage, equal electoral rights, and the right to a direct and secret ballot. Under the country's new Constitution, enacted in 1995, parliamentary elections are conducted every four years and presidential elections every five. Elections to Parliament are based on a mixed system in which national party lists compete for 150 seats in proportional voting and individual candidates vie for 85 seats in single-mandate constituencies. The threshold for party lists to gain seats in Parliament increased from 5 to 7 percent in 1999 as part of an effort to encourage larger coalitions. Since the self-proclaimed territories of Abkhazia and South Ossetia are outside the government's control, their populations do not take part in Georgian elections. However, the mandates of 13 members of Parliament elected from Abkhazia in 1992 were extended for additional terms in 1995 and 1999.

The manner in which electoral commissions are appointed is the most controversial issue surrounding Georgia's Law on Elections. Since the Central Electoral Commission (CEC) consists of representatives of political parties and different branches of power, it is essentially a political body that encourages backroom deals. Although a new election code enacted on August 2, 2001, provides for the creation of nonpartisan electoral commissions whose members would be nominated by coalitions of nongovernmental organizations (NGOs), the provision met strong resistance from political parties and was suspended for the 2002 local elections. The current electoral administration has lost credibility with all political actors and the public. Lack of reliable voter registers is another significant problem that has grown worse over time.

Georgia's new electoral code does contain some positive provisions. These include increases in the right of domestic election observers and the introduction of transparent ballot boxes and envelopes for ballot papers. The new code also assigns individual responsibilities to precinct-level commission members by lottery in order to reduce the risk of their deliberate participation in electoral fraud.

Local elections in June 2002 became the central political event of the year. While the powers of *sakrebulos* (elected local councils) are quite limited by law, political forces invested heavily in these elections, which were considered a prelude to parliamentary elections in 2003 and presidential elections in

2005. City council elections in Tbilisi became a government-bashing contest, with the Laborist Party and the United National Movement delivering the most radical messages and sharing the victory with 25.5 percent and 23.75 percent of the vote, respectively. The CUG scored very poorly with only 1.45 percent of the vote nationwide. Outside the capital, the New Rights Party and the Industrialists Party, two business-oriented groupings that portrayed themselves as more moderate opposition groups, were the most successful. Observers from the Council of Europe (COE) considered the elections "a step backward rather than forward for democracy in Georgia." The International Society for Fair Elections and Democracy, a local monitoring organization, accused the government of intentionally sabotaging the electoral process.

The 2002 local elections were initially scheduled for November 2001, but the president postponed them at the request of the Central Electoral Commission owing to a lack of funds and resulting logistical difficulties. However, Georgia's electoral authorities failed to use the time to prepare properly, and the elections devolved into chaos. First, many voters could not find their names on registration lists. Second, when campaign rallies in the cities of Zugdidi and Poti turned violent, the government did nothing to punish the individuals who attacked supporters of the opposition United National Movement. Violence and other irregularities in three electoral districts and several precincts resulted in postponements of voting for one or more weeks. Despite its relatively strong showing, the United National Movement demanded a recount of votes to the Tbilisi City Council; other parties contested the election results in court. Although a recount did not lead to significant changes in the election results, the Tbilisi City Council still failed to assemble until November.

The most recent parliamentary and presidential elections took place in 1999 and 2000, respectively. In the former, only three parties met the 7 percent threshold needed to enter Parliament: the CUG with 41.75 percent, the Revival Party with 26.58 percent, and Industry Will Save Georgia with 7.08 percent. Voter turnout was 67 percent. The observer mission from the Organization for Security and Cooperation in Europe (OSCE) noted a number of irregularities but concluded that "Georgian voters were generally able to express their will."

By-elections to Parliament in November 2002 were invalidated in two out of four districts owing to voter turnout of less than 33.3 percent. In the district of Rustavi, however, considerable controversy arose when the Central Electoral Commission approved the results of a by-election in which independent observers said voter turnout was no more than 12 or 13 percent. Even after the Supreme Court declared the CEC's decision void, the commission reconfirmed the election results and Parliament approved them.

In the 2000 presidential elections, President Shevardnadze proved victorious with 78.82 percent of the vote. His major rival, former Communist

leader Jumber Patiashvili, took 16.66 percent of the vote. Voter turnout was 76 percent. Both the OSCE and the Council of Europe's Parliamentary Assembly noted serious irregularities, including media bias, ballot box stuffing, and a lack of transparency in the counting and tabulating of votes.

The worst election-related abuses consistently take place in the Autonomous Republic of Adjara. There, with opposition parties facing severe restrictions on their ability to campaign, the ruling Revival Party usually wins 95–98 percent of the vote; turnout figures are nearly the same. In June 2002, the COE observers' delegation declined an invitation to observe local elections in Adjara, since it did "not wish to, with its presence, legitimate such non-pluralistic elections as the ones held in Adjara, even if the elections [were] carried out in a technically satisfactory manner."

Outside Adjara, there are no serious barriers to the formation and activities of political parties. To contest elections, parties that are not represented in Parliament must obtain 50,000 signatures to register a party list and 1,000 signatures to register a candidate in a single-seat district. Presidential candidates must obtain 50,000 signatures. As of November 2002, Georgia had 156 registered parties, but just a few are active and known to voters. Only 2 parties have been denied registration in the last decade. In 1999 and again in 2001, Virk, a group based in an ethnically Armenian region of Javakheti, was denied registration based on a provision of the 1997 Law on Citizens' Political Associations that bans religious-based parties. (The group applied in 2001 under the name Zari.) In 2001 and in 2002, the Ministry of Justice denied registration to Mkhedrioni (in 2002 it applied under the name Georgian Patriots' Union), most of whose members were part of a powerful militia in the early 1990s and later served prison terms. The Ministry of Justice alleges that the organization is still terrorist in nature.

Organizational weakness, rather than state repression, is the main problem facing political parties. Parties are usually created as vehicles for personalities or small groups to gain power and lack distinct agendas or ideologies. As a result, they are highly unstable and weakly anchored in the broader public. Coalitions among parties tend to be purely opportunistic and do not last long. Before each election, the party landscape changes dramatically. In the 2003 parliamentary elections, the Laborist Party, the United National Movement, the New Rights Party, and the United Democrats are expected to be major challengers to the incumbent powers, whether separately or in a coalition.

Voter turnout figures have been quite stable throughout independence. Official data show turnout between 60 and 70 percent in national elections and 55 and 60 percent in local elections. There are no separate data on women voters, but there are no grounds to believe that voter participation differs considerably according to gender. In the 2002 local elections, the number of female candidates in each city ranged from 5 to 20 percent.

Ethnic minorities, which account for 15–20 percent of the population, tend to support government candidates and are largely passive in the country's political life. The current Parliament has 14 ethnic minority representatives, all of whom were part of the parliamentary majority that collapsed in the fall of 2001. The highest executive positions held by minorities are two deputy ministerial posts. Insufficient knowledge of the official Georgian language and fear that one's ethnicity could become an issue in political fights are among the reasons minorities do not get more involved in politics. There is evidence to suggest that minorities are daring more to join opposition parties.

Civil Society

1997	1998	1999	2001	2002	2003
4.50	4.25	3.75	4.00	4.00	4.00

Compared to other areas of Georgia's post-Communist, democratic development, the nongovernmental organization sector represents a relative success story. In recent years, NGOs have grown more vibrant, diverse, influential, and aggressive. In particular, NGOs are having a greater impact on Georgia's political agenda by interacting with the media and political parties, lobbying for important legislation, and, overall, shaping public opinion. Arguably, NGOs help fill a void left by political parties by offering clear agendas and substantive ideas for change—and political actors are taking notice. The 2001 electoral code, for example, gives NGOs the exclusive right to submit candidates to the Central Electoral Commission.

Following the breakup of the CUG, the ability of NGOs to influence legislation did decrease. Most active groups worked through reformist members of the CUG, and their political clout declined when these politicians went into opposition. Nevertheless, NGO activism has not receded and, perhaps signifying the sector's growing maturity, an important debate is taking place about the appropriate role of NGOs in politics: Should nongovernmental groups serve as nonpartisan arbiters in intense political fights, or should they side openly with pro-democracy opposition parties against the incumbent government, whose autocratic tendencies are said to be growing?

In 2002, the increasing influence of Georgia's nongovernmental sector produced a backlash that manifested itself in attacks against NGOs by government-related, ethno-nationalist, and fundamentalist religious groups. In July, for example, members of Jvari, a fundamentalist Christian organization, vandalized the offices of the Liberty Institute, a leading pro-democracy group, and severely beat several of its activists. After the breakup of the CUG, some of the president's loyalists considered NGOs the principal allies of "reformist" factions and attacked them both in Parliament and in the media by accusing them of being stooges of foreign influence and misappro-

priating grant moneys. There also were demands from the rump CUG and the Revival Party to more tightly regulate foreign grants to NGOs, but this did not lead to any specific action. On a more positive note, Minister of State Jorbenadze initiated several meetings between leading NGOs and major government figures during the second half of 2002. At these gatherings, NGOs were able to push for their reform agendas.

Civil society's fundamental shortcomings are its weak social base and its underdevelopment outside the capital. The number of community-based organizations is small, though growing in some regions. Although most NGOs are based around small groups of activists and have no inherent structure, many NGOs have developed fairly strong organizational capacities. The best organizations have regular staffs and are well equipped with information technology. The Horizonti Foundation and the Center for Training and Consultancy are the most active in conducting training programs on NGO management issues. These and several other organizations have published advisory materials for NGOs in the Georgian and Russian languages.

A limited tradition of volunteerism and a scarcity of domestic resources make Georgian NGOs highly dependent on foreign assistance. Membership dues, voluntary contributions, and income from activities account for only a small portion of their funding. The Georgian government does not provide financial support for NGOs, and patronage from Georgian businesses is negligible. The business community's rare efforts to create local foundations that support civil society included the opening of the Cartu Foundation in 1997 and the New Georgian Foundation in 2001. However, such ventures typically are either short-lived or have limited resources and scope. (The New Georgian Foundation underwrites education and sports programs.) Businesses are most likely to engage in charitable activities that require a limited, onetime commitment.

Georgia's civic code, passed in 1997, defines two legal forms of noncommercial organizations: foundations and member-based associations. Although organizations may choose not to register, the civil code makes registration fairly simple. The law denies registration to NGOs that call for the violent overthrow of the political regime, violate the sovereignty and territorial integrity of the country, propagate war, or incite hatred on ethnic, regional, religious, or social grounds. Only courts have the right to suspend or ban NGO activities for the above offenses, but so far there have been no such incidents. There is no special tax status for NGOs, but the 1996 Law on Grants exempts revenue from grants from all taxes except income tax. The law does not give Georgian businesses a tax incentive to donate money for charitable purposes. NGOs are obliged to disclose their revenue sources to tax authorities, but only a few make such information public.

Although new organizations are created every year, many cease to exist after one or several projects. Some never become active at all. According to the Horizonti Foundation and the International Technical Information Center, there were 3,848 associations in Georgia as of December 2001. By July 2002, the Ministry of Justice, which registers only foundations, officially recorded 859 such groups (compared to 571 one year before). Several hundred organizations can be described as quite active. Courts are responsible for registering associations.

A stable umbrella association for NGOs does not exist in Georgia, but many groups are demonstrating an increasing willingness to act in coalitions. Democracy promotion groups and human rights organizations, for example, frequently unite in ad hoc or issue-based coalitions. There are also solid coalitions based on broad sectoral interests in such areas as human rights, the environment, or women's rights.

NGO membership for the most part includes younger and more educated members of society. According to polling data released by the Institute of Polling and Marketing in December 2001, 94.1 percent of respondents to a survey said they did not take part in NGO activities. Nearly 80 percent thought NGO activism was meaningless and would not lead to any improvement in their lives. Independent media are largely sympathetic to NGOs and use them as their main source for expertise.

Many women are active in or even lead NGOs, and some 60 groups work specifically on women's issues. Experts estimate the total number of active members in these NGOs at 600 to 700, though their formal membership is much higher. The number and activities of ethnic-based community organizations has increased significantly in recent years, particularly in Azeri and Armenian ethnic enclaves. Some 60 groups work in this field, with a total of 400 to 500 active members. The combined formal membership of these groups is reportedly around 50,000. The Public Movement Multinational Georgia includes 27 groups, and its objectives are to encourage minority participation in civic and political life, influence legislation affecting minorities, and protect minority cultures.

The mainstream Georgian Orthodox Church is involved in charitable work. Through its Lazarus Foundation, it cooperates with the International Organization of Christian Churches in several regions of Georgia. International organizations that have religious affiliations, such the United Methodist Committee on Relief, Caritas, and the Salvation Army, are active in Georgia as well. However, against the backdrop of increasing religious intolerance, these agencies are sometimes harassed because of their alleged hidden agendas to proselytize and convert believers.

Trade unions in Georgia are weak. The successors to the Soviet-era unions belong to the Georgian Trade Unions Amalgamation. Their membership has declined from 1.4 million workers in 1996 to around 675,000

in 2001, out of a total workforce estimated at 2.3 million. The most viable and active independent trade union is Solidaroba, a schoolteachers union that was established in May 2000 in Kutaisi, Georgia's second largest city. By the end of 2001, it had opened a number of branches throughout Georgia and its membership had reached 4,000. There are several farmers groups. The largest, Memamuleta Kavshiri, counts 25,000 members.

Business associations are weakly developed, but their number is growing. While large businesses often defend their interests through backroom and usually corrupt deals, some interest groups organize themselves as public associations. The Industrialists' Union, the most successful and conspicuous among them, created the Industry Will Save Georgia electoral bloc, which placed third in the 1999 parliamentary elections. Other important interest groups include the Large Taxpayers' Union, the Bankers' Association, the Union of Petrol Importers, the Insurers' Association, and the Union of the Disabled. In 2002, the Council of Business Associations, comprising about 30 organizations, was created. The Union of Kiosk Owners and Small Entrepreneurs was also established in an attempt to defend the interests of small businesses.

The 1998 Law on Lobbyist Activities allows any legal entity or group of 50 people to take part in the legislative process through a hired lobbyist. However, Georgia has very few registered lobbying organizations, which may suggest that businesses prefer to influence legislation through less transparent means. Of Georgia's several public policy institutes, the most developed are the Caucasus Institute for Peace, Democracy, and Development, the Center for Strategic Studies, and the Center for Strategic Research and Development. Some policy institutes have experience drafting policy documents for the government, but in general there is little cooperation of this type between them and the government. Instead, institutes like these tend to focus on working with international organizations and trying to influence public opinion.

Private educational institutions have proliferated since independence, especially at the university level. According to the Ministry of Education, there are 220 private and 24 state universities; however, some 60 percent of university students are enrolled in the state schools. For the most part, the quality of Georgia's new private universities is low. Schools that set high educational standards tend to be those that have Western ties. Some of these include the European School of Management, the Caucasian Business School, the Georgian Institute for Public Affairs, and the Black Sea University. At the secondary level, 350 out of the nation's 3,170 schools are private. State educational institutions suffer from corruption and insufficient funding, but they are not subject to political influence.

Independent Media

1997	1998	1999	2001	2002	2003
4.50	4.25	3.75	3.50	3.75	4.00

Article 24 of the Constitution states that "the mass media are free" and that "censorship is impermissible." It also defends the rights of citizens "to express, distribute, and defend their opinions via any media, and to receive information on questions of social and state life." The Law on the Press and Other Mass Media, which was enacted in 1991 and later amended several times, regulates the media. In 2002, the Liberty Institute and other civic organizations were lobbying a new and very liberal draft bill, On Freedom of Speech and the Media. At year's end, the bill had passed in its first reading.

Although the current legislation does not challenge media freedom directly, it contains some provisions that may be misused against the media. For instance, Article 4 of the law stipulates that "the mass media are forbidden to disclose state secrets; to call for the overthrow or change of the existing state and social system; to propagate war, cruelty, racial, national, or religious intolerance; to publish information that could contribute to the committing of crimes; to interfere in the private lives of citizens or to infringe on their honor and dignity." Media outlets also are required to register and obtain a license from the state (Article 7), and if the registration body considers the goals of the applicant to be in contradiction with the law (Article 10), it may deny registration to the media outlet. On the same grounds, this article may be applied retroactively and a licensed outlet's activity suspended for a year without any legal proceedings.

The Law on State Secrets, adopted by Parliament in September 1996, may also be a tool for media restriction. The attachment to the law, which contains a list of state secrets developed by the National Security Council, is extremely broad and is close to Soviet standards. Specifically, public servants responsible for leaking state secrets and journalists who disseminated the information may be held legally responsible. In practice, however, the government has been reluctant to use these provisions against the media.

Given that television is the principal source of news and information for the majority of the country's population, regulations on the distribution of broadcasting frequencies is a critically important issue. The passage in 1999 of the Law on the Post and Communications was an important positive step. This law removed direct control over the licensing process in telecommunications from the Ministry of Post and Communications and passed it to the National Regulatory Commission for Communication, an autonomous licensing commission created in May 2000.

Although most public officials choose to ignore negative media reporting even if it contains allegations of criminal activities, many favor

antidefamation over libel as a legal tool to counter criticism in the media. In cases of libel, the burden of proof lies on the plaintiff, while in cases of defamation, the media company must prove the accuracy of its information. The efficacy of pressing charges is mixed. In many cases, plaintiffs indeed lose. And when they win, courts often impose symbolic sanctions on the media outlets and journalists involved rather than the substantial fines plaintiffs seek.

The most publicized defamation case of 2002 was that between Vano Chkhartishvili, a banker and former minister of economy, and Levan Berdzenishvili, a prominent NGO figure who publicly called Mr. Chkhartishvili a "thief." Mr. Berdzenishvili's lawyers insisted that his statement constituted an opinion that did not require specific proof. Lower-level courts denied Mr. Chkhartishvili's suit, and while the Supreme Court directed Mr. Berdzenishvili to apologize, it refused to award over 1 million Georgian lari (about US$450,000) in damages.

Members of the political elite, including high-level government and ruling party figures and occasionally the president himself, sometimes make statements that are hostile to the independent media, consider independent media "antistate," and advocate more restrictive legislation. Calls to put limits on media freedom also originate from within the Revival Party faction. Although legal measures to safeguard the dignity of public officials have been introduced in the past, such attempts have failed. However, they have created a sense of insecurity within the journalistic and NGO communities. Rustavi-2, the most influential independent TV station and a frequent object of government wrath, survived an attempt to close it down in 1997. In 2001, a raid by the Ministry of Security on the offices of Rustavi-2 (based on alleged tax evasion) led to a large public demonstration and sparked a political crisis that was defused only after the firing of the cabinet and the resignation of the Speaker of Parliament.

The media face greater restrictions outside the capital. In Adjara, for example, there are no independent broadcasts on political issues. When Channel 25, the only independent television company in Adjara, began to broadcast news programs in February 1999, three of its four owners were forced under threat to cede 75 percent of the company's shares to a local Mafia boss. In the self-proclaimed Abkhazian and South Ossetian Republics, a few independent outlets have appeared, but the authorities control most media there as well.

In other regions, journalists often become targets for harassment after exposing official corruption. In June 2002, for example, the mayor of Bolnisi physically assaulted a female journalist who tried to publicize local election violations. In September 2002, more than 20 police officers raided a local television station in Zugdidi, beating staff and smashing equipment. The station had cooperated with the *60 Minutes* television program on Rustavi-

2 on a report about police involvement in gasoline smuggling from Abkhazia. There were other instances of abuse in 2002 in Kutaisi, Telavi, and elsewhere.

Although independent media dominate major segments of the market in Georgia, the government maintains control over strategic outlets such as television's Channel 1 and Channel 2 and the Georgian Radio. These are the only electronic broadcasting companies with nationwide coverage, and no steps have been taken to transform them into public broadcasting corporations. In public statements, President Shevardnadze has projected such reform for 2005, which happens to be the last year of his presidential term.

Competition from independent channels has pushed state-owned electronic media toward more pluralistic programming, but they are still far from enjoying editorial independence in news and political programming and continue to favor the government's views. There are also formally independent but de facto government newspapers such as *Sakartvelos Respublika* and its counterparts in Russian, Armenian, and Azeri languages. The government subsidizes these newspapers through the Information Publishing Corporation for publishing the texts of laws and other official information and by obliging state agencies to subscribe to them. Although these papers serve as mouthpieces of government propaganda, they have rather small circulations and little impact.

Rustavi-2, the main independent channel, broadcasts in Tbilisi and a handful of other regions. Although it is the strongest channel in Tbilisi, state television dominates elsewhere. Rustavi-2's local affiliates rebroadcast Rustavi-2 news shows and some other programming. Despite allegations of bias, in general it tries to balance its political coverage. A number of other independent TV stations operate in the capital and outside, but they are financially much less viable and are easily dominated by different economic interests and political agendas. According to the media research group Georgian Opinion Research Business International, 90.4 percent of the Georgian public watches Channel 1 on state television; 65 percent watches Rustavi-2; 42.9 percent watches state Channel 2; 25 percent watches Adjara-TV (the official channel of the Adjaran autonomous region); and 20 percent watches Channel 9.

Independent newspapers dominate the press market. However, their circulation and influence are quite low. Accurate figures of newspaper circulation are impossible to obtain, as newspapers tend to conceal them, but it is clear that the newspaper market is particularly volatile. Experts estimate that newspaper circulation dropped in 2002, after increasing slightly in 2001.

Many independent radio stations operate in Tbilisi and some in the regions. As a rule, they offer musical programming with short news broadcasts at the top of the hour. The independent channels Fortuna and Fortuna+ (the latter broadcasting partly in Russian) lead the radio market as whole, and state radio maintains its strongest influence outside the capital. Radio Green Wave and its regional partners constitute the Georgian Radio Net-

work. This network offers musical, political, and social programming and depends primarily on international donor support for funding. The new Imedi radio station, financed by Badri Patarkatsishvili, a controversial financial tycoon from Russia, provides greater political programming but commands a small fraction of the country's listenership.

Out of six major information agencies, one, Sakinpormi, is government controlled and serves as the president's press center. In addition to government subsidies, it enjoys privileged access to official information. Gea, Iprinda, and Prime News are oriented mostly toward the Georgian-language information markets, while Black Sea Press and Caucasus Press cater mainly to international organizations and embassies in Georgia.

Regional electronic and print media exist but struggle financially, making them easily susceptible to local authorities or influential financial groups. In lieu of local advertising markets, funeral and wedding announcements constitute their major independent sources of income. Some regional television stations have joined the Rustavi-2 network; others have formed the United Television Network as a means of pooling advertising revenues.

Only three out of eight distribution agencies are still state owned. Press Distribution Service Ltd., established by four independent newspapers in 1996, is the largest distributor in Tbilisi. The state agency Sakpresa and the private Presinfo agency dominate distribution outside the capital. In Adjara, authorities at times have restricted the distribution of national media when it contains especially sharp criticism of them.

Independent media outlets are quite aggressive in criticizing the government, and journalists have few taboos in this regard. The industry's main problems are a lack of quality journalism and financial sustainability. Journalists usually do not draw a line between reporting, analysis, and opinion, and their materials often have insufficient informative value. Print media is especially weak, as it cannot afford to attract good journalists. Journalists themselves and experts allege that there are frequent instances of "commissioned journalism"—that is, political and economic interest groups paying for reports that discredit their opponents and competitors.

The Internet is a growing source of information in Georgia, especially among young people. According to the Institute of Polling and Marketing, 4.9 percent of the population has access to computers, but only 1.9 percent uses the Internet. In Tbilisi, the figures are 11.4 percent and 5.3 percent, respectively. Sanet, Caucasus Network, and Georgia Online are the major Internet providers in the country. There are many areas where the Internet can be accessed only though mobile phones. However, thanks mainly to donor support, Internet cafés and NGO-run Internet centers are emerging in more and more areas of the country. There are some regular Internet publications, but their influence is still negligible. There are no legal restrictions on Internet access.

A number of journalists associations and NGOs promote media issues, but none play a leading role or serve as a self-regulating body for the journalistic community. Media rights are more effectively promoted by ad hoc coalitions of NGOs and journalists. In 2002, several television companies formed the new Association of TV Broadcasters. There are no figures on the number of female journalists who belong to press associations, but a majority of Georgian journalists are indeed female. The majority of editors are male.

In 2002, Freedom House's *Survey of Press Freedom* rated Georgia "Partly Free."

Governance

1997	1998	1999	2001	2002	2003
4.50	5.00	4.50	4.75	5.00	5.50

Georgia's governmental system, defined under the 1995 Constitution, is fairly stable. However, since 1990, when the Communist Party lost elections to representatives of the national independence movement, there has been no peaceful rotation of executive power. The last handoff was achieved in a 1992 coup. Since then, stability has been ascribed more to the balancing skills of President Shevardnadze than to the institutional foundations of the political regime. The forthcoming parliamentary elections in November 2003 and presidential elections in 2005 are anticipated with some anxiety.

In the wake of mass protests in October and November 2001 that led to the government's resignation, the possibility was openly discussed that President Shevardnadze, whose public approval rating was below 10 percent, could be forced to resign. However, the prospect of a disruption of stability proved even more unpopular, and Shevardnadze remained in power. Although some parliamentary factions expressed their intent in 2002 to initiate impeachment procedures against the president and the state minister, they never made formal motions. Even discussion of the president's resignation diminished as the country's major political actors oriented themselves firmly toward the pursuit of their political goals through electoral means.

Between 1995 and 1999, Parliament enacted important legislation that established the foundation for reforms in many areas of life in Georgia. The Parliament elected in 1999, however, proved particularly unproductive owing to internal divisions within the majority CUG faction. Since the CUG's breakup in September 2001, no new majority has emerged and Parliament has been unable to pursue a coherent legislative agenda.

The branches of power in Georgia differ with regard to openness and transparency. Part 3 of the July 1999 administrative code requires government officials to make available to the public at no cost original versions of public documents. Although this law effectively increased access to public

information, some government agencies are still reluctant to comply with these requirements. Parliament may be the most open public institution. Save for special hearings devoted to security issues, NGOs, interest groups, and other individuals regularly take part in Parliament's plenary sessions and committee hearings.

While Georgia's national system of state power is relatively clear and stable, its territorial administration is not. The territory of Abkhazia and most of South Ossetia, both of which were autonomous regions under the Soviet Constitution, are outside the central government's control and do not participate in Georgia's political life. The only exception is the Tbilisi-based Abkhazian government in exile, which is recognized by the Georgian government as the sole legitimate representative of Abkhazia and handles issues involving internally displaced persons.

The third autonomous territory within the country is Adjara. Though its special autonomous status was never contested, the respective clause was only added to the Constitution in April 2000. However, no specific legislation clearly defines the separation of powers between the center and Adjara. In 2001, the region adopted a new Constitution that introduced a two-chamber Parliament and the position of head of the republic. In practice, the Adjaran leadership often defies Georgian legislation, in particular by refusing to pay taxes to the central government.

In the rest of the country, the system of government is strongly centralized. In 1994, President Shevardnadze created a new level of governance between the district and the national levels called the *mkhare*. Under this arrangement, Georgia is divided into 12 *mkhares*, each led by the president's *rtsmunebuli* (representative). However, since this level of government exists only by presidential decree, its constitutionality is contested.

At the *raion* (district) level, the key levers of power belong to presidentially appointed leaders called *gamgebeli*. Until 2001, the president also appointed the mayors of Georgia's seven largest cities. In smaller towns and villages, leaders were locally elected. Amendments in 2001 to the Law on Local Self-Government and Government led to a modest increase in local powers and paved the way for the first direct popular elections of all mayors, except in Tbilisi and Poti, in June 2002. The president selected the heads of district-level administrations from *sakrebulos*. Another important change affecting local elections was the replacement of proportional voting from party lists with a first-past-the-post system of simple majority voting in single-member constituencies.

In practice, however, the powers of *sakrebulos* and mayors are very limited. For example, if a local council fails to approve a budget submitted by *gamgebeli* in the first two months of the year, the president may dismiss it. Indeed, local administrations depend on transfers from the center; local taxes provide for only a small fraction of government expenses. Key governance

functions such as police, health care, and education are formally the responsibility of both local administrations and the central government, but federal bodies have greater influence.

A 1997 law gives local governments responsibility over local civil servants. Incoming heads of state agencies generally conduct major staff overhauls motivated more by political loyalty and personal connections than by professional competence. Moreover, the extremely low salaries paid to civil servants make it difficult to attract honest and competent personnel. The U.S.-funded Georgian Institute for Public Affairs and the Office of Regional Management under the president's chancellery conduct training for civil servants.

RULE OF LAW

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
5.00	4.75	4.00	4.00	4.25	4.50

The Georgian Constitution calls for the separation of powers among the executive, legislative, and judicial branches of government. Both the president and Parliament are elected by direct popular vote. The president may not dissolve Parliament and must secure its agreement on the main provisions of his budget before passage. However, Parliament may not introduce any changes to the president's budget; rather, it must accept or reject it in its entirety. Parliament confirms or rejects the president's ministerial nominations but may not initiate bills on the structure and regulation of the executive.

Under Article 73 of the Constitution, the president issues decrees and orders on the basis of the Constitution and other legislation. According to the 1996 Law on Normative Acts, laws adopted by Parliament take precedence over presidential decrees. However, contrary to this law, some government agencies still give precedence to internally issued regulations over laws.

Parliament is legally independent in its legislative activities. In practice, the parliamentary leadership exercises considerable autonomy in legislative activities and takes advantage of its rights of supervision over the executive. Despite having a pro-government majority until 2001, Parliament rejected some presidential nominees to executive positions or created problems for others during confirmation hearings. Setting up investigative commissions and inviting ministers to hearings are also routine procedures. The recent fragmentation of Parliament has led to its decreased influence.

Chapter 2 of the Constitution provides for the defense of basic human rights and freedoms. It guarantees freedom of speech, movement, and as-

sembly as well as freedom from torture, inhumane punishment, and discrimination based on race, language, religion, or gender. Article 21 guarantees the right to own and inherit property, and Article 30 requires the state to foster conditions conducive to the development of free enterprise. Business rights are further elaborated in the 1994 Law on Entrepreneurs, the 1996 Law on the Promotion and Guarantees of Investing Activities, the 1997 civil code, and other legislation. Article 43 of the Constitution establishes the post of public defender, who is nominated by the president and elected by Parliament to a five-year term but is not accountable to either. In May 1999, Georgia ratified the European Convention on Human Rights.

While the constitutional protection of human rights and freedoms is quite satisfactory, legislation that is supposed to elaborate specific mechanisms to protect these freedoms may in fact introduce restrictions. For instance, Article 25 of the Constitution requires only prior notification to authorities of plans for a public assembly, but the 1997 Law on Meetings and Manifestations requires special permission to hold public rallies on streets and near government offices. In practice, this law is most often enforced against the most radical opponents of the regime, such as Zviadists, who are followers of the deposed president Zviad Gamsakhurdia.

The judiciary has undergone greater changes than other elements of the law enforcement system. It consists of common-law courts (local and district courts and the Supreme Court) and a separate Constitutional Court. Judges are appointed according to procedures that imply balance among the Parliament, the executive, and other courts.

According to Article 90 of the Constitution, "The Chairman and judges of the Supreme Court of Georgia, on the President's nomination are elected for a period of not less than ten years by the Parliament by the majority of the total number of deputies." Out of nine Constitutional Court judges, three are appointed by the president, three are elected by Parliament with a three-fifths majority, and three are appointed by the Supreme Court. Reforms in 1998 and 1999 provide for the appointment of common-law judges by the president upon the nomination by the Council of Justice, a consultative body whose members are appointed and elected in equal numbers by the president, Parliament, and the Supreme Court.

Judicial reform also led to the introduction of meritocratic criteria in the appointment of judges and an increase in the professionalism and independence of courts. However, since judicial reforms were not followed, as had been planned, by improvements in the procuracy and the police, courts have still displayed some susceptibility to political pressure or the pressure of public opinion. Some legal experts considered as politically biased a May 2002 ruling by the Supreme Court allowing the pro-presidential wing of the CUG to run in local elections.

Although direct invocations of constitutional norms are rare in civil cases, in a number of cases the Constitutional Court has ruled against the state in favor of individual citizens and organizations. For instance, the Constitutional Court agreed with the opposition Laborist Party that the *mkhare,* the regional territorial unit established by presidential decree, is unconstitutional. However, out of 33 cases filed in the Constitutional Court since September 2001, claimants have won none. In a highly publicized case in February 2002, Parliament refused to comply with a Constitutional Court decision invalidating the elections of three members of Parliament in 1999. In addition, a low rate of enforcement of court decisions, especially in civil cases, remains a significant problem. During the first eight months of 2002, for example, only 6,755 out of 17,422 decisions sent to the ministry by the courts were actually enforced.

The 1998 criminal procedures code, which was adopted prior to Georgia's accession to the Council of Europe, was meant to demonstrate Georgia's readiness to comply with international human rights standards. The new code contained many positive elements, such as restricting the issuance of search and arrest warrants to courts and providing defendants more extensive access to lawyers. However, immediately after the COE formally admitted Georgia in 1999, Parliament adopted more than 300 amendments to the code that the New York–based organization Human Rights Watch described as "backtracking on reform."

Of particular concern is a provision in the code that allows officials to detain suspects for up to 72 hours without charge or access to counsel. In practice, detainees are frequently denied access to counsel even after spending 72 hours in detention. Similarly, a suspect may be remanded for up to nine months in pretrial detention, and this period is often exceeded in practice. Police continue to carry out searches without warrants and to make unregistered arrests, usually to extort money. Defendants often state during court proceedings that the use of physical and psychological pressure led them to confess to crimes they did not commit.

The death penalty was abolished in November 1997 and the penitentiary system removed from the authority of the Ministry of Internal Affairs in January 2000. Since then, reforms to the law enforcement system have largely stalled. In November 2001, though, the president created the Interagency Commission on Institutional Reform of the Law Enforcement System, which is under the auspices of the Security Council but led by the chairman of the Supreme Court. The commission has recommended simplifying the criminal investigation process by placing a case under the jurisdiction of a single organization or agency until it is sent to court.

Military rather than civilian leaders typically run Georgia's so-called power ministries, including the Ministries of Defense and Internal Affairs. However, a civilian minister of security was appointed in November 2001.

The army steers clear of political life, but the Ministry of Internal Affairs is considered the bulwark of political stability and has much greater political clout. Namely, it is widely believed to influence electoral processes by exerting pressure on voters or facilitating electoral fraud in favor of the incumbent government. The presence of the police in electoral precincts is a widespread violation during elections. However, the police's political influence has decreased since November 2001, when Kakha Targamadze, the powerful minister of internal affairs from 1995 to 2001, was forced to resign under public pressure. Georgia's declaration in November 2002 of its intent to join NATO should pave the way for civilian leadership to take over the Ministry of Defense in the next two or three years.

The state provides public defenders to criminal defendants who cannot afford an attorney. The role of defense attorneys in court proceedings has increased considerably in recent years, but professional and ethical standards are often low. However, the Law on the Bar, adopted in June 2001, was intended to create a mechanism for self-regulation and enforcement of professional and ethical standards by requiring all lawyers to pass exams administered by the Georgian Bar Association. Although lobbying efforts to encourage Parliament to dilute the law failed, the overall reform process was slowed.

Georgia has no specific legislation on minority and gender rights. Religious minorities, particularly members of the Jehovah's Witnesses, the Baptist-Evangelical Church, and the Pentecostal Church, are regular targets of harassment. So-called traditional religious minorities such as Muslims, Catholics, Jews, and Armenian Apostolics do not face the same problems.

Since 1999, Jehovah's Witnesses have filed more than 700 legal complaints regarding violent attacks, property destruction, book burning, and other assaults against them. In January 2001, the Georgian Supreme Court revoked their registration. Three legal cases related to the Court's decision, in addition to 32 instances of physical assaults, are pending before the European Court of Human Rights. In 2002, the number of cases of physical violence against religious minorities receded, and the Jehovah's Witnesses won their first court case, which involved a claim against Georgian customs officials who seized their literature.

In October 2002, Parliament approved a constitutional agreement between the state and the Apostolic Autocephalous Orthodox Church of Georgia. This was preceded by a March 2001 amendment to the Constitution that defined a special relationship between the two institutions. These decisions followed several years of public discussion about threats from proselytizing sects to the church's historical place in society and its role in maintaining the nation's identity and values. Although human rights groups and liberal-minded politicians felt the proposals would threaten religious freedom in Georgia, public support was too great to prevent their passage. Lengthy negotiations did result in the elimination of language in the consti-

tutional agreement that directly endangers freedom of conscience, but the church's monopoly over the use of Orthodox "symbols and terminology" remained. This provision is aimed directly at minority Orthodox groups, which now fear prosecution for their liturgical practices.

Corruption

1997	1998	1999	2001	2002	2003
na	na	5.00	5.25	5.50	5.75

There is a strong consensus in Georgia that corruption has become a major obstacle to political and economic development. According to the public opinion research group GORBI, 21 percent of individuals polled in 2002 considered corruption to be one of the most significant problems in the country. Corruption was second only to poverty and unemployment (22 percent). While the government recognizes the scope and urgency of the problem, it has taken no effective measures to remedy it. The problem of graft has become a central issue in political struggles, most notably during the 2002 local elections.

The government's largest anticorruption initiative began in July 2000 when President Shevardnadze created a seven-member working group to launch a national anticorruption program. In spring 2001, the group presented its recommendations, which focused on liberalizing the business environment, improving the management of public finances, increasing the general efficiency of governance, reforming law enforcement bodies and the educational system, and tackling political corruption. Following the group's recommendation, the government established a coordinating body under the president's authority called the Anti-Corruption Bureau (ACB). The ACB's purpose is to elaborate further anticorruption policies and monitor their implementation. In 2001 and 2002, the president issued decrees containing specific measures aimed at increasing transparency in key government institutions, reducing excessive government control over business, and improving the monitoring of public officials' income and expenses. The ACB has proposed a number of specific legislative initiatives addressing the same issues.

To date, the government's anticorruption initiatives have not produced tangible results. The goals of presidential decrees remain largely unmet, and the prosecution of corruption cases is extremely rare. However, the government's efforts—coupled with those of the media, opposition parties, and NGOs—do serve to raise public awareness of the problem. In 2002, five high-ranking public officials (among them Bardi Khatidze, the influential head of the regional management office in the president's chancellery) were fired or forced to resign over allegations of corruption, mainly conflict of interest or failure to declare their incomes.

Corruption is one of the most popular subjects in the Georgian media. The television program *60 Minutes,* which appears on the Rustavi-2 channel, is dedicated to exposing the corrupt practices of public officials. Many NGOs also function as anticorruption watchdogs.

The root of Georgia's problem can hardly be sought in the lack of anticorruption legislation. According to the 1997 Law on Corruption and the Incompatibility of Interests in the Public Service, high-ranking public officials (including members of Parliament, ministers, and their deputies) and members of their families may not hold positions in commercial agencies whose activities are supervised by the government agency for which the said public official works. Officials also must submit public declarations of their property and income. This requirement was extended by presidential decree to all civil servants. The administrative code also provides a reasonably good foundation for ensuring transparency in public institutions.

While opinions vary over which political leaders are personally involved in corruption, there is little doubt that the existing style of governance is largely responsible for its scope. Weak state institutions force the government to balance the interests of competing groups, including Mafia-style organized crime groups. In addition, the political and economic interests of politicians and government officials are not sufficiently divided. For example, two factions in Parliament, the Industrialists and New Rights, consist mainly of businessmen. Likewise, several close relatives of President Shevardnadze run successful businesses and are widely believed to enjoy unfair advantages over their competitors.

In Adjara, most high-ranking officials are related to the republic's leader, Aslan Abashidze, and much of the regional economy is believed to be under the direct control of the Abashidze clan. Territories outside government control (Abkhazia, South Ossetia, and, until recently, the Pankisi Gorge) provide a safe haven for smuggling and an illegal drug and arms trade in which law enforcement bodies are believed to be involved. The U.S. State Department considers Georgia a secondary route for the transport of heroin from Afghanistan to Europe.

Nearly 80 percent of individuals polled by GORBI in 2002 said that bribing a public servant was likely assist them in resolving a problem; however, the same percentage considered taking bribes unacceptable. Seventy percent of respondents believed the customs service to be corrupt; 65 percent, government ministers; 63 percent, Parliament; 37 percent, businessmen and bankers; 30 percent, NGOs; and 11 percent, journalists. The Tbilisi-based Institute of Polling and Marketing has established that the amount of bribes routinely paid to public servants by small-business and middle-level entrepreneurs exceeds the amount of formal taxes.

In 2001, an anticrime and anticorruption education program was started in 20 public schools in Tbilisi and Batumi. In 2002, the number of schools

involved was increased and the program expanded to include religious-based schools. Participating schools provide anticorruption education as part of the obligatory curriculum. There are also several optional courses.

Georgia was rated 85th out of 102 countries in Transparency International's 2002 Corruption Perceptions Index. The country received a score of 2.4 on a scale of 0 to 10, with a 10 indicating the lowest levels of perceived corruption. In 1999, Georgia received a score of 2.3. Transparency International did not rate Georgia in 2000 and 2001.

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Hungary

Capital: Budapest
Polity: Parliamentary democracy
Economy: Mixed capitalist
Population: 10,100,000
GDP per cap at PPP: $12,416
Private sector as % of GDP: 80
Ethnic Groups: Hungarian (90 percent), Roma (4 percent), German (3 percent), other (3 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	1.25	1.25	1.25	1.25	1.25	1.25
Civil Society	1.25	1.25	1.25	1.25	1.25	1.25
Independent Media	1.50	1.50	2.00	2.25	2.25	2.25
Governance	1.75	1.75	2.50	3.00	3.00	2.50
Democratization Scores	**1.50**	**1.50**	**↓↓1.75**	**↓1.94**	**1.94**	**↑1.81**
Constitutional, Legislative, and Judicial Framework	1.75	1.75	1.75	2.00	2.00	1.75
Corruption	na	na	2.50	3.00	3.00	2.75
Rule of Law Scores	**na**	**na**	**2.13**	**↓↓2.50**	**2.50**	**↑↑2.25**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

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INTRODUCTION

Hungary's systemic change in 1989 represented the starting point of what has proven to be a most successful democratic transition. To be sure, the transition has not progressed without setbacks and disappointments. Its speed and success, however, have made Hungary clearly one of the most solid democracies among the post-Communist states. Four rounds of democratic national and local elections have been successfully completed at four-year intervals; citizens have embraced the promise and possibilities of civil society to improve their lives and those of their fellow citizens; an independent media has played an increasingly prominent role in the country; and the Hungarian Constitution and court system have provided a framework that ensures the rule of law within the country.

The transition to a capitalist economic system was built on the foundation of experiments with "goulash communism" (effectively a series of economic liberalization steps) in the decades preceding 1989. The subsequent transition under a democratic government proceeded rapidly as Hungary moved to privatize its state-owned proprieties, abolish price controls, open its markets, and guarantee property rights. These changes attracted significant foreign direct investment in the country and greatly facilitated the steady improvement of the economy, following a short downturn in the early 1990s. Today, Hungary's economic performance is generally appraised as among the strongest of the former Communist states. This is evidenced by steady growth in gross domestic product and controlled inflation and unemployment figures.

The 12 months covered in this study arguably represent one of the most tumultuous and significant periods in Hungary's post-Communist transition. The year's events highlighted many of the greatest challenges to the long-term stability and development of Hungary, as well as the promise for Hungary's more complete integration into Western Europe. Three closely related issues dominated Hungarian news in 2002. How each was resolved speaks to the strength and character of Hungarian democracy. The first of these stories related to Hungary's interactions with its neighboring states, where hundreds of thousands of ethnic Hungarians live. The implementation of the Status Law and discussions about the post–World War II Benes decrees were the most important parts of this issue. Second, the parliamentary and local election cycles resulted in a year-long conflict between the

two largest parties in Hungary, the Federation of Young Democrats–Hungarian Civic Party (FIDESZ-MPP) and the Hungarian Socialist Party (MSZP). The narrow election victory of the latter over the former in April parliamentary elections preceded a similar outcome in the October local elections. Finally, the issue of European Union (EU) accession played out through the year domestically as a question of the terms under which accession should occur and from Brussels as a question of when and under what terms Hungary should be admitted to the EU.

The Status Law was formally approved in Parliament in 2001, and its implementation began in 2002. It is designed to provide support to Hungarians living beyond the modern boundaries of the country by providing them three-month work permits in Hungary, financial support for families whose children study in the Hungarian language, and other benefits. Acrimonious debate continued through the year about the implementation of the law, centering on its compatibility with EU law and the specific terms for implementation in Slovakia and Romania (states with the highest numbers of ethnic Hungarians among Hungary's seven neighbors). This conflict over providing benefits to fellow Hungarians was made even sharper when former Prime Minister Viktor Orban urged the repeal of the Benes decrees, which had been promulgated in 1945 in the former Czechoslovakia and mandated the removal of Germans and Hungarians from that territory.

Discussion of the treatment of and opportunities for Hungarians abroad overlapped the spring parliamentary and fall local elections. Through the campaign, the governing coalition, led by the FIDESZ-MPP and including the Hungarian Democratic Forum (MDF) and remnants of the Independent Smallholders Party (FKGP), consistently pushed for the need to connect with and protect Hungarians beyond the borders as a "strategic goal" for the country. The coalition argued for EU accession on terms that were most favorable for Hungarian national interests. They also campaigned on their record of successful economic development and leadership over the previous four-year period. In contrast, the opposition parties led by the Hungarian Socialist Party (MSZP) and the Alliance of Free Democrats (SZDSZ) focused more on domestic issues, including their commitment to raising wages and pensions, while arguing strongly for Hungarian EU accession.

To most political observers, the parliamentary elections of April 7 and 21 produced a surprising outcome. Instead of the reelection of the coalition led by the FIDESZ-MPP, voters called for the return of the MSZP and their previous coalition partner, the SZDSZ, by the narrowest margin. This change in leadership came about despite continued strong economic growth within the country and tangible evidence that the FIDESZ-MPP government had taken Hungary nearly to EU membership. Record levels of voter participa-

tion were achieved in both the spring and fall elections. Also significant was the fact that the national elections resulted in only four parties entering Parliament—down from the six that had participated in each of the three previous post-Communist Parliaments. The extremist Hungarian Party of Justice and Life (MIEP) was not returned to the Parliament, missing the necessary 5 percent threshold by less than 1 percent. The scandal that emerged following the parliamentary elections regarding the new prime minister's work as a Communist-era counterintelligence agent resulted in the launch of two parliamentary investigations and new discussions about the ineffectiveness of Hungary's lustration laws and more generally the country's ability to come to terms with its Communist past.

While all of the major political parties in Hungary have consistently supported EU membership (with the notable exception of the MIEP), the terms of entry proved to be an important point of debate between the two major political blocs. It was not until late in 2002 that the EU actually decided on the kind of enlargement that would take place, a "big bang" bringing in 10 new countries simultaneously in 2004. The debate in Hungary centered on the speed of extending full membership benefits, particularly in the sphere of agriculture. Orban's pronouncement before the election that there is life beyond the EU caused many to question the commitment of the FIDESZ-MPP to leading Hungary into the EU. In the end, though, Hungary received a formal invitation to join the EU on December 13. A referendum is now scheduled for April 12, 2003, for the public to signal its support for accession. The vote is expected to provide the prime minister with the necessary support to sign the formal accession treaty on April 16, 2003. Formal membership, in turn, is to begin on May 1, 2004.

The events of 2002 did much to strengthen and make permanent democracy in Hungary. There were, however, reasons to remain concerned about the quality of this democracy. The situation confronting the Roma minority remains dire, although the inclusion of four Roma in Parliament provides some hope for change. Likewise, the persistent poverty and underdevelopment found particularly in the eastern half of Hungary reflects a country in which the benefits of the systemic change have not been distributed evenly. A cloud of doubt concerning the transparency and ethical behavior of members of government also continues to linger over Hungary. The association of the FIDESZ-MPP government with corruption certainly contributed to its unexpected election defeats. However, the fact that the sharp debates and protests of 2002 stayed essentially within the boundaries of the law has meant that Hungary has emerged stronger from a most contentious year. The country enters 2003 with a clear path toward EU membership and with a government that has made commitments to address serious challenges. The vigorous opposition promised by the FIDESZ-MPP can only serve to ensure that continued strengthening of Hungarian democracy is achieved.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
1.25	1.25	1.25	1.25	1.25	1.25

The laws governing Hungary's electoral system have remained essentially unchanged since the first democratic elections in 1990. The complex electoral system that emerged from the compromises of the regime change allocates the 386 seats in Parliament based upon election of 176 representatives from single-member districts, as many as 152 from regional party lists, and the remainder from national party lists. This process is completed through two rounds of voting. After the first round, only candidates in the single-member districts that obtain 50 percent or more of the vote are declared winners, while districts without this clear victor require a second round of voting. The mechanics of the second round of elections (including vote redistribution) favor the majoritarian over the proportional side of the system by rewarding the party with the strongest support after the first round.

This electoral system has served Hungary extremely well—allowing three successive governments to serve their complete four-year mandates. Like the previous parliamentary elections, the 2002 cycle was found to be free and fair by the Organization for Security and Cooperation in Europe (OSCE). The elections also produced record turnouts of 70.5 percent in the first round and 73.5 percent in the second. Voter participation in the October local government elections also hit a record level of 45.7 percent.

The spring elections resulted in the most evenly divided Parliament in Hungary's post-Communist era. It also led to the fewest parties ever represented. The leading party after the election was the MSZP with 178 mandates, which together with the 20 seats of their coalition partner, the SZDSZ, gives them a 10-seat majority in Parliament. The leading party from the 1998–2002 Parliament, the FIDESZ-MPP, received 164 mandates, while the MDF, their former coalition partner, received 24 seats. The election ended 12 years of representation in Parliament for the FKGP, as well as the 4-year stint of the MIEP.

The postelection efforts of former prime minister Orban to create a new party that would unite the Right into a single grouping are worthy of continued attention. This effort would subsume supporters from the MIEP, the Christian Democratic People's Party (KDNP), the Christian Democratic Alliance (MKDSZ), Lungo Drom (a leading Roma group), some pieces of the FKGP, other civic associations, and presumably—though less likely—the MDF into a grander catch-all party of the Right. On the Left, the

MSZP and the SZDSZ appear poised to remain separate but closely linked political parties. By year's end, MSZP had begun discussions about renaming themselves social democrats. Such a change is unlikely to result in substantive adjustments in the party's politics. Among nonparliamentary parties, including the MIEP, the FKGP, the KDNP, the Worker's Party (MP), and the Center Party (CP), only the MIEP can be expected to play an active role in Hungarian political life.

The very contentious relationship between the governing parties and the opposition can be expected to last throughout the new parliamentary term. However, the fact that the opposition parties hold such a large percentage of the seats in Parliament (49 percent) actually has the potential to facilitate positive changes in the country, since the opposition commands significant and active support from the Hungarian public. In contrast with the past Socialist-led government (1994–1998), the current coalition will have to work with the opposition to muster the necessary two-thirds majority vote needed to complete constitutional changes. This was already the case for passage of the constitutional amendments necessary for EU membership.

Political parties in Hungary do not attract significant attention from average Hungarians outside of election years. Even for the approximately 2 percent of the population that formally belongs to a party, actual participation and influence on party elites is minimal. Andras Korosenyi, a noted political scientist from Hungary's Eotvos Lorand University, explained this fact by stating that "after half a century of one-party dictatorship, a strong antiparty atmosphere and political culture emerged in the political thinking of the opinion-leading elite and intelligentsia and in the mass culture." As noted, the number of political parties in the current Parliament is two less than in each of the previous three democratic Parliaments. This is a product of the 5 percent threshold clause, the strength of the majoritarian tendency within the electoral system, and the ongoing consolidation process within and among the parties.

Women and particularly minority candidates have not fared well in national elections. Their showing on the local level is somewhat better. As a result of the 1993 Law on Representation of National and Ethnic Minorities, the 13 recognized minorities in the country have been allowed to elect their own local self-governments. In 2002, these self-governments numbered 3,158. At the national level, representation of Roma, Hungary's largest minority group, has long been problematic. Efforts throughout the 1990s to ensure Roma representation either by guaranteeing seats, lowering the threshold for party representation of minority parties, or creating advisory seats in Parliament have never been implemented successfully.

In the fall of 2001, the FIDESZ-MPP signed the first formal agreement between a major political party and a Roma organization, Lungo

Drom. In February 2002, MSZP's prime ministerial candidate, Peter Medgyessy, met with 33 other Roma groups and gave his "personal pledge to find a solution to major problems affecting Hungary's Roma minority." These agreements and commitments resulted in four Roma being seated in the 2002 Parliament, two representatives from the FIDESZ-MPP and two from the MSZP. Roma now make up approximately 1 percent of all parliamentary seats—up from 0 percent in the previous Parliament. Female representation in the MSZP-led Parliament is 9 percent (34 out of 386 seats), slightly more than the 8 percent during the previous FIDESZ-MPP term. The MDF's Iboya David is the only woman leading a major political party today. David served as the sole female minister in the FIDESZ-MPP government. Three of the 14 ministers in the current government are females.

Ferenc Madl has served as Hungary's second post-Communist president since June of 2000. His term in office will expire in 2005, though he is eligible under the Constitution to be elected to one additional five-year term. The weak powers of the president are a product of the negotiated transition in 1989. Hungary's indirectly elected presidents must be chosen by a two-thirds majority in the Parliament in either of the first two rounds of voting. If a third round is necessary, as it was in electing Madl, only a simple majority is necessary. Throughout the transition, Hungary's presidents have played a small yet not insignificant role in bringing balance to Hungarian political life. Throughout 2002, President Madl was called upon to calm the sometimes harsh rhetoric of the election campaign. In the postelection scandal involving Prime Minister Medgyessy, Madl sought to reduce the tensions over the affair by meeting with the leaders of the parliamentary parties. He ultimately agreed to the establishment of a parliamentary commission investigation into the matter.

The 2002 elections reversed a pattern of declining voter turnout in Hungarian elections that had caused some to question the strength of Hungarian democracy. The competitiveness of the elections brought thousands more Hungarians into the electoral process and prompted voters to carefully consider the different visions that the two main political blocs offered and what these meant for themselves and Hungary. At the same time, though, the contentiousness of the elections produced some extremely harsh and inappropriate rhetoric, created divisions among average people who supported opposing blocs, and produced accusations about candidates and the proper conduct of the voting that can be quite damaging to the legitimacy of elections and democracy in general.

Civil Society

1997	1998	1999	2001	2002	2003
1.25	1.25	1.25	1.25	1.25	1.25

Hungary's civil society began its dramatic growth in the years immediately preceding the systemic change in 1989 with passage of the Laws on the Creation of Legal Foundations (1987) and Freedom of Association and Assembly (1989). Since the first democratic elections in 1990, there has been a significant growth in the number of civil society actors and their organizational capacity. Official data from the Central Statistical Agency (KSH) indicate that over 68,000 organizations had been registered at the end of 2002. This compares with 67,151 organizations in 2001 and 65,335 in 2000. The numbers are considerably inflated, however, as many of these organizations are no longer active, have only a negligible existence, or, worse, were created for nefarious purposes (including profit and tax evasion). That said, the number of organizations meeting some basic level of activity is estimated at between 20,000 and 30,000.

According to the KSH, in 2000 more than 400,000 individuals volunteered time at organizations (approximately 4 percent of the country's population). They provided the equivalent amount of work of 17,000 full-time employees. More than 56,000 workers are employed full-time at nongovernmental organizations (NGOs), with an additional 6,500 employed on a part-time basis. This represents approximately 2 percent of national employment. Laws passed allowing citizens to direct 1 percent of their income taxes to a specific part of the public sector (1996) and to public benefit organizations (1997) have improved both the viability and the transparency of Hungary's NGO sector. The law is particularly worthy of attention as it represents a means for 4.2 million taxpaying Hungarians to direct 1 percent of their yearly income tax to a church or the national budget and an additional 1 percent to a properly registered NGO.

Hungary's civil society comprises a wide range of organizations and functions in all parts of the country. Budapest, which accounts for 20 percent of the country's population, dominates the sphere. KSH data reveal that in 1993, 28 percent of NGOs were found in the capital and held 71 percent of the sector's income. By 2000, these numbers had improved slightly, with 26 percent of NGOs being based in Budapest and working with 63 percent of the sector's total income.

Religious organizations received strong support in their development during the term of the FIDESZ-MPP. The FIDESZ-MPP plan to change the system governing state support for churches was to have been implemented in January 2003 but was canceled by the MSZP government. This system would have funded churches based upon the number of individuals

who identified themselves with each church in the national census. In a country that is dominated by Catholics (more than 60 percent) and Calvinists (more than 20 percent), these "historic" churches in particular stood to receive significant support from the state. Organizations promoting women and minorities in the country are numerous but suffer from the same kinds of institutional weaknesses as other non-economic groups in Hungary. While quantifying the number of such organizations or their influence in Hungary is difficult, it can be easily said that both sets of organizations are successful in bringing their respective issues to the attention of the public and the government. NGOs affiliated with or funded by Western organizations are consistently stronger and more influential and possess a higher profile within the country than domestically organized and funded groups.

The aftermath of the April parliamentary elections brought an important new set of organizations to the fore in Hungarian civil society. Often referred to as "civic circles," these were essentially protest groups that emerged to challenge the accuracy of the parliamentary election results and the fitness of Medgyessy, a former agent of the Communist-era intelligence service, to serve as prime minister. While the independence of these organizations from the FIDESZ-MPP or the MIEP is questionable at best (former prime minister Orban actively encouraged their development and efforts), the groups have proven that they can draw thousands of citizens to their protests and attract significant national attention. By year's end, these civic circles had moved from staging street protests and other spontaneous actions to the more traditional organizing activities of political groups.

The stability of Hungary's civil society can, in general, be viewed favorably. The sector benefits from a large number of organizations, increasing domestic resources being directed into it, growing numbers of citizens becoming aware of the role that the sector can play in the country (particularly through the 1 percent program), and a commitment from the new MSZP government to institute further reforms. However, the sector has not developed the kind of influence and strength within Hungary that was expected and has transpired in other Visegrad countries. After an initial surge of development and growth in the years immediately following the collapse of communism, the sector has clearly stagnated. The United States Agency for International Development's NGO Sustainability Index provides an even less sanguine appraisal of Hungary's NGO sector. While still classified as "Consolidated," Hungary's NGO sector has actually become weaker over the four-year history of the index. Since 1998, Hungary has fallen from having the strongest NGO sector among post-Communist states to having the fifth strongest. In part, this change can be explained away given expected improvements in the NGO sectors of other states in the region and other methodological considerations. The concerns raised in the 2001 index, however, regarding sector weaknesses in organizational capacity and

advocacy do demand serious attention. The report laments the sector's "almost absolute lack of knowledge and capacity in advanced financial management" and calls for "substantial improvement in the accountability, transparency, and professional fund-raising capacity" in order to "gain the trust of private donors and decrease dependency on state and foreign donors." Likewise, the report calls for an increase in "bottom-up" representation so that more effective advocacy might be realized.

Given that nearly half of all NGOs in Hungary have annual incomes of less than $2,000, and that state financing of the sector is approximately 30 percent (against averages of 40–60 percent in EU states), the challenges facing the sector are obvious. While there are many very successful organizations, the vast majority remain weak, are overly committed to government subsidies, and lack sufficient institutional power or training to be completely independent and effective. Continued strengthening of the 1 percent program and the laws on public benefit organizations will positively impact the development of Hungary's civil society.

Trade unions represent an important segment of interest groups active in Hungary today. With the return to power of the MSZP, they likely will enjoy an enhanced standing. The systemic change in 1989 brought with it the growth of independent and new trade unions and an institutionalized (though changing) system of interest reconciliation linking government, unions, and employers associations. This system of interest intermediation was reorganized during the FIDESZ-MPP government but was returned to a more familiar format in June 2002. While each Hungarian government has recognized the necessity of working with the unions and business associations, particularly on employment issues and to a lesser degree on social policy, this has not meant that they have always been granted equal footing in negotiations or even true consultations. That said, the formal institutions of interest representation that have existed through Hungary's transition have provided an important forum for addressing some of the country's most pressing problems.

After an initial steep decline following the systemic change, union membership has leveled out at approximately 25 percent of the country's workforce. Unionization rates are generally much higher in the public sector and lower in the private sector. The National Association of Hungarian Trade Unions represents more than half of Hungary's unionized workers and has by far the most influence on the Hungarian government. Numerous organizations exist to represent farmers and businesses, and the largest of these have been included in the formal tripartite bodies with the unions and government. Many of these organizations, though, are particularly weak.

Numerous public policy institutes have emerged in Hungary since the transition. Two significant kinds of groups can be identified, those providing economic analyses and those providing partisan political analyses. The

former have carved out a strong niche within the commercial Hungarian market and provide valuable insight into the economy. The partisan groups, having close affiliations with the larger political parties, provide forums for important discussions and international connections but often can be criticized for their less than objective analyses.

Hungary's educational system can be viewed as free from overt political influence and propaganda. During the latter half of the 1990s, the system of higher education began a significant restructuring that has included the completion of several steps to accommodate a greater number of students. Public schools remain by far the most important venues for education in Hungary. This is changing, however, as increasing numbers of students are being educated in parochial or other private schools. In 2001, 95 percent of elementary students, 86 percent of secondary students, and 89 percent of higher education students attended public schools. In comparison, in 1995, 96 percent of elementary students, 94 percent of secondary students, and 91 percent of higher education students were educated in public schools.

Independent Media

1997	1998	1999	2001	2002	2003
1.50	1.50	2.00	2.25	2.25	2.25

The intense struggle to control Hungary's media has run through the entire post-Communist era. The "media wars," as they often have been called, have occurred against the backdrop of a rapidly changing media sector. While Hungary's Constitution guarantees freedom of the press, the exact parameters of this freedom have been the subject of ongoing court rulings and parliamentary acts. One of the most significant of these was the long awaited 1996 Law on the Media, which provided for the creation of a permanent regulatory agency—the National Television and Radio Board (ORTT)—and separate boards for state television and radio to be governed equally by representatives of the governing coalition and the opposition. During the four-year term of the FIDESZ-MPP, the proper apportionment of seats on these boards to the government and opposition parties became an enormous political issue. The resulting controversy attracted international attention to the media situation in Hungary and highlighted efforts by the governing coalition to stymie negative media coverage. Under the new government, the politicization of the boards has not subsided.

Today, Hungarians receive their news overwhelmingly from private sources that are foreign owned. Whereas at the beginning of the transition, state-owned television stations held a monopoly on Hungarian-language programming, today the combined viewership of the three state-owned stations (MTV1, MTV2, and Duna) amounts to approximately 10 percent. Two private stations, TV2 and RTL-Klub, have the capability to reach the

entire population. In combination, these private stations attract more than 80 percent of television viewers and advertising revenues. An additional 220 private stations have regional- or, more often, city-specific reach.

Four major newspapers dominate the nontabloid market, *Nespszabadsag*, *Magyar Hirlap*, *Nepszava,* and *Magyar Nemzet.* The first three of these papers are considered sympathetic to the interests of the MSZP-SZDSZ coalition, while the last of these papers is considered sympathetic to the FIDESZ-MPP. At the midpoint of 2002, the four noted papers had a combined daily print run in excess of 422,000. *Nepszabadsag* has consistently maintained the largest circulation through the transition and currently numbers approximately 200,000 copies per day. The free paper *Metro*, a quasi tabloid, has maintained a circulation in excess of 200,000 since shortly after its emergence in 1998. Numerous privately owned weekly economic and political papers supplement the coverage of the daily papers. Increasing numbers of periodicals continue to be introduced on the Hungarian market, notably several conservative publications in the latter half of 2002. In combination, this suggests that while the media market continues to change, it remains one in which private media are financially viable.

Hungary has experienced a proliferation of new radio stations in the post-Communist era. Today, only Hungarian Radio, with three stations—Kossuth, Petofi, and Bartok—remains state owned, and more than 100 private stations transmit within the country. In addition to Hungarian Radio, Slager Radio, Juventus Radio, and Danubius Radio have the capacity to reach the entire country. Radio C has provided a unique addition to the airwaves of Budapest since the fall of 2001. The "C" is for *Cigany*, the Hungarian word for Roma, and the station orients its programs to reaching this disadvantaged minority. The station has had difficulty attracting advertising money, though, and has been forced to seek other types of financial assistance, particularly from the Open Society Institute.

Internet use in Hungary has expanded rapidly. According to the International Telecommunications Union, nearly 1.5 million Hungarians (approximately 15 percent of the total population) were using the Internet at the end of 2001. This figure is projected to rise to 3 million by the end of 2004. Numerous Internet service providers are accessible throughout the country and available to all citizens by subscription. For many Internet users, local toll charges limit access to work or school. The utilization of the Internet in both private and public sectors, including the development of e-government and the wiring of schools throughout the country, has proceeded at a disappointing pace, leading many commentators to suggest that Hungary is falling behind its neighbors.

Freedom House's 2002 *Press Freedom Survey* found that Hungary's media remains "Free." The survey identified "economic influences over media content" in Hungary as the most problematic of the three categories stud-

ied in the survey. This pressure was exerted by the FIDESZ-MPP government through its selective support of different media outlets, its direction of government advertising, and its awarding of government grants. The new MSZP government has moved to reverse government support to right-wing media, resulting in the somewhat ironic claim by the opposition that freedom of the press is now under assault in Hungary.

The largest organization for journalists in Hungary is the left-leaning National Association of Journalists. The right-leaning Community of Hungarian Journalists is particularly relevant as a counterweight. Numerous other organizations exist in regional and specialized areas. The International Federation of Journalists' 2001 report, *Television on the Brink: The Political and Professional Crisis of Public Broadcasting in Hungary,* depicts employment circumstances for journalists as particularly problematic. In large measure, this is due to the ongoing transformation within the sector and no doubt is also a result of the significant turnover associated with successive changes of government (and hence control of state media).

The crux of the ongoing conflict over the media in Hungary has been the implementation of the 1996 Law on the Media. The problem has involved representation on the boards of trustees for the state television and radio stations as well as within the noted regulatory agency, the ORTT. The Law on the Media was designed to depoliticize media oversight and control by requiring an equal balance of government and opposition members on the presidiums (four each); instead, it has achieved the opposite effect. Following the 1998 parliamentary election, the opposition comprised two left-wing parties (158 combined parliamentary seats) and one small extremist right-wing party, the MIEP (14 seats). As a result of the unresolved conflict over the proper distribution of the four opposition seats (the MIEP sought representation in excess of its size relative to the other opposition parties), only government representatives were seated at the presidiums. This outcome, which was tacitly approved by the Constitutional Court, resulted in the legitimate perception that state-owned media were subject to control by the FIDESZ-MPP government.

In February of 2002, both the International Federation of Journalists and the International Press Institute openly criticized the political influence of the government on the state's media. Hungarian media analyst Peter Bajomi-Lazar found that "the political bias of Hungarian Television's board has damaged its credibility with viewers." And with respect to the bias at the ORTT, Lazar noted that "the ORTT's use of fines and other sanctions to exert pressure on private, commercial broadcasters has contributed to the development of news programming that, though not blatantly pro-government, is largely apolitical and generally fails to inform the public about current affairs or take a critical look at Hungary's politicians." The dark shadow over editorial independence is clear. The OSCE's

2002 election observation team found, for example, that Hungarian state television "consistently demonstrated a bias in favor of the government and FIDESZ." The team also commented that "newspapers proved to be the neutral source of news about the government and the parties."

As noted, the results of the April elections have caused the former governing parties to dramatically change their feelings about the independence of the media. By August 30, former prime minister Orban was leading tens of thousands of protesters in front of the state television station against MSZP control over public media. Following the April elections, all of the seats on the media overseeing boards were filled. ORTT's approval and subsequent commencement of broadcasting on December 2 of Hir TV, a conservative channel, represented some consolation to the former government. However, the change of parliamentary control has not produced the kinds of desired improvements in the impartiality of state media. As an example, following the spring elections, personnel at the popular TV programs *The Week* and *Press Club* were removed, supposedly in response to government pressure. Illegal pressure from the ORTT on editorial decision making at Hungarian Radio has also been alleged. The political conflict over the media in Hungary is certain to continue into the future—and with obvious harmful effects on democracy. Media that cannot be trusted by the public or that are too intimidated to complete investigative reporting or be critical of politicians and parties—particularly the ruling party—are in a compromised position.

Governance

1997	1998	1999	2001	2002	2003
1.75	1.75	2.50	3.00	3.00	2.50

Hungary's governmental system can easily be accepted as stable given the smoothness with which successive governments have been established and dissolved. These changes have occurred despite the significant challenges of the transition and even the weakening and collapse of coalition parties during the terms. Analysts have recognized the stability of Hungary's government as one of the country's greatest strengths during the transition. The basis for this stability is the Constitution's extension of significant powers to the government and the prime minister, including the requirement of a constructive no-confidence vote. This institutional structure follows the German model, though the powers of the Hungarian prime minister are not as great as those of the German chancellor. This was a distinction that former prime minister Orban sought to diminish during his term. Orban's selection of a minister to head the Office of the Prime Minister, his reorganization of the competencies of many of the ministries, and the placement of more re-

sponsibilities within the Office of the Prime Minister all represented important steps in his efforts to consolidate authority.

Hungary's 386-member Parliament is quite large for a country of just over 10 million people. What little debate that does exist on changing the size of the Parliament, however, leans more in the direction of creating a second chamber, not in reducing the number of parliamentary seats. The size of the Parliament, however, has not prevented it from acquiring the necessary resources to do its work. The FIDESZ-MPP government's policy of holding plenary sessions only every third week during its term in order to reduce costs was not borne out; instead, the government used this arrangement for its own legislative aims. The MSZP government has returned to weekly parliamentary meetings but also has indicated that biweekly meetings will follow in spring 2003. Investigative committees have not been created or abbreviated because of financial considerations. In short, where Parliament's work has been curtailed, it has been for political rather than fiscal reasons. The influence of the government on the Parliament during the FIDESZ-MPP term was significant. Whether the MSZP government proves to govern differently is an open question, but it seems doubtful that the powers usurped by the Orban government will be returned easily to the Parliament.

The government and Parliament work openly and with reasonable transparency, though improvement is needed, especially in the area of procurement. The media and citizens have access to all legislation under consideration. The work of the National Audit Office is particularly important with respect to overseeing the execution of the budget, while three ombudsmen oversee the areas of civil and political rights, national and ethnic minorities, and data protection and freedom of information. Act No. 46 from 1994 requires the government on a weekly basis to answer questions and interpellations from members of Parliament. The right to call for investigative committees is another means of ensuring openness within the Hungarian government. At the request of 20 percent of its members, Parliament may call for the establishment of investigative committees. However, through parliamentary maneuver the governing party can prevent consideration of a call for the establishment of such a committee.

Significantly, two investigative committees were established in the first months of the new MSZP government's term. The first of these, created at the request of the opposition, investigated Prime Minister Medgyessy's past work as a counterintelligence officer. The second committee, created at the request of the SZDSZ, examined the connections of leading politicians since 1989 with the Communist-era secret services. These politically charged committees ran their course through the summer of 2002—in parallel with the run-up to the fall local elections and the ongoing debate and protests over the results of the April parliamentary elections. Both committees concluded their work unsatisfactorily. The former finished its work without agreement

on a final report. The latter concluded without specifically identifying any politicians involved in past secret service activities, though its report found that such individuals served in each of the three now completed post-Communist governments.

Hungary's subnational governments are divided among 3,131 settlements, 19 counties, and (since 1998) 7 regions, in accordance with EU requirements. Local government responsibilities include elementary and secondary education, health care and basic social benefits, and the enforcement of the rights of national and ethnic minorities. The relationship between local governments and the national government is codified in Chapter 9 of the Constitution. Local governments maintain the right of local taxation, though this represents less than one-third of total local government revenues. Since 1994, voters have elected all mayors directly; nearly all settlements have a representative local council. The National Election Office reported that over 105,000 people sought elective office in the October 2002 local elections, and significantly more than half ran independent of a political party affiliation. These elections, like the three previous cycles, were conducted freely and fairly.

Counties have limited competencies, while regions currently have no real authority. Maintaining financial independence is becoming an increasingly difficult problem for local governments, given the national government's heightened demands to provide services and local governments' decreasing latitude to decide how revenues should be spent. The new MSZP-led government has promised to end the practice of providing subsidies to communities based upon political affiliation, but its comments about the need to correct imbalances that emerged in the previous government's work suggest that national partisan politics will continue to play a pivotal role in local government subsidies. The MSZP's selection of party functionaries to become regional commissioners raises even more concerns about the role of partisanship in local government administration.

Parliament must obtain a two-thirds majority vote to change laws and regulations relating to local government. The decisions of local governments can be reviewed by the county-level public administration offices and overturned as unconstitutional by the Constitutional Court. The effort of the Pest County Council to secede from the Central Hungary Region (one of the seven newly created EU regions) in fall 2002 represents an interesting example of the kind of challenge that local governments will soon face. In short, the move was intended to free the county from being tied to Budapest, thereby lowering the total wealth of the region and making it eligible for greater EU funds. The Pest County Court ruled that the council could not legally hold its desired referendum on secession.

The return of the MSZP to government at the end of May brought with it the termination of scores of employees at the various ministries, govern-

ment agencies, and boards of directors of state companies. These firings were decried by the outgoing FIDESZ-MPP government but followed a pattern that they themselves had followed upon assuming power in 1998. The firings highlight the need for greater protection for state employees from politically-motivated terminations. The debilitating effects of these firings cannot be ignored in terms of their impact on individuals who would like to complete their careers in the country's bureaucracy, the productivity of government offices, and the confidence that average citizens have in the impartiality of their government officials. That said, Hungary's civil service is certainly competent and professional. Continued improvements in salary levels will alleviate some problems with respect to corruption and retention of good employees. Likewise, the Law on Civil Servants of 2001, and its mandated creation of a class of senior civil servants who will be even better compensated and protected from political dismissal, will also have a positive impact.

RULE OF LAW

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
1.75	1.75	1.75	2.00	2.00	1.75

Despite numerous attempts in the 1990s to create a new Constitution, Hungary has continued to follow its significantly overhauled Communist-era document. The changes to the Constitution completed in 1989 and 1990 have produced a document that provides sufficient stability for governance and has been accepted as the basic rules of the political game in Hungary. The parliamentary democracy created after 1990, complete with separation of powers, is best described according to political scientist Andras Korosenyi as "limited parliamentarism." As a result of the compromises at the transition in 1989, the Parliament was designed as a strong bulwark against the powers of the president and government. Likewise, an unusually strong Constitutional Court was created. The government does possess limited decree powers, but the Parliament with its numerous two-thirds majority vote requirements ensures that a balance is maintained within Hungarian politics. Parliament is the rule-making body of the country.

The Hungarian Constitution guarantees human rights and basic freedoms. In most instances, these are respected within the country, and there are no real concerns regarding business and property rights. Both the Constitutional Court and the country's ombudsmen represent outlets for citizens to seek recourse in cases where they believe their rights have been violated. The EU continues to criticize Hungary for not passing a unified

Law Against Discrimination, despite the existence of such laws in different sectors. The EU also has criticized existing discrimination laws for not being backed by "appropriate sanctions." The 2002 annual reports of the ombudsmen documented fewer complaints about minority and civil rights than the previous year. Freedom of religion is established in the Constitution. A September 2002 Constitutional Court ruling found that having different age of consent laws for heterosexual and homosexual relations was unconstitutional.

Concerns about the mistreatment of Roma continue and represent one of Hungary's greatest challenges with respect to ensuring the basic rights of all citizens. The former government's Medium-Term Package of Measures, which was adopted in 1999, was designed to begin to systematically address the numerous challenges that face Roma within Hungary. The new MSZP government has continued with this program but has yet to overcome programmatic inconsistencies and to better coordinate the effort with other government activities. The budgeted amount for Roma interests increased by 9 percent in real terms in 2002 over 2001.

The Hungarian judicial system is built around three levels of courts: local courts, county courts (including the Budapest Municipal Court), and the Supreme Court. The Supreme Court represents the court of last appeal and is responsible for the consistent application of laws in the lower-level courts. In July 2003, a fourth layer of courts will begin operation in Hungary. This level, comprising five regional courts of appeal, was created in response to the November 2001 decision of the Constitutional Court mandating its establishment as set forth under the provisions of the Constitution. The regional layer of courts is designed to reduce the volume of appeals cases placed in the hands of the Supreme Court.

Since 1998, the National Council of Justice has reduced the role of the Ministry of Justice as well as perceptions of political partisanship in the work of the Hungarian justice system as a whole. The council has the authority to nominate Supreme Court and other justices as well as to provide the government with a proposed budget for the courts. Greater efficiency and independence for the courts would be achieved, however, if the council's budget proposal could be submitted directly to the Parliament and ultimately a larger budget outlay provided to the court system.

The Hungarian legal system continues to work with reasonable efficiency and fairness. Public defenders are provided to needy defendants, and generally expeditious trials are the norm. The public prosecutor's office is responsible for authorizing searches and warrants. Issues with respect to the treatment of suspects continue to warrant concern, particularly as they relate to the treatment of Roma. Organizations like Amnesty International have raised concerns about the treatment of foreigners and those seeking asylum in Hungary.

At the end of 2002, parliamentary debate on the necessary amendments to the Constitution to allow for EU accession represented the most significant discussion in some time on changing the Constitution. As constitutional amendments require a two-thirds vote of Parliament, it was necessary to obtain the support of the opposition. The most contentious part of this debate was in defining the relationship between the Hungarian and EU governments on issues of supremacy and sovereignty, with the opposition FIDESZ-MPP arguing strenuously against ceding too much ground. Ultimately, on December 17, 2002, Parliament unanimously approved amendments to the Constitution that will allow the country to join the EU in 2004. Accession must be preceded, however, by a binding referendum of the population.

Corruption

1997	1998	1999	2001	2002	2003
na	na	2.50	3.00	3.00	2.75

The issue of corruption has been an ongoing challenge for successive Hungarian governments. To its credit, Hungary has systematically taken steps to pass and enforce anticorruption legislation in line with international standards. A recent report by the Open Society Institute credits Hungary with having one of the highest numbers of convictions for corruption among post-Communist countries, attributing aggressive prosecutions rather than more numerous opportunities. Hungary has continued to receive criticism, however, from the EU and other organizations on the issue of corruption, particularly with respect to public procurement. The EU Commission's 2002 regular report solemnly concluded that "the overall public perception of efforts to fight corruption has not really improved, and many areas in the public sphere continue to have a bad reputation in this respect." Clearly, the struggle to adequately address the problem in Hungary will take time.

In 2002, Hungary was ranked 33rd of 102 countries on Transparency International's Corruption Perceptions Index. The ranking was based upon a score of 4.9 on a 10-point scale. A score of 10 is considered highly clean, while a score of 0 is considered highly corrupt. The 2002 results place Hungary behind fellow EU applicant states Estonia and Slovenia (ranked 29th and 27th, respectively) and above only one EU member state, Greece (ranked 44th). This result is consistent with Hungary's last two evaluations, in which it ranked 31st with a score of 5.3 (2001) and 32nd with a score of 5.2 (2000).

In a 2000 Gallup poll, Hungarians identified health care, police, and customs and state administration officials (in that order) as the most corrupt. These government officials, who are part of the everyday lives of citizens, represent an important part of the corruption that exists today in

Hungary. This level of corruption is then melded with what citizens witness in media reports and hear about taking place at the national level. The combination has a deleterious effect on confidence in both government and democracy in general.

Worth noting here are the prosecution of two individuals and the investigation of two businesses for corruption in 2002. The successful prosecutions of Marta Tocsik and Zoltan Szekely are particularly important. Tocsik received a four-year prison sentence for her role in what became known as the "Tocsik affair"—Hungary's largest privatization scandal. Szekely, a former member of Parliament from the FKGP and chairman of Parliament's Procurement Committee, was sentenced to six years in prison for accepting a bribe of 20 million forint (US$85,000). Happy End and Ezusthajo, two high-profile businesses with close political connections to the outgoing FIDESZ-MPP government, came under close examination after the April elections with respect to their contractual ties and procurement issues related to the former government's National Image Center. The investigations of the two noted companies are particularly instructive as they highlight the perceived gap that existed between the FIDESZ-MPP government's efforts to address corruption and its own actions, which often seemed to disregard open and transparent decision making. The use of the Hungarian Development Bank to circumvent procurement laws for highway construction projects was emblematic of this behavior.

The 1996 Law on Conflict of Interest constrains the participation of government officials in economic life, preventing their participation on boards of directors and supervisory committees in which state ownership exceeds 10 percent. Concomitantly, elected officials, members of the cabinet, and, from late 2001, leading representatives of state bodies and senior civil servants must provide reports of their personal assets. The revised Law on Public Procurement and amended bribery provisions of the penal code both took effect in 2002. These reforms had the combined effect of tightening loopholes and increasing penalties for malfeasance. Performance reviews were also instituted for civil servants in 2002 for purposes of setting wages for the following year. Recent changes in banking laws allowed Hungary to be removed in June 2002 from the Canadian Financial Action Task Force on Money Laundering's list of noncooperative states in the fight against money laundering.

In the latter half of 2002, the MSZP government began to take steps to further combat corruption and its effects on Hungary. The new finance minister, Csaba Laszlo, has called for the tightening of audits in the state sector. He noted, "Anywhere we have public money we should have real transparency and reporting. It's mostly brand new for these institutions, they'll scream at the beginning." In August, the new government's "glass pocket program" to bring greater transparency to public spending was begun, and in Novem-

ber the government convened, for the first time, an Anticorruption Advisory Committee. However, the new government's dismissal of large numbers of individuals at ministries, state agencies, and the boards of state-owned companies raised questions about the commitment of the MSZP to end corruption. Likewise, cases of waiving public competition for appointments to high-level posts, as with the director of the National Theater, or choosing to solicit bids for lucrative highway construction projects on an invitation-only basis owing to "lack of time for open applications" suggested a familiar pattern of patronage and corruption.

Whether the new Socialist government will achieve success in ending the widespread perception of corruption in Hungary remains an open question. The cozy relationship that existed between the FIDESZ-MPP government and friendly businesses took a toll on the Hungarian government in how it was perceived both domestically and internationally. Given the significant recent increases in public servant wages, continued highly publicized corruption prosecutions, and stronger efforts to enforce existing laws, one can be reasonably optimistic that corruption will be reduced in the coming years.

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Kazakhstan

Capital: Astana
Polity: Presidential (dominant party)
Economy: Capitalist-statist
Population: 14,800,000
GDP per cap at PPP: $5,871
Private sector as % of GDP: 65
Ethnic Groups: Kazakh (53 percent), Russian (30 percent), Ukrainian (4 percent), German (2 percent), other (11 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	5.50	5.50	6.00	6.25	6.25	6.50
Civil Society	5.25	5.00	5.00	5.00	5.50	5.50
Independent Media	5.25	5.50	5.50	6.00	6.00	6.25
Governance	5.50	5.50	5.00	5.00	5.75	6.25
Democratization Scores	**5.30**	**↓5.35**	**↓5.38**	**↓5.56**	**↓↓5.88**	**↓↓6.13**
Constitutional, Legislative, and Judicial Framework	5.00	5.25	5.50	5.75	6.00	6.25
Corruption	na	na	6.00	6.25	6.25	6.25
Rule of Law Scores	**na**	**na**	**5.75**	**↓↓6.00**	**↓6.13**	**↓6.25**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

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INTRODUCTION

In his early years in office, President Nursultan Nazarbaev successfully portrayed resource-rich Kazakhstan as a stable multiethnic state that was well positioned to enact political and economic reforms and attract foreign investment. Over time, though, Nazarbaev has squandered his reform credentials by erecting a personalistic authoritarian regime that lacks respect for basic political rights and civil liberties. Instead, a Soviet-style approach of persecuting his critics and monitoring his close clients and supporters now characterizes the Nazarbaev regime. Most recently, the president has intensified a clampdown on political activists and members of the media who expose official corruption by incarcerating them on false or trumped-up legal charges.

Since gaining independence, Kazakhstan has made strides toward the establishment of a market-oriented economy. Rising oil exports since 2000 have contributed to sustained economic growth and increased macroeconomic stability. A 13 percent increase in gross domestic product between 2001 and 2002 was the highest registered by any country in the Commonwealth of Independent States. The growing volume of oil exports and the recognition of Kazakhstan as a market economy by the United States have given tremendous confidence to ruling elites who envision Kazakhstan taking its place among the top five leading oil exporters by 2015 and becoming the foremost Western trading partner in the region.

Nevertheless, corruption and uncertainty have cast a shadow over Kazakhstan's economy and given pause to once enthusiastic foreign investors. In late 2002, for example, Kazakhstan was forced to resolve a standoff with the ChevronTexaco Corporation, which had announced the suspension of its next phase of investment (worth $3.5 billion) in the country's Tengiz oil field following a decision by the Kazakhstani government to review the terms of existing contracts with foreign investors. ChevronTexaco's uncertainty over continued investment in the country also stemmed from a lawsuit in the United States against James Giffen, a merchant banker who is accused of illegally funneling money from Mobil Oil Corp (now ExxonMobil) into Kazakh hands in 1996. Giffen is being investigated for possible violations of the Foreign Corrupt Practices Act of the United States. Mobil purchased a 25 percent share in the so-called Tengizchevroil venture in 1995.

President Nazarbaev, former prime minister Nurlan Balgimbaev, and other top regime figures are themselves under investigation for allegedly transferring millions of dollars from state oil investments into personal accounts. In 2001, in response to a request from the U.S. Justice Department, Swiss authorities froze 13 Geneva-based accounts containing $120 million suspected of belonging to top Kazakhstani government officials. When journalists and opposition activists tried to publicize the details of the scandal, known as Kazakhgate, the state retaliated. For example, when independent journalist Sergei Duvanov documented in an on-line article the involvement of President Nazarbaev and his close associates in Kazakhgate, he was arrested on fabricated charges of raping a minor and sentenced in January 2003 to 3.5 years in jail.

In the U.S.-led war on terrorism, Kazakhstan has not proved as strategically vital a partner as Kyrgyzstan and Uzbekistan, which both have U.S. military bases on their soil. However, as 2002 drew to a close and the likelihood of military operation in Iraq increased, President Nazarbaev hoped to gain a more important position for Kazakhstan by offering the use of air bases and all "means of support" to the United States. His regime also has engaged in considerable international lobbying and behind-the-scene efforts to prevent an inquiry into Kazakhgate.

Since 1995, President Nazarbaev and close family members have seized control over most strategic resources and distribution networks, including the country's oil and mining sectors, pipeline and transportation networks, security services, and national media. Dariga Nazarbaeva, the president's eldest daughter, has controlled the state news agency, Khabar, since its creation in 1996. Her husband, Rakhat Aliev, was once considered a likely successor to Nazarbaev and held important positions such as head of the Almaty taxation department and deputy head of the national security service. Today Aliev serves as Kazakhstan's ambassador to Austria. Timur Kulibaev, Nazarbaev's second son-in-law, has further consolidated his economic base as the deputy president of Kazakhmunaygaz, a new conglomerate formed from the merger of the state oil companies Kazakhoil and Kaztransoil.

Kazakhstan's vast resource base and its pursuit of privatization have generated tremendous opportunities for other members of the regime to amass power and wealth as well. They also have inspired the rise of a visible new group of entrepreneurs and businessmen who are referred to as the "Young Turks" or the "New Kazakhs." The Young Turks have become the leading proponents of economic and political freedoms in the country, and their demands directly undermine the personalistic and patronage-based structure of the Nazarbaev presidency. Nevertheless, their political fortunes are still dependent on collaborating with the regime. If they refuse to do so, they could suffer the fate of Mukhtar Ablyazov, the former minister of energy, industry, and trade, and Galymzhan Zhakiyanov, the former head of

the Pavlodar oblast, both of whom spoke out against the regime and were convicted in 2002 on politically motivated charges of corruption.

Today, the country's political elite consists primarily of prominent political figures who are also the heads of major business groups. While these business groups depend on the presidential family for patronage, they compete intensely with one another. The regime has managed to co-opt many powerful entrepreneurs by offering them political positions, but these individuals could be emboldened to turn against the regime at any moment. In the near future, the stability of the regime will depend on the findings of a U.S. court on the corruption charges against President Nazarbaev and his close associates. In the meanwhile, the regime has tightened its vigilance over members of the government and various business interests.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
5.50	5.50	6.00	6.25	6.25	6.50

At age 62, President Nazarbaev is in good health and enjoys a virtually unrestrained mandate. In September 2002, Nazarbaev announced that he might take advantage of his "constitutional right" and stand for the presidential elections scheduled in 2006. Under a law passed in 2002, Nazarbaev is now immune from prosecution.

In 1999, President Nazarbaev secured another seven-year term in office. Former prime minister Akezhan Kazhegeldin, considered the president's most serious challenger, was barred from running. Although the official election results gave Nazarbaev 81.7 percent of the vote, the Organization for Security and Cooperation in Europe and most international election-monitoring agencies declared the vote neither free nor fair.

Elected in October 1999, the current Parliament is Kazakhstan's third popularly elected legislature since 1991. The bicameral body consists of the Senate (upper house) and the Majilis (lower house). The Senate has 39 members who serve a six-year term. Thirty-two are elected indirectly through a joint session of the *maslikhats* (local assemblies) from each oblast and the cities of Astana and Almaty. The president nominates the remaining seven members.

The 77 members of the Majilis are elected for five-year terms. Ten seats are filled on the basis of proportional representation, and parties must pass a 7 percent threshold to secure one. The remaining 67 members are elected from single-member constituencies in which the winning candidate must receive more than 50 percent of the vote in the first round. If no candidate

receives a majority, the two candidates receiving the greatest number of votes compete in a second round. The candidate with the largest number of votes is then elected. The regime uses politically motivated charges to prevent independent and opposition candidates from contesting elections. It also approaches opposition activists with offers of bribes and threats of reprisals.

By-elections in December 2002 for three Majilis seats provide a case in point. In the cities of Pavlodar and Atyrau, opposition challengers lost to candidates representing pro-regime parties. In Karaganda, a local court annulled the registration of Bulat Abilov, a former dissident and member of the new pro-regime party Aq Zhol (Bright Path), on spurious grounds. Overall, the by-elections were marred by widespread interference by local authorities, irregularities in vote counting, and intimidation of nonregime candidates.

According to the Constitution, the president is above party politics but has the right to ban any political party. In practice, Nazarbaev frequently offers comments, advice, and directives to the pro-regime parties and serves as their ultimate patron and benefactor. Since gaining independence in 1991, Kazakhstan has seen the rise and eclipse of numerous political parties, most of which have been sponsored by interests or personalities within the regime. All parties in Kazakhstan lack well-developed organizational structures and significant national membership.

Political parties can be divided into pro-presidential and opposition groups. Pro-presidential parties, which claim to be independent, confine their criticism to the prime minister and the cabinet and pledge allegiance to the president. Opposition parties target their criticism mainly at the president and his close associates.

The most prominent pro-regime parties are Otan (Fatherland), Grazhdanskaia Partiia (Civil Party), and the newly formed Bright Path. Fatherland was launched in January 1999 as the party of the regime. It utilized its control over central, regional, and local administrations to secure the largest share of seats, 24, in the 1999 parliamentary elections. Fatherland claims to have some 300,000 members, most of whom are state employees who are pressured to join in order to keep their jobs. The pro-business Civil Party was also launched a few months before the 1999 parliamentary elections. It represents the interests of the Eurasia corporate group, which controls six major metallurgical enterprises in Kazakhstan. In addition, a host of smaller parties such as the Renaissance Party, Azat, and Alash lack seats in Parliament but enjoy the patronage of forces within the regime, particularly the Ministry of Interior Affairs. These parties are commissioned to campaign against the opposition and to champion the interests of indigenous Kazakhs against Slavs and foreigners.

In November 2001, Mukhtar Ablyazov, Galymzhan Zhakiyanov, and other reformers such as Finance Minister Uraz Zhandosov formed a new

political party called Democratic Choice of Kazakhstan (DVK) to advocate for greater economic liberalization and decentralization. Though not formally registered as a political party, the DVK has emerged as the leading axis of the opposition alliance. When Bulat Abilov, an influential parliamentary deputy and entrepreneur, joined the DVK and renounced his membership in Fatherland, the regime responded with efforts to intimidate and fragment the group. Zhandosov and Abilov eventually split off from the DVK to form Bright Path, which is ambiguously allied with the regime.

Former prime minister Kazhegeldin, who has lived in the West since 1998, leads an influential opposition group known as the Republican People's Party of Kazakhstan (RNPK). The RNPK, which claims a membership of 14,000, has mobilized support primarily among Western policy-making circles by offering the most trenchant critique of the Nazarbaev regime. Its main support bases are in western and northern Kazakhstan and in the cities of Almaty and Atyrau. Kazhegeldin, who became the first prominent Kazakh leader accused of corruption, was sentenced in absentia in 2001 to ten years in prison. In 2002, the RNPK, the Forum of Democratic Forces of Kazakhstan (an umbrella organization of 16 opposition parties), and the DVK formed a broad alliance calling for the abrogation of the president's unlimited powers, the establishment of a parliamentary republic, direct elections for all local and regional heads, and a two-term limit for the presidency.

The Democratic Party of Kazakhstan "Azamat" and Narodnyi Kongress (People's Congress of Kazakhstan), which in the past had vacillated between pro-regime and opposition platforms, have since 1999 allied themselves unequivocally with the Forum of Democratic Forces. The Communist Party, also in opposition since 1999, maintains a ramshackle organizational base inherited from the Soviet era and has a large following among the elderly, who form the most politically active constituency.

The constitutional right of political parties to participate in elections is undermined by constant tinkering with party registration procedures and membership requirements. A new Law on Political Parties, which was passed in June 2002, has been criticized by the opposition as well as the Organization for Security and Cooperation in Europe (OSCE). The law requires all political parties to reregister with the Ministry of Justice by showing a minimum of 50,000 signatures (the previous requirement was 3,000). In addition, a party must have at least 300 representatives in each of the country's 14 oblasts and in the cities of Astana and Almaty. A party may be abolished if it fails to register within two months of its formation, does not participate in two consecutive elections, or polls less than 3 percent of the vote. The law, initiated by the pro-regime party Fatherland, is designed to benefit the major pro-presidential parties and push out all opposition.

While Fatherland, the Civil Party, and Bright Path have succeeded in obtaining registration, it is unlikely that other political parties will register

successfully by the deadline of January 20, 2003. Although the Communist Party has applied for registration, the broad opposition alliance in general has decided to boycott the process. It is feared that the authorities may register the Communist Party as a means of severing its ties with the opposition and co-opting it as the only legally registered opposition group.

Civil Society

1997	1998	1999	2001	2002	2003
5.25	5.00	5.00	5.00	5.50	5.50

Through Strategy 2030, Kazakhstan's official reform plan, President Nazarbaev has sought to co-opt political parties and nongovernmental organizations (NGOs) with his strategy to democratize society and establish the rule of law by the year 2030. However, increased censorship and regulation of the civic sphere contradict these stated goals. Likewise, pervasive public apathy presents a serious obstacle to the establishment of effective civic activism.

According to Evgenyi Zhovtis, the director of Kazakhstan's International Bureau for Human Rights and Rule of Law, legislation in the country is designed to protect the interests of the state rather than those of the individual. Kazakhstan's Law on Public Associations, in force since 1998, requires the permission of public authorities to hold a public rally and thereby negates the constitutional right to freedom of assembly. Participation in an "unsanctioned" rally or meeting can lead to arrest and later conviction and a fine. Persons convicted and fined in a court of law are ineligible to occupy any public post or contest elections. Article 337 of the criminal code also provides stiff penalties for participation in an unregistered public association. Overall, surveillance by Interior Ministry forces and harsh penalties make it extremely difficult to organize any public action. Individuals protesting the arrest of independent journalist Sergei Duvanov in fall 2002 devised a novel way of expressing their dissent by marching through the streets with umbrellas that had "Duvanov" imprinted on them. The protesters were still arrested and fined.

Once a multiethnic republic, Kazakhstan has become a Kazakh-dominated state during the past decade. Ethnic Kazakhs form 53.4 percent of the population, according to the 1999 census, up from 39.7 percent in 1989. Ethnic Russians make up 29.9 percent, down from 37.7 percent in 1989. Uzbeks form 2.5 percent of the population, Ukrainians 3.6 percent, Tatars 1.7 percent, and Germans 2.4 percent. Kazakhstan's population has fallen by nearly two million, or about 8 percent, over the past decade. This is due largely to emigration by nontitular groups, mainly Slavs and Germans, who lack effective organization and mobilization of ethnic grievances.

In the new ethnic hierarchy that has emerged since 1991, ethnic Kazakhs enjoy the status of "first among equals." Russians and other non-Kazakh groups have undergone a steady demotion of status. Although Russian has the status of an official language, Kazakh is effectively the sole state language. Nazarbaev has used personal patronage to create symbolic institutions of ethnic representation such as the Assembly of Peoples of Kazakhstan, established in 1995 ostensibly to comply with the recommendations of the OSCE High Commissioner on National Minorities. Some of the assembly's members are nominated by officially recognized national cultural centers, with the president, who also serves as the assembly's chairman, nominating the remaining members. The assembly lacks juridical power and a representative base and instead serves as an instrument to co-opt leading ethnic figures into the existing political system. Its members are encouraged to engage in "cultural" or "ethnographic" activities while steering clear of politics.

The Constitution authorizes ethnic groups to form official national cultural centers committed to protecting their heritage but prohibits the formation of public associations or political parties that have ethnic, religious, or nationalist identities. The national centers are encouraged, and expected, to solicit support from their "kin" states for the cultural and material advancement of their respective groups. The German and Korean centers have benefited from material support from their kin states as well as from individual ethnic sponsors. However, most other ethnic centers remain dependent on the modest support of the state. A law requiring them to be registered with the Ministry of Justice serves as an important screening mechanism. Groups championing the rights of ethnic Uighurs have faced prejudice and obstacles to their work because of a widespread perception among officials that Uighurs are "separatists" or "terrorists."

As with political parties and public organizations, NGOs must be registered with the Ministry of Justice. In contrast with its clampdown on ethnic activism, the government has generally refrained from interfering with NGO activities. According to the Confederation of NGOs of Kazakhstan (CNOK), there are 3,500 NGOs in the country. The NGO sector employs about 34,000 full-time workers, 50,000 part-time workers, and over 100,000 volunteers.

The United States Agency for International Development (USAID) has been actively involved in training NGOs to advocate their causes and has focused particular attention on public health and electoral reforms. The Soros Foundation has provided small grants to NGOs to hold hearings and conduct other activities. Organizations such as the Counterpart Consortium, the Feminist League, and the Initiative for Social Action and Renewal in Eurasia (ISAR) serve as umbrella groups for newer NGOs. Among the most active NGOs are those dedicated to children's welfare and health (16.6 percent), environmental issues (15 percent), and women's rights (13.3 percent). The more successful NGOs, particularly in the health

and education sectors, are slowly altering official and popular perceptions of their roles.

Following the lobbying efforts by the International Center for Not-for-Profit Law, Kazakhstan passed the most progressive NGO taxation regime in Central Asia in 2000. NGOs receiving grant money from international organizations, and the donors themselves, are no longer obliged to pay taxes. However, in USAID's 2000 NGO Sustainability Index, Kazakhstan ranked 21st out of 28 former Communist countries. Domestic political and financial pressures push most NGOs to obtain international assistance and protection.

Almost half of all NGOs are concentrated in Almaty oblast, and an overwhelming proportion of these are in the city of Almaty itself. More remote and needy regions, particularly in central and northeastern Kazakhstan, have few NGOs. When CNOK established a branch in the western city of Atyrau, it led to the emergence in six months of 25 new NGOs, focused mainly on environmental and health care issues.

Obstacles to NGO activities tend to be informal rather than legal. A common government control mechanism is the creation of state-sponsored "independent" organizations that get favorable treatment in obtaining registration and funds and competing for international aid. A typical example is the children's health and charity fund Bobek, which is headed by Sara Nazarbaeva, the president's wife. Bobek serves as an umbrella organization by sponsoring smaller NGOs and funneling international aid to them.

NGOs promoting women's issues have been quite effective, particularly the Association of Single Mothers, the Feminist League, and a group of NGOs in Semipalatinsk that assists women suffering from radiation caused by nuclear tests. The Feminist League has regional branches and has campaigned to get women elected to local government offices. The Women's Network of Almaty and the Kazakhstan Businesswomen's Association have demanded equal representation for women in Parliament and other political organs. They also have established the Women's Political Leadership project to train female NGO leaders, business executives, and politicians. Fifteen women's NGOs have established the coalition Women's Electoral Initiatives, which led to the creation of a women's party called the Political Alliance of Women's Organizations.

The state-sponsored Association of Trade Unions (ATU) remains the largest nongovernmental organization in terms of formal membership, claiming some four million members. Independent unions have steadily challenged the dominant status of the ATU, a successor to the Soviet-era General Council of Trade Unions. The Confederation of Independent Trade Unions, supported by the Human Rights Bureau and numerous other nonprofit organizations, has set up grassroots organizations across the country and claims 250,000 members. It is the first Soviet-era union in the former empire to gain membership in the World Labor Confederation.

Independent Media

1997	1998	1999	2001	2002	2003
5.25	5.50	5.50	6.00	6.00	6.25

Frustrated by domestic media reports of high-level government corruption, President Nazarbaev argued in 2002 that irresponsible media campaigns had set in motion the disintegration of the USSR and Yugoslavia. He then initiated a crackdown against his critics, and media freedom became the single largest casualty. Seitkazy Mataev, the head of Kazakhstan's independent Union of Journalists, characterized 2002 as the worst year for the media in Kazakhstan since the country became independent in 1991 because virtually all independent publications have found it impossible to publish regularly. Freedom House's annual *Survey of Press Freedom* has rated Kazakhstan "Not Free" since 1994.

According to the Ministry of Culture and Information, 1,586 of the country's 3,877 registered mass media outlets are fully functioning. These include 1,047 newspapers, 400 magazines, 125 TV or radio channels, and 14 information agencies. Although 80 percent of these are defined as "nongovernmental" or privately owned, all broadcast transmission facilities are government owned. The number of electronic and print outlets in the country fell to 25 and 4,000, respectively, at the end of 2000, down from 200 and 8,000, respectively, in 1993.

As the owners of the former state news agency Khabar, Dariga Nazarbaeva, the president's daughter, and her husband, Rakhat Aliev, wield control over most major newspapers and broadcast channels in the country. They do so through auxiliary companies that have majority stakes in nominally privatized newspapers (*Vremya, Karavan, Novoe Pokolenie, Argumenty i Fakty, Komsomolskaya Gazeta*) and television stations (Khabar and KTK). The Russian-language *Kazakhstanskaya Pravda* and the Kazakh-language *Egemen Kazakstan* are the main state-supported newspapers. President Nazarbaev's second son-in-law, Timur Kulibaev, owns two other prominent newspapers, *Panorama* and *Delovaya Gazeta*.

In April 2002, Dariga Nazarbaeva organized a high-profile conference in Almaty called the Eurasian Media Forum. Although the stated purpose of the event was to discuss changes in the media since the terrorist attacks on the United States in September 2001, the conference proved more a public relations campaign designed to enhance President Nazarbaev's international profile and demonstrate to the West the supposed pluralism and freedom enjoyed by Eurasian media. Forums focused on the role of the media in covering terrorism and conflict zones and were steered judiciously away from any discussion of media in the domestic context. While over 200 foreign media personnel and various representatives of the state media were invited,

the only independent Kazakhstani journalist asked to address a panel was Tamara Kalieva of Edil Soz, a USAID-financed organization that monitors media freedom. Conference organizers allowed a few independent and opposition journalists to attend, only after coming under pressure from the OSCE and the International Press Institute.

Article 318 of the criminal code penalizes a person for "insulting the honor and dignity of the president." The 1999 Law on Confidential State Affairs made "disclosure or publication of information about the president and his family and their economic interests or investments into the realm of state secrets punishable by severe sanctions." These laws, a carryover from the Soviet period, have been invoked routinely against newspapers that engage in investigative journalism.

As independent journalists have sought to report on President Nazarbaev's alleged Swiss bank accounts, the regime has retaliated against them. If critics of the regime once faced charges of engaging in "irresponsible" journalism, undermining the country's stability, violating the country's Law on the Media, or disrespecting the "honor and dignity of the president," over the last year they increasingly have been accused of criminal offenses such as possession of drugs or illegal arms, theft, and financial misdeeds.

The arrest in October 2002 of Sergei Duvanov, a long-term critic of the regime and editor of the information bulletin of Kazakhstan's International Bureau for Human Rights and Rule of Law, on charges of raping a minor is by far the most brazen act of prosecution of an independent journalist to date. Opposition members, human rights activists, and independent observers allege that the case was fabricated by authorities who coaxed the girl and her mother. Earlier in the year, Duvanov was brutally beaten by unknown assailants. Both the attack and the arrest took place just days before Duvanov was scheduled to speak in the United States about human rights in Kazakhstan.

A number of other journalists and media outlets suffered from harassment in 2002. The daughter of Lira Baeseitova, an opposition activist and editor of the weekly *Respublika*, was arrested on alleged possession of heroin and died in police custody under suspicious circumstances. Baiseitova had published material relating to Swiss bank accounts rumored to belong to President Nazarbaev and members of his family and had received an award from the International Committee to Protect Journalists. In another event, the corpse of a decapitated dog was hung over the door of Irina Petrushova, editor in chief of the newspaper *Respublika-Delovoe Obozrenie*. Days later, the offices of the paper were destroyed by fire from Molotov cocktails.

The offices of Tan, one of the most popular independent television and radio companies in Kazakhstan, was the target of repeated arson attacks and shootings in 2002 after it reported that the arrest of opposition

leader Galymzhan Zhakiyanov was politically motivated. Both Tan and Irbis, a station in Pavlodar that aired demonstrations by the supporters of ousted oblast chief Zhakiyanov, were banned for alleged violations of a law stipulating that at least 50 percent of all programs must be in the Kazakh language. Saghynghaliy Khafizov, editor of the *Altyn Ghasyr* and *Atyrau Aqshamy* newspapers in western Kazakhstan, spent 52 days in jail in early 2002 for "violating the dignity and honor of the president" after he published articles explaining his refusal to accept a presidential award. Both papers are sympathetic to the opposition.

Kazakhstan's few independent advocates of media rights include the organization Edil Soz, supported by USAID, and the Association of Independent Electronic Mass Media in Central Asia, funded by several international agencies. In 2002, Tamara Kalieva of Edil Soz highlighted the pressures exerted by the government on state employees and private firms to subscribe to state-controlled newspapers. The government's aim is to show higher circulation rates.

Independent journalists have turned increasingly to the Internet to post their articles. Among the major sites they use are Eurasia (www.eurasia.org.ru) and Kazakhstan's Democratic Forces Forum (www.forumkz.org). These opposition-run Web sites offer Russian-language translations of material compiled from various Western sources that is critical of the regime. Currently, there are about 150,000 Internet users in Kazakhstan. The government has tried to maintain control of the Internet, and the two largest Internet providers, Kazaktelecom and Nursat, periodically have blocked access to popular Web sites.

Governance

1997	1998	1999	2001	2002	2003
5.50	5.50	5.00	5.00	5.75	6.25

As a unitary and centralized state, Kazakhstan has resisted domestic and international pressures to introduce a decentralized system of government and elections of regional and local chiefs. The president appoints the ***akims*** (heads) of the country's 14 oblasts and major cities, who in turn appoint local district administrators. President Nazarbaev has resolutely opposed the OSCE's recommendations to introduce elections for the ***akims***, arguing that the oblasts' economic insolvency would make it impossible for elected ***akims*** to fulfill their campaign promises. Unofficially, the regime is concerned that direct elections of regional leaders could lead to a breakdown in the patronage system and weaken its hold over the country. Nazarbaev fears that elected ***akims***, especially in the resource-rich oblasts, might exercise power like regional governors in Russia and defy the center.

As a compromise, the opposition alliance has demanded popular elections of all administrators—from oblast governors and the mayors of Astana and Almaty down to the heads of village councils—for a limited term. It also has called for the creation of a mechanism under which elected officials can be held responsible for their actions. Under the current system, ***akims*** are accountable solely to the president, and it is impossible to launch judicial proceedings against them. As presidential nominees, they are prevented from developing independent support bases in the regions. Owing to high turnover among regional leaders, the average tenure of an ***akim*** is less than one and a half years. Notwithstanding the tight control wielded by the center, the power and authority of ***akims*** have continued to rise, leading to a de facto decentralization in various regions. In October 2001, Kazakhstan introduced elections for some local administrative positions. However, the OSCE's Office for Democratic Institutions and Human Rights noted that the voting procedures in the elections for regional administrators in the country's 14 oblasts were flawed and failed to meet international standards.

The central government determines taxation rates and budget regulations. As such, regional heads do not have the formal authority to generate their own revenues from local taxation. In practice, however, they retain considerable power over such matters. The relationships between President Nazarbaev and individual regional heads largely reflect personal connections and patronage. ***Akims*** in regions that have attracted the most foreign investment, such as west Kazakhstan, exercise a great deal of control over budgetary matters. Some have even extracted significant contributions from foreign investors for various "social and welfare projects" in their regional budgets.

Kazakhstan has taken some preliminary steps toward the introduction of a career civil service system. The Civil Service Agency, created to manage the implementation of the 1999 Law on Civil Service, plays a leading role in effecting administrative reform and downsizing ministries, which traditionally have controlled recruitment, promotions, and dismissals. The USAID and TACIS, the EU's technical assistance program, have offered help in developing training programs for civil servants and implementing a system of job descriptions and classifications. However, the prospects for the creation of a professional, independent, and merit-based civil service are still quite distant because personal connections remain central in recruitment and promotion procedures.

RULE OF LAW

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
5.00	5.25	5.50	5.75	6.00	6.25

As Kazakhstan has evolved into a superpresidential, unitary, and centralized system, the legislative, executive, and judicial branches have become subordinated to presidential authority. The concentration of power in the hands of the president and close family members has hampered the development of constitutionalism, the rule of law, and institutional accountability. The president appoints the prime minister and his cabinet and can dismiss them at any time.

Parliament is dominated by numerous financial interests and patronage networks that pledge their loyalty to the president. The OSCE's report on the 1999 parliamentary elections noted that almost a third of all deputies were closely allied with regime interests or the executive branches of local governments. They were not, however, formally associated with a political party. Ethnic Kazakhs hold 58 out of 77 seats. Only 8 of the deputies are women.

Since the sentencing of Ablyazov and Zhakiyanov in 2002, the regime has tightened its surveillance over various business interests by keeping them closely linked to the state-sponsored political party apparatus. President Nazarbaev has warned entrepreneurs sympathetic to the opposition movement DVK "not to meddle in politics" and instead to work toward "opening new enterprises, creating jobs, and raising wages."

Nazarbaev has responded to the growing opposition challenge by creating Soviet-style state-sponsored bodies. In November 2002, he launched a permanent consultative body on democratization that will bring together representatives of Parliament, the government, the presidential administration, pro-presidential parties, and NGOs. However, no opposition members were invited to attend. Evgenyi Zhovtis, the director of Kazakhstan's Bureau for Human Rights and Rule of Law and a participant in the consultative group's first session, described it as a "potentially useful" body but not a substitute for political parties.

The 2000 trial in absentia of former prime minister Kazhegeldin and the closed trials in 2002 of opposition politicians Ablyazov and Zhakiyanov have drawn increased international scrutiny of Kazakhstan's judicial system. In March 2001, Article 284 of the criminal procedure code was amended to allow Kazhegeldin's trial in absentia. Since Kazhegeldin's conviction, the Kazakhstani government has sought his arrest by Interpol, but to no avail. In July 2002, though, the government secured the revocation of an Interpol ruling stating that Kazhegeldin's arrest had been sought on political rather

than criminal charges. Interpol's Constitution prohibits the organization from undertaking any intervention in or activity of a political, military, religious, or racial nature.

The closed trials of Ablyazov and Zhakiyanov in 2002 were widely condemned as politically motivated. When Zhakiyanov took refuge in an Almaty building housing several European embassies, he was handed over to Kazakhstani authorities with the understanding that he would enjoy full access to the national and international press as well a free trial. Not surprisingly, the government failed to honor the agreement and instead flew Zhakiyanov promptly to Pavlodar, placed him under house arrest, and brought him quickly to trial.

There is evidence that President Nazarbaev involved himself personally in the 2002 arrest of journalist Sergei Duvanov. Specifically, the president's press service sent a fax to law enforcement officials instructing them how to respond to media queries about Duvanov even before his arrest. Moreover, Nazarbaev claimed during an official visit to Brussels in December that Duvanov's crime had been proved, even though the trial had not yet begun. Although a few foreign observers, including this author, were permitted to attend the trial, no local observers or journalists were allowed in the courtroom. The trial was marred by innumerable procedural violations such as the judge's rejection of demands for an independent forensic examination, inconsistencies in witness testimonies, insufficient time for the defense to review the case, and severe restrictions on Duvanov's right to private consultations with his lawyers.

Kazakhstan's Constitution spells out elaborate procedures for the appointment of judges, in which the president plays a decisive role. Upon the recommendation of the Supreme Judicial Council, which selects Supreme Court judges and the chairs of oblast courts, the president proposes nominees for the Supreme Court to the Senate. Oblast judges and local-level judges are appointed by the president and the Supreme Judicial Council from a list presented by the Ministry of Justice. The Supreme Judicial Council consists of the chair of the Constitutional Council, the chair of the Supreme Court, the prosecutor-general, the minister of justice, senators, judges, and other persons appointed by the president.

Although judges are appointed for life, there is a mandatory retirement age of 65. The president may remove judges, except members of the Supreme Court, on the recommendation of the minister of justice. Based on recommendations from the Supreme Judicial Council, the president can request that the Senate remove judges at the local, city, oblast, and Supreme Court levels.

The Constitution abolished the Constitutional Court and established the Constitutional Council in 1995. The main functions of the council are to offer rulings on election and referendum challenges, interpret the Con-

stitution, and determine the constitutionality of laws adopted by Parliament. The president appoints three of the council's seven members, including the chairman, and has the right to veto its decisions. President Nazarbaev frequently attacks the judiciary for making errors, causing delays, and being incompetent. He also has deemed existing judicial reforms a "failure" and has stated that further reforms of the internal structure of the judiciary are more urgent than guarantees of its independence.

Although the judiciary is a grossly underpaid institution, entrance into the legal profession is highly coveted because judges regularly supplement their low incomes with lucrative bribes. Informal reports suggest that law faculties at the more prestigious universities routinely expect prospective students to offer bribes ranging from $10,000 to $25,000. Following collaboration between the Supreme Court and the OSCE's Office for Democratic Institutions and Human Rights, a judicial training institute was established in 2001 to train professional judges.

The American Bar Association has estimated that 80 percent of Kazakhstan's lawyers are state employed. However, the number of lawyers who are either self-employed or work with foreign companies is growing rapidly. The two main associations of independent lawyers are the Association of Lawyers of Kazakhstan and Legal Development of Kazakhstan, both based in Almaty.

The criminal code, adopted in 1997, retains many of the features of the Soviet-era code on which it is based. It prohibits authorities from detaining individuals for more than 72 hours without charge. With the approval of a prosecutor, a person may be held for up to 10 additional days. In practice, police routinely hold detainees for months without bringing charges. According to the Ministry of Interior Affairs, there are approximately 70,000 prisoners in facilities designed to hold 60,000. Although most detainees are persons arrested for petty crimes, some are there on politically motivated charges. Seven out of every 1,000 citizens are estimated to be prisoners.

A bail system exists, but bail is rarely granted. Persons who are arrested are usually presumed guilty. Individuals generally remain in custody until their trial, and detention can be extended for an indefinite period. The criminal code is subject to interpretation by the executive, particularly by officials in the Ministry of Internal Affairs.

Kazakhstan has achieved some positive reforms, such as the abolition of exit visas for Kazakhstani citizens and the transfer of oversight for the penitentiary system (except detention centers) from the Ministry of Internal Affairs to the Ministry of Justice. Nevertheless, the Office of the Prosecutor-General serves as an instrument of control over society and fulfills presidential orders. In 2002, President Nazarbaev instructed the Office of the Prosecutor-General to file criminal charges against all those who have "offended state officials."

Local police are generally unaware of changes in legislation and simply execute orders received from above. The Ministry of Internal Affairs is responsible for conducting inquiries into allegations of torture. However, the ministry's own officials have a widespread reputation for using torture, and human rights advocates have emphasized the need for independent investigations into allegations of its practice.

According to the International Bureau of Human Rights and Rule of Law, a Kazakhstani NGO, Kazakhstan ranks among the top six or seven countries in the world in its per capita use of the death penalty. In 2002, the bureau convinced the government to introduce a two-year moratorium on capital punishment, and Bolat Baykadamov, Kazakhstan's new ombudsman, called for its abrogation. In contrast, Supreme Court chairman Kairat Mami has emphasized the role of capital punishment as a deterrent. At present, Kazakhstan has some 40 prisoners on death row and another estimated 1,500 prisoners serving life sentences. Kazakhstan's retention of the death penalty is among the major obstacles to its acceptance into the Council of Europe. At the close of 2002, President Nazarbaev proposed the introduction of jury trials.

The events of September 11, 2001, have offered further justification to the regime to crack down on groups challenging its authority. The Law on Terrorism and Religion enacted by Parliament in January 2002 makes any attempt on the life of a state official punishable by up to 20 years in prison. The Majilis also voted in favor of amendments to Kazakhstan's antiterrorism legislation that make any attempt on the life of the president punishable by death. Parliament is debating a proposal for mandatory fingerprinting when individuals renew their personal identity cards.

Kazakhstan exercises tight control over migration. Migrants are registered for 45 days only. Officials in the Department of Visa Registration habitually reject documents provided by migrants, refuse to register them on arbitrary grounds, and tend to be ignorant of policy changes favoring migrants and refugees. In November 2002, Kazakhstan refused an appeal by some 300 Chechen families in Russia for temporary refuge. Officially there are some 12,000 Chechen refugees in Kazakhstan, but their actual number is estimated to be at least 30,000. Much of the $500,000 allotted in 2001 by the UN High Commissioner for Refugees for legal aid to Chechen refugees was spent on registration formalities, including bribes to speedy registration. Kazakhstan has not yet ratified the International Convention on Refugees (though it joined the convention in January 1999) and is not obliged to provide full state benefits entitled to bona fide refugees.

Kazakhstan's Constitution contains provisions guaranteeing human rights but does not spell out mechanisms for safeguarding them. The Constitution guarantees citizens equal rights regardless of race, ethnicity, or religion. However, given the designation of Kazakh as the sole state language,

ethnic Kazakhs can expect to receive preferential treatment in government employment and education. This has affirmed a widespread belief among non-Kazakhs that they are essentially second-class citizens. The elevated status of the Kazakh language has led several schools and universities to switch to Kazakh from Russian as the medium of instruction.

The Constitution guarantees freedom of religion and proclaims Kazakhstan to be a secular state. Muslims make up 60 percent of the population, Russian Orthodox about 32 percent, and Protestants 2 percent. The remaining 6 percent consists of Catholics, Jews, and others.

Kazakhstan has tightened its vigilance over the observance of Islam and the activities of Islamic groups. However, in 2002 President Nazarbaev did refuse to ratify a controversial amendment to the Law on Religion that would have required registration of all missionaries and would have denied registration to all Muslim organizations operating outside the framework of the Spiritual Administration of Muslims of Kazakhstan, the official directorate of Kazakhstan's Muslims. The proposed amendment also would have banned all unregistered religious groups. The OSCE and various religious communities criticized the controversial amendment, and the Constitutional Council voted that aspects of the proposed law violated the Constitution. However, the U.K.-based Keston News Service, which monitors religious freedom in the former Soviet Union, reported throughout 2002 that regional officials continue to take local religious groups to court and fine them for alleged failure to register. Several Baptist groups, in particular, have encountered persecution from local authorities. A 2000 amendment to Article 374 of the administrative code does make the activities of unregistered groups a legal offense, but this clearly contradicts the existing Law on Religion and the Constitution.

Corruption

1997	1998	1999	2001	2002	2003
na	na	6.00	6.25	6.25	6.25

Corruption complaints are widespread at all levels of the government and society in Kazakhstan. In 2002, Kazakhstan ranked 88th out of 102 countries surveyed in the Corruption Perceptions Index produced by Transparency International. Kazakhstan scored 2.3 on a scale of 1 to 10, with 10 representing the lowest level of corruption. In 2000, the country ranked 65th out of 91 countries surveyed.

Swiss authorities have frozen bank accounts belonging to President Nazarbaev and other close associates at the request of the U.S. Justice Department, which is conducting an investigation into the suspected funneling of millions of dollars from U.S. oil companies to top Kazakh officials via U.S. businessman James Giffen. While Prime Minister Imangali

Tasmagambetov admitted in April 2002 that a secret Swiss account was established in 1996 and contains $1 billion received from the sale of a 20 percent stake in Tengizchevroil, he blamed former prime minister Kazhegeldin for opening it and failing to inform the Parliament.

The extent and precise manifestation of corruption are impossible to document in Kazakhstan, as there are no independent agencies for investigating allegations of corruption. However, there is sufficient evidence to suggest that individuals challenging or competing with the financial interests of the Nazarbaev family are likely to be accused of corruption. In the case of opposition politician Mukhtar Ablyazov, for example, it appears that the government targeted him at a time when his company, Astana-Holding, was competing with Kazkommertsbank, a concern controlled by Timur Kulibaev, President Nazarbaev's son-in-law, in an auction for the state's share in Halyk (Narodnyi) Savings, the country's largest bank. Mangistaumunaigaz, a new financial group reportedly with close ties to Rakhat Aliev, the president's other son-in-law, eventually displaced Astana-Holding and bought the majority share.

Corruption is rampant at every level of the judicial system, and bribes, rather than appeals to higher courts, ordinarily settle cases. Although the Ministries of Justice and the Interior Affairs received funding in 2001 to increase the abysmally low salaries of law enforcement agents and judges, these professionals remain poorly paid and continue to supplement their incomes with bribes and favors. Lawyers and human rights monitors testify that judges, prosecutors, and other officials solicit bribes in exchange for favorable rulings in nearly all criminal cases. The chairman of the Supreme Court revealed in 2002 that one in four judges had been disciplined for accepting bribes, and six judges were indicted for corruption during the first half of the year. The Office of the Prosecutor-General also claimed that in the first half of 2002 it took legal measures against 2,100 civil servants suspected of corruption.

The Office of the Prosecutor-General formally handles inquiries regarding official corruption in conjunction with the Ministries of Justice and Internal Affairs. However, since the prosecutor-general is appointed by the president and is not accountable to the government, inquiries into alleged corruption are invariably politically motivated and do not involve high-level bureaucrats or other individuals close to the regime. To date, the only top government members who have been tried for "corruption" or "misuse of office" are those who have engaged in independent political activity and directly challenged the president.

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Kyrgyzstan

Capital: Bishkek
Polity: Presidential
Economy: Capitalist-statist
Population: 5,000,000
GDP per cap at PPP: $2,711
Private sector as % of GDP: 60
Ethnic Groups: Kyrgyz (52 percent), Russian (18 percent), Uzbek (13 percent), Ukrainian (3 percent), other (14 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	5.00	5.00	5.00	5.75	5.75	6.00
Civil Society	4.50	4.50	4.50	4.50	4.50	4.50
Independent Media	5.00	5.00	5.00	5.00	5.75	6.00
Governance	4.25	4.50	5.00	5.25	5.50	6.00
Democratization Scores	**4.65**	**↓4.70**	**↓4.88**	**↓↓5.13**	**↓↓5.38**	**↓↓5.63**
Constitutional, Legislative, and Judicial Framework	4.50	4.50	5.00	5.25	5.25	5.50
Corruption	na	na	6.00	6.00	6.00	6.00
Rule of Law Scores	**na**	**na**	**5.50**	**↓5.63**	**5.63**	**↓5.75**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

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INTRODUCTION

Throughout 2002, the regime led by President Askar Akayev was struggling for its political survival, as political opposition, a series of crisis situations, and the issue of political succession produced serious challenges to the existing leadership. These problems have accumulated over several years, especially since the parliamentary and presidential elections in 2000, which greatly undermined the republic's reputation as an "island of democracy" in the region. Although the pro-government political parties and candidates won the elections by a large margin, the regime hardly boosted its legitimacy or strengthened its political stand. The elections were accompanied by so many irregularities, including the manipulation of the results, that even the moderate opposition voiced its disapproval of the government's tactics. However, instead of engaging in constructive dialogue with its opponents and solving the political problems, Kyrgyzstan's government chose authoritarian measures and attacked leading opposition figures, prominent journalists, and the most critical media outlets. To silence its critics, the government used its leverage over the country's weak court system to sentence members of the opposition to long prison terms and force them to pay large fines.

Not only has the process of democratization suffered a serious setback, but the government also has become more impatient in dealing with its critics. President Akayev and his supporters have concentrated enormous political power in their hands and have been prompt in turning to authoritarian measures against their opponents. Nevertheless, it remains true that Kyrgyzstan is one of the most liberal states in the region. Unlike neighboring Uzbekistan, political parties and civil organizations have been allowed to register and operate in a relatively free environment, and independent media have produced substantive and cogent discourse on matters such as political development, democratization, and various social and economic issues. Journalists also have not been the target of physical attacks or beatings, and none have been killed in the line of duty. This, however, has not translated into the development of an effective system of democratic governance or fair political and economic competition.

Throughout 2002, the government used direct and indirect pressure to silence their vocal opponents. Further, it attempted to introduce a wide range of restrictive measures, citing the threat of a militant incursion from unstable

Tajikistan and the international war on terrorism, in which Kyrgyzstan considers itself directly involved through its hosting of a U.S. military base. The government also used the war on terrorism to launch another round of crackdowns on nonmainstream opposition factions such as the Hizb-ut-Tahrir, a radical Islamic group based mainly in the southern Osh oblast that promotes the return of Islamic traditions and law (Shariah) to society.

There are also serious concerns about the rule of law in Kyrgyzstan. For some time, the central government has manipulated the court system to contain its critics, while local administrations have used law enforcement institutions to curb the critics of widespread corruption. Despite highly publicized government efforts to tackle corruption and lawlessness, ordinary citizens are forced to pay arbitrary taxes, fees, and fines and to offer bribes for basic services from public institutions or favorable business decisions. The government's actions have also contributed to an overall sense of lawlessness in the country by routinely taking opposition leaders and prominent journalists to court, winning numerous cases based on implausible evidence and the questionable use of loopholes in the country's regulatory system.

Since Kyrgyzstan depends heavily on international assistance and aid, the government has complied with the recommendations of donor bodies and made substantial progress toward economic liberalization. Macroeconomic policies have been prepared in close cooperation with donors, and the state's budget and spending are under tight control. This has helped the country stabilize its currency and control inflation, which in 2002 reached a historic low. Kyrgyzstan was among the first countries in the Commonwealth of Independent States (CIS) to allow private ownership of land.

Beneath this favorable facade, though, lies a more complex picture. Only on paper do laws and regulations provide fair economic competition and business environments for domestic and international enterprises. In reality, the business community faces rampant corruption, extremely low levels of law enforcement, and arbitrary taxation. Most lucrative businesses and investment projects have been monopolized by a small group of politically well-connected entrepreneurs, whom the locals have dubbed "the family." Even business elites who benefited from what is known as *prikhvatizatsia* ("grab all you can") have expressed their discontent with the rise of crony capitalism and the concentration of wealth in the hands of a small group of government cronies. In fact, some local experts believe that the real reason behind Akayev's abandonment of democratic reforms and his concentration of power is fear of the revelation of past corrupt practices, which ballooned Kyrgyzstan's external debts from zero in 1991 to US$1.4 billion in 2002, and the desire of "the family" to establish control over the most profitable businesses in the country.

In 2001, Kyrgyzstan's political environment became very complex. On the one hand, the state bureaucracy enjoyed both political and economic power, having managed to retain its influence over the years through questionable tactics against political opponents and the exploitation of political patronage, or the clan system. Moreover, the beginning of the U.S.-led international war against terrorism and the establishment of a U.S. air base in Kyrgyzstan negatively affected the political environment in the country, because Akayev's entourage perceived that Western pressure over human rights issues would diminish in return for siding with the United States. As a result, the Kyrgyz government instigated new attacks against mainstream and nonmainstream political opponents.

At the same time, the Kyrgyz public in general and the political opposition in particular were angered by the massive corruption in government ranks, social polarization in society, and the regime's inability to reduce poverty and promote sustainable economic growth. The last straw, which triggered public outrage on the eve of 2002, was the revelation of the secret concession of Kyrgyz territory to China and Uzbekistan during border delimitation negotiations. This news brought people to the streets, and the Jogorku Kenesh (Parliament) launched its own independent investigation over the secret deals.

In January 2002, the Kyrgyz government made a decisive move against the opposition when it arrested Parliament member Azimbek Beknazarov, one of the leading critics of the secret deals and a prominent opposition figure from southern Kyrgyzstan. Beknazarov was charged with professional misconduct allegedly committed seven years earlier. Several opposition parties declared hunger strikes in protest and demanded his unconditional release. The government ignored the demands, and as it was preparing to remove the hunger strikers by force, one of them, the highly respected activist Sheraly Nazarkulov, collapsed and later died in the hospital. Nazarkulov's death widened public support for the release of Beknazarov, contributed to a further rise in political tension, and alienated the population and elite of southern Kyrgyzstan.

On March 17, 2002, a group of Beknazarov's supporters in his native Aksy district attempted to organize a public rally in the town of Kerben. As the angry unarmed demonstrators gathered opposite the police building, police and security forces opened fire, killing 6 citizens and injuring more than 60 people in the first violent civil confrontation since independence in 1991. The following day, in a televised address to the nation, President Akayev accused the opposition of "political extremism and attempting to destabilize the country." Both the event and Akayev's remarks provoked widespread discontent and contributed to a further deepening of the age-old political divide between southern and northern Kyrgyzstan.

The killings and the government's handling of the aftermath outraged and radicalized even the country's moderate opposition. The full spectrum of opposition groups and the public joined in demands for an investigation and the bringing to justice of those responsible. They also called for the government's and President Akayev's resignation. In response to the criticism, in May 2002 the Kyrgyz government did resign, and a new one was established. However, President Akayev refused to follow suit, offering instead constitutional changes and the introduction of a national program under a slogan proclaiming "Kyrgyzstan Is a Home for Human Rights." Nevertheless, throughout the summer numerous citizens' groups organized public rallies and marched toward the capital with demands to free Beknazarov and slogans like *"Akayev Ketsyn!"* ("Akayev Must Go!"). To defuse the tensions, the government released Beknazarov and announced public debates on possible constitutional changes.

In September 2002, the government established a constitutional commission that included opposition figures, prominent public figures, and pro-government appointees. Throughout the fall, the commission was entrusted to suggest constitutional changes that would liberalize the political process, temper demands of President Akayev's resignation, and establish effective mechanisms to balance the powers of the legislative and executive branches of government. To facilitate the dialogue, President Akayev finally declared in October that he would not seek reelection in 2005. However, not all opposition groups were satisfied, and in November several radical opposition groups rallied to express their views.

Despite the dialogue with the country's mainstream opposition, tensions remained high in southern Kyrgyzstan. In October 2002, for example, Usen Sydykov, founder of the opposition party Jany Kyrgyzstan (New Kyrgyzstan) and an important figure in southern Kyrgyzstan's political clan, received the largest percentage of votes in the first round of elections to a vacant position in the legislature. However, the regional court banned Sydykov from participating in the runoff on the grounds that he had not resigned from his public position and had not disclosed all of his property—accusations that were rigorously denied by Sydykov. His supporters perceived the case as a violation of their political rights and took to the streets, later declaring their intentions to march to Bishkek. Tensions ran so high that, in an unprecedented step, the electoral commission postponed the runoff scheduled for November 3.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
5.00	5.00	5.00	5.75	5.75	6.00

The electoral system in Kyrgyzstan is largely unstable. Since the introduction of the Kyrgyz Constitution in 1993, the government has developed a penchant for constitutional changes through public referendums and has changed election laws prior to every parliamentary election. The opposition claims that most of the changes have been politically motivated to prevent their parties from entering Parliament. Moreover, in 2002 the government and the Parliament indicated that they would negotiate further changes to the Constitution and the Law on Elections before the next scheduled balloting in 2005. These frequent changes to the electoral system often confuse voters and create additional difficulties for political parties in preparing and mobilizing their supporters.

The Law on Elections in Kyrgyzstan establishes a relatively liberal environment for registration and participation in elections. The Constitution stipulates that all citizens over 18 years of age are eligible to vote, and all citizens over 25 years of age who have resided in the republic for not less than five years before the elections are eligible for election to Parliament. There are no restrictions based on ethnic, racial, or religious grounds, although the Kyrgyz Constitution bans all "religious political parties" and "organizations that propagate war or violence against the state or any ethnic group."

The electoral system is multiparty based and does not establish significant direct limitations on political parties. Any registered political party, public organization (such as a labor collective), or meeting of voters (such as local communities, or *mahalya*) may nominate candidates. However, this regulation gives advantage to the government and regional and local administrations, because they can control or influence nominations in state-controlled enterprises.

Over time, the Kyrgyz political system has been characterized by the concentration of greater power and political control in the hands of executive authorities. In 1994, for example, President Akayev initiated a series of constitutional changes that weakened the legislative branch of government. Through a national referendum, he gathered public support for, among other things, transforming the 350-seat unicameral Parliament into a bicameral body consisting of a 35-seat Myizam Chygaruu Jyiyny (Legislative Assembly) and a 70-seat El Okuldor Jyiyny (Assembly of People's Representatives). Additional constitutional changes supported by a referendum in 1998 increased the number of seats in the Legislative Assembly from 35 to 60 and

decreased the number of seats in the Assembly of People's Representatives from 70 to 45. These changes also included allocation of 15 out of 60 seats in the Legislative Assembly to political parties on the basis of proportional representation.

Both the Constitution and the Law on Public Organizations generally guarantee basic freedoms of associations and do not restrict political parties and the activities of nongovernmental organizations (NGOs). However, during the last parliamentary and presidential elections, state officials intimidated opposition groups and limited their participation for minor irregularities. Although there are no significant barriers to registration and political activities, the Ministry of Justice at times used the same tactics to delay a party's registration.

In 2002, more than 40 political parties, groups, and organizations were registered in Kyrgyzstan, mainly in Bishkek. Financial constraints and the population's general political apathy have become main barriers to the expansion of political parties outside the capital. At the beginning of the decade, 6–9 percent of the population belonged to a registered political party or group, most with only 3,000 to 9,000 members on average.

Most opposition groups have united in recent years in their determination to bring down the Kyrgyz government and force the resignation of President Akayev. The government, in turn, has responded with harsh measures, including the arrest of Parliament member Beknazarov and the closure of several opposition newspapers. This standoff led to a bloody confrontation in 2002 in the village of Kerben, the center of the Aksy district in southern Kyrgyzstan. Police opened fire on unarmed demonstrators, killing 6 civilians and injuring more than 60. In reaction, more than a dozen political organizations called for a national *Kurultai* (Congress) and united in their determination to bring to justice those responsible. Several organizations established a new political bloc called For Impeachment of President Akayev and for People's Reforms.

In addition to the traditional parties of the Left (PKK and others), the center (Moya Strana and others), and the Right (Asaba, or National Revival Party), the Ar-Namys (Dignity) Party, established in 1999 when Vice President Felix Kulov moved into the opposition camp, unites various political groups under a single aim: to bring down the Akayev regime. General Kulov's experience in politics and government, his moderate stand on political, ethnic, and economic issues, and his promise to fight corruption immediately attracted centrist intelligentsia and businessmen into the party, which had the potential to transform itself into a truly mass organization. However, the party's ability to do so was undermined in 2001, when, in a politically motivated case, Kulov was tried and sentenced to seven years in prison. Although the government released Beknazarov in 2002 and dropped the criminal charges against him, Kulov remained in prison at year's end.

The challenge for opposition political parties in mobilizing support outside Bishkek is the fact that political life at the *raion* (district) and oblast (province) levels is dominated by local bureaucrats, with whom most people have clan ties. Kyrgyzstan's clans are amorphous and have no clear mode of operation in the country's political life. They are bound by informal arrangements and rules, and their power is based on representing regional interests. The so-called northern clan represents the Chui, Issyk-Kol, Naryn, and Talas oblasts, while the so-called southern clan represents the Batken, Dzhalal-Abad, and Osh oblasts.

President Akayev's real strength has been his ability to both cut deals with and mobilize support from the regional clans. Conversely, the most serious weakness of the opposition has been its inability to gain support from the clans. The situation following the March 2002 killings in Aksy was brought under control only because powerful representatives of the southern clan mediated and prevented people from retaliating or marching to Bishkek. In return, the president has had to make more political concessions to this clan—a move that could lead to direct confrontation between northern and southern clans.

There are no formal limitations on the participation of ethnic minorities in the political process. However, for a decade after independence, minorities were haunted by the memory of deadly interethnic conflict in the Osh-Uzgen areas in 1990 during the Kyrgyz-Uzbek dispute over land allocation. When the Kyrgyz leadership failed to respond to the problem, the conflict erupted into youth riots and assaults on ethnic minorities.

Throughout the 1990s, most ethnic minorities avoided direct involvement in politics, instead working through their ethnic cultural centers. Except for the Communist Party, no opposition organization was successful in recruiting ethnic minorities into its ranks. Until recently, in fact, the ethnic cultural centers, which work under the umbrella of the Assembly of Peoples of Kyrgyzstan, supported centrist and pro-government political parties as well as President Akayev. Some studies have suggested that ethnic minorities voted overwhelmingly for the president and for pro-government parties during the last elections. However, the situation changed in 2001 and 2002, when ethnic minorities began to flag in their support.

In 2002, two events prompted Kyrgyz authorities to target members of the Uigur minority. First, when several Chinese businessmen and government officials were killed execution-style in Bishkek, Uigur separatists were blamed for the act. Second, the U.S Department of State added the Uigur separatist movement to its list of terrorist organizations. However, the Uigur community denied that it had ties to al-Qaeda or any other terrorist organization.

Kyrgyzstan's political environment in 2002 was shaped largely by the outcome of elections to the bicameral, 105-seat Parliament in 2000. The preelection campaign was free of violence and armed confrontation, and

most candidates worked openly with their supporters. Few interrogations of the candidates took place during the voting process, and local and international observers enjoyed access to the ballots. However, the elections could hardly be called free and fair. In particular, the government and state bureaucracy, which consists largely of presidential appointees, used various legal loopholes to prevent influential opposition politicians such as General Kulov from registering.

On February 20, 2000, 230 candidates competed for 45 seats (out of 60) in the Legislative Assembly; 186 candidates vied for 45 seats in the Assembly of People's Representatives. An additional 15 seats in the Legislative Assembly were filled on the basis of proportional representation. Since few candidates received a mandate with more than 50 percent of the vote, a runoff followed on March 12. Only 57.8 percent of the electorate cast votes in the first round, and 61.86 percent voted in the second round. Male and female voters participated in equal numbers.

In some districts, election observers reported misconduct in the counting of ballots. In the district where Kulov and other opposition leaders ran, voters and members of local electoral commissions experienced significant pressure to vote against them. The irregularities were so blatant, in fact, that even the country's pro-government intelligentsia condemned them as "a bad job in the best Soviet traditions." Observers from the Commission on Security and Cooperation in Europe noted that the Kyrgyz government ultimately "narrowed the choice available to voters" and featured "flagrant official interference and vote rigging."

In the official results for both houses, independent candidates took 73 seats; the pro-Akayev Union of the Democratic Forces, 12 seats; the opposition PKK, 6; the pro-government My Country, 4; the pro-Akayev Democratic Women's Party of Kyrgyzstan, 2; the pro-Akayev Party of Veterans of the War in Afghanistan, 2; the opposition Poor and Unprotected People's Party, 2; the opposition *Ata-Meken Partiasy* (Fatherland Socialist Party), 2; the pro-government Agrarian Labor Party, 1; and the opposition *Erkin Kyrgyzstan* (Progressive and Democratic Party), 1. The independent candidates—mainly former state officials and successful businessmen—were not necessarily loyal to the government or the president.

The state bureaucracy's manipulation of the preelection campaign negatively affected voter turnout, especially in Bishkek. According to official reports prepared by the Central Election Commission (CEC), turnout in the districts of Bishkek was between 42 and 53 percent. At the regional level, turnout was slightly higher. In the Chui oblast, for example, turnout ranged from 54 to 65 percent.

Although the 2000 elections represented the opposition's biggest defeat since independence, members of the opposition have consolidated since then into a small but vibrant bloc that frequently criticizes the government

and President Akayev for their policies. On several occasions, the bloc has gained support from a significant number of independent parliamentarians on such issues as the investigation of the border delimitation agreements with China and Uzbekistan in 2001 and the investigation of the Aksy tragedy in 2002.

Relations between the government and opposition have deteriorated significantly since 2000 because the Akayev-led regime clearly interpreted the opposition defeat in the elections as a sign of weakness. Since then, the government has adopted a confrontational line in dealing with its critics. It also has shown less tolerance to opposition mass media and investigative journalists, who have tried to expose corruption among high-ranking government officials or have criticized government policies. This confrontation was more pronounced in 2002, when the government dismissed any criticism of its policies and arrested opposition leaders, such as Beknazarov, on dubious charges. It was this inflexibility that led to the Aksy tragedy in March.

In 2002, the government also approved a crackdown by the National Security Committee (NSC, the successor to the KGB) on nonmainstream organizations, notably Hizb-ut-Tahrir. The NSC justified the crackdown by alleging that Hizb-ut-Tahrir has ties to radical Islamic groups like the Taliban and to Osama bin Laden. According to an official report, law enforcement agencies detained several members of Hizb-ut-Tahrir during the first half of 2002, even though they had not found arms or any evidence of links to al-Qaeda.

The presidential elections of October 2000 greatly undermined President Akayev's legitimacy. In the preelection campaign, candidates were not subject to harassment and were granted relatively equal access to the national media. In addition, local and international observers enjoyed access to the ballots. However, the Central Election Commission's handling of the registration process provoked considerable criticism and led observers to declare the election as neither free nor fair.

The CEC and the state bureaucracy did everything possible to deny registration to General Kulov and Daniyar Usenov, an opposition leader and member of parliament. Although both men were thought to have a good shot at victory, they failed to meet the registration requirements: nominations by September 14, registration by September 24, a collection of 100,000 signatures, a clean criminal record, and successful completion of a new Kyrgyz fluency test. Usenov's previous criminal conviction (on charges he has denied) ruled him out. Kulov chose not to sit for the language exam after witnessing several candidates fail the test. Instead, he gave his support to Omurbek Tekebayev, chairman of the moderate opposition Fatherland Socialist Party. In the end, the election committee officially registered six candidates: President Akayev; Omurbek Tekebayev; Almazbek Atambayev, an industrialist; Melis Eshimkanov, a journalist and one of the leaders of the

National Revival Party; Tursunbay Bakir-Uulu, a leader of the Progressive and Democratic Party; and Tursunbek Akunov, a human rights activist.

On Election Day, President Akayev won in the first round with 74.4 percent of the vote. Akayev's main opponent, Tekebayev, won just 13.9 percent. Opposition candidates reported that their supporters had experienced intimidation at polling stations. There were also reports of vote manipulation, especially of students' votes. Turnout was 77.3 percent.

Civil Society

1997	1998	1999	2001	2002	2003
4.50	4.50	4.50	4.50	4.50	4.50

Several factors have helped establish the basis for a potentially vibrant civil society in Kyrgyzstan. These include political liberalization in the early 1990s, extensive support from the international community, and the rapid development of the population's self-reliance as state institutions and the social welfare system deteriorated rapidly following the collapse of communism. The self-reliance of the Kyrgyz people is expressed through two types of nonprofit organizations.

The first type is the indigenous tradition of communal mutual assistance. The *ashar*, for example, is a community-based institution that gathers donations and provides aid to individuals in need such as single mothers, elderly people, and the disabled. *Ashars* are led by *aqsakals* (community elders) and are popular in southern oblasts, especially in rural areas. They do not register with the state.

The second type of organization is the Western-style NGO. Since 1991, more than 3,000 NGOs have been established and registered in the country. However, many have already disbanded or become inactive. At the present time, between 600 and 1,000 NGOs, or between 20 and 30 percent of those registered, are actually active. These groups focus on providing social services not only in the capital and surrounding areas, but, most important, in remote mountain villages. Most NGOs are led by local activists, whose mission is to increase awareness about the importance of volunteerism and philanthropy. Many NGO leaders are women who were active in public life during the Soviet era and lost their jobs in the economic recession of the 1990s.

Although precise figures are not available, up to 6 percent of the working adult population, or approximately 250,000 people, are active in voluntary activities. According to Counterpart International, out of 1,000 active groups, 236 NGOs, or 9.7 percent, were engaged in women's issues; 302 (12 percent) were providing services to children and youth; around 210 (8.6 percent) were working on education and science; 166 (6.8 percent)

were running services for families and pensioners; more than 144 (5.9 percent) were focusing on human rights and civil society; 129 (5.3 percent) were examining health issues; 120 (4.9 percent) were working on environmental issues and environmental awareness; and 86 (3.5 percent) were addressing media issues.

Women's NGOs operate under the umbrella of the Bishkek-based Women's Congress. These include Bermet, which supports families and women rights; and Ene, which provides services to orphan female students at tertiary institutions. Environmental NGOs played a crucial role in promoting public awareness after a cyanide spill in the Issyk-Kol oblast in May 1998.

Religious groups are increasingly playing a role at the community level. Many, both Christians and Islamic, focus their activities on religious education and charitable activities. Christian groups are active in northern Kyrgyzstan, especially in the capital, its suburbs, and the Issyk-Kol valley. Islamic organizations, meanwhile, are active mostly in the Batken, Dzhalal-Abad, and Osh oblasts, where Islam has traditionally been strong among the rural population, and within the country's large Uzbek community. In 2002, Islamic organizations experienced a number of difficulties as religious literature was regularly confiscated and many premises were raided by law enforcement agencies.

Several religious groups, especially Islamic ones, are hostile to what they consider excessive Western influence. Some representatives of Islamic groups have openly expressed this opinion with respect to the presence of U.S. troops in the country and have voiced strong disapproval of the war against the Taliban regime in Afghanistan and military actions in Iraq. The extent of their influence is unknown, though, because many of these groups are not registered and work mainly at the community level. Their funding comes from overseas sources, mainly under the *hawala,* an informal money transfer system. Various reports indicate that they exercise strong influence in parts of southern Kyrgyzstan and are considerably less influential in the north.

Kyrgyzstan has established one of the most liberal regimes in the region for NGOs. The Constitution, the Law on Public Organizations, and the Law on Noncommercial Organizations regulate the activities of NGOs. The Constitution guarantees freedom of association. The Law on Public Organizations places few restrictions on the activities of the NGOs, prohibiting only activities that might undermine public security or promote racial, ethnic, or religious intolerance. In practice, though, the state has a strong hold on such issues as registration, taxation, and access to information, especially for NGOs that deal with human rights, ecological, or mass media issues.

The government prefers to deal with larger NGOs, especially those led by influential public figures, as long as they do not criticize government policies. An important feature of political life in Kyrgyzstan are the

roundtables and public forums where NGO activists meet with government officials. President Akayev has actively promoted the Assembly of Peoples of Kyrgyzstan, which brings together several large and influential NGOs and cultural centers, as an example of the government's cooperation with civil society. (The cultural centers were established by major ethnic groups in the early 1990s and have proved to be a powerful force in politics.) The Assembly of Peoples of Kyrgyzstan has played an important role in stabilizing political life in Kyrgyzstan. For example, in May 2002, following the tragedy in Aksy, President Akayev unveiled a national program called "Kyrgyzstan Is a Home for Human Rights" to the Assembly of Peoples of Kyrgyzstan and soon after signed a presidential edict granting the group the status of a "consultative and advisory organ under the President of the Kyrgyz Republic."

The effectiveness of NGOs is frequently undermined by inadequate training in management, accounting, and fund-raising. Many NGOs consist of only three or four staff members and a dozen or so activists. Small NGOs often do not have clear managerial structures or boards of directors and tend to rely on informal networks consisting of colleagues, extended family, or patrimonial support. Training initially presented serious problems, as in the early 1990s there were no instructors or instructions available in the Kyrgyz language. By 2000, a sizable number of training materials had been translated or developed in Kyrgyz and some NGOs had begun to offer training in the native language.

The financial status of NGOs varies widely owing to the steep economic recession and low personal salaries (in 2002, average monthly salaries stood at 1,500 soms, or US$32). Many groups are not viable financially and rely exclusively on funding from foreign sources. There is a growing trend of consolidation of large NGOs, which have established management structures and regular sources of finance, as they increasingly receive a larger proportion of foreign assistance. Meanwhile, most small NGOs face serious financial constraints and temporarily halt their activities when they run out of funds. It is difficult and often impossible for NGOs to collect cost recovery fees.

In the post-Soviet era, the role of the trade unions has largely diminished. The Law on Labor guarantees the rights of workers to join independent trade unions. The government generally does not restrict workers' membership in trade unions because the unions do not confront the government on key economic policy issues.

The Federation of Trade Unions of Kyrgyzstan (FTUK) is a direct successor of the powerful Soviet-era Council of Trade Unions. Since 1991, however, most trade unions have been unable to adjust themselves to the new economic environment or to build new channels of influence on legislature or government. The FTUK was largely silent when most enterprises collapsed and hundreds of thousands workers were laid off or forced to do

unpaid work in the 1990s. Most union members maintain nominal links to their organizations. Among the new trade unions to emerge since 1991 is the Union of Entrepreneurs and Small-Business Workers.

There is no clear regulation of interest-group participation in politics. Nor are there clear lines between the kinds of activities in which such organizations participate. Most NGOs try to influence the government through conferences and seminars, raising public awareness on issues such as the status of women, the environment, human rights, and the work of the legislature. Some NGOs, especially those dealing with human rights, organize rallies and meetings. They also send appeals to the government, the legislature, and various international organizations. Many NGOs are active in monitoring elections at the national, oblast, and local levels and facilitate training sessions for election observers and monitoring groups. Several NGOs are active in the fields of science and education and often produce and publish their own assessments of government projects.

In the early 1990s, the government actively involved institutions like the National Academy of Science in policy planning and legal and economic reforms. Since the middle of the 1990s, however, the authorities have gradually abandoned this practice and rely more on internal experts. The Institute of Strategic Studies, which is subordinate to the president, has been active since the mid-1990s in sharing its expertise and has developed working relations with major Western organizations.

Education is the focus of both government policy and NGO activities. The government encourages NGOs to support educational reforms as part of its program to develop a "knowledge nation." Several independent schools and universities appeared in the mid-1990s, and most universities have gained their freedom from direct government control. At the same time, they also have been affected by state cuts in funding for tertiary education.

In early 2002, there were 27 private schools, 14 private tertiary educational institutions, and 7 campuses for foreign (mainly CIS) universities. These institutions provide education for about 15 percent of the student population. Islamic educational institutions are a relatively new phenomenon in Kyrgyzstan and are not very well developed. However, ***madrassas*** do provide basic religious education in practically every large town and city. The Islamic University of Kyrgyzstan, established in Bishkek in 1991, receives funding mainly from overseas sources. In 2002, approximately 400 students were enrolled in the Faculty of Shariah and Arabic Language and the Faculty of Religious Studies.

The Ministry of Education still has to approve the registration and curriculums of all educational institutions, including private schools and universities. However, universities and other institutions are generally free of state propaganda or direct political influence. The educational system of Kyrgyzstan relies increasingly on international assistance to fund reforms.

Independent Media

1997	1998	1999	2001	2002	2003
5.00	5.00	5.00	5.00	5.75	6.00

In 2002, the government tried to introduce new restrictions on independent media, citing the war on terrorism and security concerns as justification. During the year, Kyrgyzstan witnessed the most vigorous confrontation between the government and independent mass media since 1991. Specifically, the government tried to restrict mass media outlets by bringing legal action (often on questionable charges) against most prominent opposition newspapers and trying to silence the most critical investigative journalists.

Meanwhile, the independent media launched its most forceful public campaign against corruption. Opposition mass media, especially those that publish their materials on the Internet, revealed questionable deals and practices not only among high-ranking public officials and members of the presidential administration, but also among the family members and close associates of the president. Their campaign was fueled by the first moves among elites and political groups in the battle for President Akayev's successor.

Throughout the year, the government attempted to find new ways to control the independent media. For example, on January 14, 2002, the government introduced a highly controversial Temporary Decree No. 20, which established for the state-controlled Uchkun Publishing House a de facto monopoly over printing by all major mass media outlets. Specifically, it obstructed the establishment of the Independent Printing Center, a project supported by the U.S. government and several international organizations, including Freedom House. Opposition and independent journalists complained that the decree was unconstitutional and demanded its reversal.

Articles 15 and 16 of the Constitution guarantee freedom of the media and freedom of expression. However, Article 49 criminalizes any publication degrading the honor and dignity of the president. Moreover, Article 23 of the Law on Mass Media prohibits journalists from publishing state or commercial secrets or articles that offend any individual's honor or dignity. Article 127 of the criminal code treats libel as a criminal, not a civil, offense.

Although the media is generally free from direct editorial intervention, most journalists practice self-censorship. A prominent case in point was the campaign against the newspaper *Moya Stolitsa,* which had at least 10 libel suits brought against it in 2002. During the year, the government also continued its policy of prosecuting independent journalists and putting opposition mass media out of print. In recent years, a number of mainstream mass media outlets purportedly have come under the control of President Akayev's relatives or pro-government businessmen and been subject to strong pressure on their newsgathering functions. In response to public protests against

one-sided coverage by state-control media of the Aksy tragedy in 2002, Nikolai Tanayev, the new prime minister, promised to reform the state TV and radio companies. Under intense international and domestic pressure, President Akayev also annulled Temporary Decree No. 20.

Television and radio are the two most important sources of public information. Newspapers have declined steadily in importance because the population is less able to afford them. Most national newspapers are based in the capital and often do not reach the nation's remote rural districts. Meanwhile, many district and regional newspapers are heading toward extinction. As of 2002, about 70 percent of media outlets were privately owned.

The state-controlled national newspapers, including *Slovo Kyrgyzstana* and *Kyrgyz Tuusu*, and television stations, including KTP and KOORT, are the only media outlets that reach a nationwide audience. There are about 50 independent, semi-independent, and privately owned newspapers and magazines, including the popular *Vechernii Bishkek, Delo No, AKI-press,* and others. *Vechernii Bishkek* has the largest circulation (approximately 60,000). *Res Publika, Ordo,* and *Kyrgyz Tuusu* each claim to have circulations of 10,000. There are also 14 independent or privately owned television stations and 11 radio stations, including Piramida Television and Radio, Independent Bishkek Television, Asman Television, and Almaz Radio.

Most privately owned newspapers are not financially viable, owing largely to limited advertising revenues and circulation bases. In 2001–2002, though, there was a visible increase in investment in mass media outlets, as various political groups tried to establish greater influence over media in anticipation of the next presidential election. Yet few of the investors have experience in establishing and running profitable media enterprises. By law, advertising is limited to about 20 percent of print space and 25 percent of television and radio airtime. However, many media outlets engage in hidden advertising. Few media outlets are actually profitable.

In 2002, there were numerous court cases against journalists. However, unlike previous years, higher courts dismissed several of the complaints. For example, on May 13, 2002, the Dzhalal-Abad City Court fined the paper *Kyrgyz-Ruhu* 110,000 soms (about US$2,300) and journalist Akybai Soronbekov an additional 110,000 soms. Raimbek Momunov, the deputy prosecutor of Dzhalal-Abad oblast, accused the paper and the journalist of insulting his dignity and honor in an article published five years earlier. A regional court overturned the city court decision in response to public outcry and mass protests. Likewise, at the beginning of 2002, the state-controlled Uchkun Publishing House refused to publish two newspapers, *Moya Stolitsa* and *Res Publika,* on various grounds. The head of Uchkun even tried to bring a libel case against *Moya Stolitsa*. However, in May Uchkun agreed to resume publication following an out-of-court settlement of the newspapers' legal case against the publisher.

NGOs providing services to journalists strengthened their position throughout 2002. This was due to an increase in international funding and the growth of investigative journalism. The public association Journalist, for example, established a solid infrastructure and developed an action plan aimed at monitoring and defending the rights of journalists. A sizable proportion of journalists in Kyrgyzstan are women, and several NGOs provide services to them. Women in Mass Media of Central Asia, for example, advocates the professional development of women working in the Kyrgyz mass media.

Although both the government and the public realize the growing power of the Internet, its growth is limited by financial constraints and an undeveloped infrastructure outside the capital. However, Internet providers are trying to diversify their customer base by introducing flexible rates and opening new businesses outside major cities. In addition, many NGOs, privately owned Internet cafés, and educational institutions are beginning to offering Internet access to a wider public and at more affordable prices. In 2002, information centers offering free Internet access were opened in seven provincial towns and cities with financial support from the U.S. State Department.

According to estimates, the Internet served between 100,000 and 120,000 people in 2002, a surge of about 15–20 percent. Internet publications have rapidly growing audiences, but they are limited primarily to the capital city. Independent newspapers are increasingly using the Internet to thwart government attempts to limit or stop their publication.

Governance

1997	1998	1999	2001	2002	2003
4.25	4.50	5.00	5.25	5.50	6.00

The Kyrgyz governmental system was largely unstable during the period covered by this report. This could be seen in the lack of cooperation among various ministries and especially in the mismanagement of the Aksy crisis by law enforcement agencies. Additionally, there were several abrupt changes in the government in early 2002, followed by the resignation of the prime minister and whole government in May. Such radical changes had not been seen in many years. The new government led by Prime Minister Tanayev is considered weak and unstable, and there were expectations throughout the year of new dismissals and a heightened role for the military, police, and National Security Committee in the political life of Kyrgyzstan.

At the same time, though, Parliament exhibited its developing ability to balance the power of the executive by more effectively fulfilling its lawmaking and investigative responsibilities. Despite the fact that the legislature had been seriously undermined by regional rivalries in the past (locally referred to as the rivalry between "northern" and "southern" clans), in 2002

various fractions in Parliament were able to put aside their differences. Members of the Parliament have been quite successful in investigating the government's various missteps, including an examination in 2002 into the events in Aksy. On many occasions in 2002, members of Parliament sided with the opposition and set up independent commissions to review various government actions.

It was expected that Kyrgyzstan's legislature would strengthen its power vis-à-vis the executive branch under a constitutional referendum that was first scheduled in late 2002 (later postponed to February 2003). Between 1994 and 1996, a series of constitutional changes had weakened the legislature and disproportionately strengthened the power of the president. In 1994, a constitutional referendum replaced the 350-seat single-chamber Parliament with a 105-seat two-chamber body. In 1996, additional constitutional changes enhanced the power of the president at the expense of Parliament, giving him the power to appoint the prime minister and the heads of the Central Election Commission and the Central Bank.

Various revelations in 2000 and 2001 exposed the government's attempts to hide its actions from the public and the legislature, including the transfer of land to China and the land swap with Uzbekistan. Both deals provoked public outcry. Investigative journalists and members of the opposition contributed to a further expansion of transparency in 2002. Draft legislation is usually available to the public, and some debates in Parliament are televised. However, there is no clear-cut legislation on access to the information. In early 2002, the government attempted to increase secrecy and limit the public's access to information about government activities, but after the Aksy tragedy it refrained from such actions.

Local governments have gained power in recent years. The activities of local authorities and legislatures are regulated by the Law on Local Governance and Local State Administration in the Republic of Kyrgyzstan, which was introduced in 1991 and modified in 1992, 1994, and 1998. Under the law, the president appoints oblast *akims,* or heads, and the leaders of the Bishkek state administration upon the recommendation of the prime minister and with the consent of the corresponding local *keneshes* (legislatures). However, an important step toward further decentralization was made in 2001, when direct elections of *akims* were conducted for the first time since independence. According to the opposition, though, these elections were neither free nor fair. Observers reported numerous cases of interference by local government officials in the voting process, manipulation of votes and ballots, and vote buying.

At present, there is limited decentralization at the oblast and *raion* levels. Local authorities have limited fiscal autonomy and power to carry out social and economic development projects within their budgets. They are also limited in their ability to impose fines and penalties within their juris-

diction, to protect the environment, and to raise additional revenues. Local executives are authorized to overrule most of the decisions of local *keneshes*, though the *keneshes* do have the right to call for a vote of no confidence in their respective heads of administration. Local governments also have their say on such issues as funding of non-Kyrgyz-language schools (Uzbek schools in the south; Russian, Uigur, and other schools in the north). In 2002, several draft laws were submitted to Parliament that if adopted would develop a better legal environment for local governments. The proposed legislation included a Law on Municipal Services in the Kyrgyz Republic and a Law on Financial and Economic Regulations of Local Self-Government.

Local governments, especially at the district and town levels, often lack the expertise and human resources to work effectively. Citizens regularly complain that local executives cannot address their needs and that civil servants lack adequate professional training to carry out their duties. Low salaries prevent the civil service from attracting young professionals and retaining the most experienced members of their staffs. Promotions often depend not on one's skills and abilities, but on connections. In addition, the civil service experiences some political interference, as civil servants are expected to be loyal to the president.

Rule of Law

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
4.50	4.50	5.00	5.25	5.25	5.50

A system of checks and balances among legislative, executive, and juridical authorities is in place in Kyrgyzstan. The Kyrgyz Constitution, which was introduced in May 1993, clearly defines the authorities of each branch of government. In recent years, though, executive authorities have concentrated ever more political power in their hands and dominated the other branches of government.

The Parliament is the effective rule-making organization, and it has resisted some of the authoritarian measures of the government and the president. In May 2002, for example, pressure from the legislature, combined with public support, forced the government to cancel Temporary Decree No. 20. This controversial decree, introduced in January 2001, had severely limited printing activities in violation of the Kyrgyz Constitution and the Law on Mass Media.

Kyrgyzstan adopted its first post-Soviet Constitution in May 1993. Since then, it has been amended on three occasions—in 1994, 1996, and 1998.

The Constitution remains one of the most liberal in the region, yet enforcement of the basic rights it guarantees is often weak. New constitutional changes were discussed throughout fall 2002, and a referendum was scheduled for February 2003.

In 1998, a new criminal code replaced the 1994 criminal procedure code. The new code, which was developed with the assistance of international legal experts, brought some legal procedures in line with Western standards. For example, under the law, the procurator, an office overseen by the Ministry of Justice, supervises criminal proceedings and authorizes all searches, detentions, and warrants. In practice, though, the law is not vigorously implemented, and police and security forces sometimes detain or search suspected individuals without proper authorization. In 2002, law enforcement officials often used the increased threat of terrorism as an excuse to violate regular procedures.

Also in 2002, many unconstitutional practices came to light. When Azimbek Beknazarov, a vigorous critic of President Akayev's and a member of Parliament, was arrested in January on dubious charges of professional misconduct, he claimed that he was beaten regularly by law enforcement officers and forced to make several public statements under threat. The prominent case of General Kulov, another leading opposition leader, also indicates that there are significant delays and abuses in criminal justice cases.

By regional standards, Kyrgyzstan remains fairly liberal. The Constitution provides a strong framework for human rights, guarantees citizenship to all residents regardless of their command of the state language or their length of residency, and protects business and private property rights. Kyrgyzstan was among the first countries in the CIS to recognize private ownership for the land, which came to full effect in 2000, and the civil code guarantees equal protection of private property, the right to transfer or sell private property, and the freedom to conclude contracts with foreigners. Kyrgyzstan, however, is not a member of the New York Convention, which provides enforcement of international arbitration. Nevertheless, there have been numerous cases in which private citizens have complained that their business and property rights have been violated. Some businessmen have complained that other businessmen or individuals connected to the government and state bureaucracy have seized their successful enterprises.

The Constitution prohibits discrimination based on sex, race, nationality, language, creed, or political or religious conviction. In practice, though, human rights activists regularly register violations of the individual rights of citizens. The most highly publicized cases involve independent journalists and mass media outlets, which are regularly harassed with libel suits, tax audits, and accusations of financial improprieties. However, journalists are not subject to physical violence.

Although women remain fairly active in politics and the economy, they are underrepresented in both areas. Women were among the first to lose their jobs during the early years of the country's recession, and no mechanisms existed to protect their rights in the workplace. They are also underrepresented in the national Parliament (holding 5 out of 105 seats) and in local legislatures (occupying roughly one-quarter of all positions). Few women have executive positions in the government, ministries, and local administrations. Women's organizations report that violence against women and underage and forced marriages are serious problems, particularly in remote areas.

Although Kyrgyz law prohibits discrimination against ethnic minorities, there is no enforcement mechanism. In the early 1990s, ethnic minorities were also among the first to lose their jobs when nearly 60 percent of industrial enterprises were permanently or temporarily closed and approximately 320,000 jobs were lost. Ethnic tensions, combined with rising nationalism and the collapse of the industrial sector, led to a steep rise in emigration by ethnic minorities. Between 1991 and 2002, more than 600,000 people left the country, and the portion of the population made up by ethnic minorities declined from 47 to 33 percent.

President Akayev has introduced a national program dubbed Kyrgyzstan Is Our Common Home to discourage emigration of educated and skilled minorities. He also has issued a decree declaring Russian an official language along with the Turkic-based Kyrgyz. Kyrgyzstan is now the only country in the region to adopt Russian as an official language. Between 2000 and 2002, a number of representatives of ethnic minorities took positions in the government and state administration. Nonetheless, minorities still cite discrimination in hiring, promotion, education, and business activities as important reasons to emigrate.

Although the majority of the population is Muslim, most religious groups, including Christian and Jewish minorities, can worship freely. Kyrgyzstan experienced a resurgence of interest in Islam and other religions in the early 1990s. All religious groups must register with the Ministry of Justice. Some small, nonmainstream religious groups, including the Baptists and Seventh-day Adventists, have reported difficulty in registering and tension in local communities.

The Constitution guarantees judicial independence and establishes the following courts: the Constitutional Court, the Supreme Court, the Higher Arbitration Court, and a range of local and lower courts. However, the president can directly influence judges and procurators, since under the Constitution he has the authority to appoint and dismiss the procurator-general, procurators at the oblast level, the procurator of the city of Bishkek, and the military procurator. He can do so, though, only with the consent of the Assembly of People's Representatives.

There is widespread mistrust of judges, whose rulings the public perceives as unfair or politically motivated. In early 2002, for example, opposition parties complained that the judiciary acted under political influence in the case against Azimbek Beknazarov, who was charged with professional misconduct after he became one of the most outspoken critics of the government. One of the latest examples came to light in October 2002. During the election campaign for a vacant position in the Parliament, a court banned opposition candidate Usen Sydykov after a strong showing in the first round of voting in the Kara-Kuldja district on the grounds that he had misguided the election commission about his property, assets, and income. Sydykov vigorously claimed that the ruling was politically motivated.

In recent years, the government has made some efforts to implement judicial reforms. These include streamlining the court system, improving the professionalism of judges, and increasing funding to the courts. Judges must now pass periodic examinations, attend retraining courses, and be familiar with constitutional and legal changes.

All defendants have the right to counsel, which the state must provide if the defendant cannot afford to do so. However, in the past some defendants have not been provided adequate representation owing to a lack of funding and a shortage of qualified lawyers. In 2002, there were regular reports that judicial decisions were not effectively enforced, especially in disputes over property rights and business activities. This was particularly true in several cases involving powerful political interests in businesses.

Corruption

1997	1998	1999	2001	2002	2003
na	na	6.00	6.00	6.00	6.00

Corruption in Kyrgyzstan has begun to paralyze economic activities and force many otherwise legitimate businesses to move to the shadow economy in order to avoid arbitrary taxes. The law sets limits on the participation of government officials in private businesses. However, there are no effective enforcement mechanisms, and government officials can easily use their patronage and patrimonial networks to avoid direct involvement in business activities. A number of top policy makers directly or indirectly own or "patron" profitable businesses and have direct ties with the business community. Allegedly, members of the presidential family control or participate in numerous businesses. For example, according to the newspaper *Moya Stolitsa* the president's son-in-law, Adil Toigonbayev, has controlling stakes in more than a dozen businesses, including mass media, retail trade, entertainment, and aviation fuel trade. The same can be said of other members of the government and state bureaucracy.

In the late 1990s, with the help of international organizations, the government attempted to address the issue of corruption by preventing the participation of government officials in business activities. By law, parliamentarians and government officials may not use their public positions for private purposes. The law also obliges candidates for the legislature or elected state positions to disclose their incomes and private business interests. However, in practice these legal and ethical standards are not observed consistently.

Several corruption cases, publicized by investigative journalists, have never been brought to court. Moreover, the country has a strong and deeply rooted tradition of patronage and an invisible web of patrimonial relations and loyalties. In May 2002, President Akayev officially admitted that his son-in-law received without a tender a lucrative contract to supply the U.S. military's air base with gasoline.

In 1997 and 1998, the government launched major anticorruption campaigns and suspended the implementation of a new stage in the country's privatization program to streamline legal and administrative procedures against corruption. In 1999, President Akayev initiated a Law Against Corruption, which was debated in Parliament. In July 2000, the government also registered the foundation Journalists for an Effective Economy and Against Corruption, which established a 10-year action plan of exposing corruption in the country. Overall, though, the government's anticorruption campaign has been implemented arbitrarily and often has been used against the opposition.

There is a general recognition that corruption and red tape undermine business confidence and keep foreign and local investors at bay. They also force many legitimate businesses into the shadow economy. According to the National Statistics Committee, the shadow economy accounts for 13–40 percent of the gross domestic product.

In November 2001, the Legislative Assembly adopted a draft Law on a Simplified Taxation System for Small-Entrepreneurship Subjects. The law is designed to simplify the taxation system and to provide greater protection for small businesses against arbitrary taxation and random inspections. Since its passage, though, there reportedly have been inconsistencies in the law's enforcement. In August 2002, Prime Minister Tanayev formed a government commission to explore ways to legalize the country's shadow economy. However, even high-ranked government officials acknowledge that many earlier measures and campaigns have been, in the words of one former prime minister, "a total disaster."

The business community and self-employed persons complain that they are unable to conduct legitimate business and are forced to bribe dozens of officials at state agencies. Many contend that it is impossible to win state contracts without providing a regular share of the profits or a stake in

the business to corrupt officials. In addition, the enforcement of regulations and payment of taxes remain very erratic and open to abuse.

Numerous complains to the media and to NGOs suggest that Kyrgyz citizens are forced to pay bribes for basic public services such as the processing of paperwork, passports, visas, and business licenses. For years there have been reports that people are able to buy various documents, permissions, or certificates, including diplomas and university degrees, directly from public officials. The situation is only slightly better in privatized educational institutions and medical centers, which generally provide services for a fixed fee.

Low salaries contribute to the problem. In 2002, average monthly salaries for civil servants ranged from 2,000 to 6,000 soms (US$42.50–$128). A sophisticated system of bribes and extortion flourishes, and civil servants routinely supplement their salaries through various forms of "gifts." There have been numerous reports about the sale of public positions, especially in such lucrative public service areas as customs and tax enforcements. Ordinary citizens, and especially entrepreneurs, confront a lack of respect for their property rights and increasing red tape and corruption in their everyday lives.

Some NGOs and independent mass media outlets make some effort to expose corruption and provide anticorruption education. For example, the organization Civil Society Against Corruption regularly launches campaigns to increase public awareness about citizens' rights and various means of fighting corruption. However, even widely publicized stories and complaints rarely lead to investigations.

There are no regular surveys of public sector corruption. Some Kyrgyz researchers privately admit that they refrain from conducting such surveys out of fear of retaliation by government officials. Some NGOs that focus their activities on increasing public awareness about corruption do conduct surveys and publicize their results. As result, people have started to bring more extortion before the courts.

In November 2002, the opposition newspaper *Moya Stolitsa* published the results of a survey conducted by the Center for the Study of Public Opinion. The survey revealed that more than 42 percent of respondents declared high-ranking government officials were at the root of corruption in Kyrgyzstan. The respondents also believed that the most corrupt institutions in the country are the state customs control system (93 percent of respondents), the taxation office (92 percent), the police (90 percent), the tertiary education system (86 percent), the Ministry of Finance (70 percent), and the courts and judiciary (66 percent). Many respondents said that they personally faced corruption when they obtained public documents, purchased apartments, had their cars inspected, or appeared for court hearings.

In 1999, Transparency International ranked Kyrgyzstan 87th out of 99 countries surveyed, far behind China, Russia, and Kazakhstan. In 2001 and 2002, Kyrgyzstan was not included in Transparency's monitoring system.

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Latvia

Capital: Riga
Polity: Parliamentary democracy
Economy: Mixed capitalist
Population: 2,300,000
GDP per cap at PPP: $7,045
Private sector as % of GDP: 70
Ethnic Groups: Latvian (57 percent), Russian (30 percent), Byelorussian (4 percent), Ukrainian (3 percent), Polish (3 percent), other (3 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	2.00	2.00	1.75	1.75	1.75	1.75
Civil Society	2.25	2.25	2.25	2.00	2.00	2.00
Independent Media	1.75	1.75	1.75	1.75	1.75	1.75
Governance	2.50	2.50	2.50	2.25	2.25	2.25
Democratization Scores	**2.15**	**2.15**	**↑2.06**	**↑1.94**	**1.94**	**1.94**
Constitutional, Legislative, and Judicial Framework	2.25	2.25	2.00	2.00	2.00	2.25
Corruption	na	na	3.50	3.50	3.75	3.50
Rule of Law Scores	**na**	**na**	**2.75**	**2.75**	**↓2.88**	**2.88**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

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INTRODUCTION

The year 2002 proved to be historic in Latvia. Since the collapse of communism and the restoration of independence, Latvia has implemented comprehensive political, judicial, and economic reforms with an eye to rejoining the Western community of democracies. It aimed specifically at securing membership in NATO and the European Union. Latvia's cooperation with NATO began in December 1991, when it joined the North Atlantic Cooperation Council, the aim of which was to promote mutual understanding and confidence between NATO and its former adversaries in the Warsaw Pact. For Latvia, it provided a forum for urging NATO countries to support the withdrawal of foreign troops from its territory. In November 2002, at a summit in Prague, Latvia joined six other countries in receiving a formal invitation to join. Latvia officially applied for membership in the European Union (EU) in 1995 and began active accession negotiations in 2000. By the close of 2002, it had completed all 31 chapters on accession and had received the official nod from Brussels on membership.

Since Latvia gained independence, the country's political elites have supported a Western orientation in its foreign policy. They have done so with the blessing of the Latvian public, which for more than 50 years held fast to memories of independence prior to the country's incorporation into the Soviet Union. In turn, Western and other international donors and institutions have facilitated reform by establishing clear political, economic, and human rights criteria. By following these criteria, Latvia has avoided internal clashes between social and ethnic groups as well as potential conflicts with Russia.

In its 2002 report on EU accession, the European Commission noted that "Latvia's political institutions function properly and in conditions of stability." Since the restoration of independence, the country has held national elections four times, and all were deemed free and fair. Changes of government have occurred smoothly and without conflict, but it is important to note that center-right political parties have consistently received the majority of votes in parliamentary elections. Although this has contributed to stability in Latvian politics, it suggests some internal weakness in the center-left parties and highlights the absence of a strong opposition. In 2002, for example, New Era, the new center-right party led by former

Central Bank head Einars Repse, proved victorious in parliamentary elections and formed a new coalition government with three other center-right parties. Although the center-left party For Human Rights in a United Latvia received only one vote less than New Era, its Russian orientation prevented it from garnering sufficient support from other parties to form a new government.

In comparison with the legislative and executive branches of government, Latvia's judicial system is quite undeveloped. In particular, it lacks sufficient independence and institutional capacity to carry out its duties and functions properly. The judiciary struggles to staff courts with competent judges and to support them with meaningful performance evaluations and training. Though a requirement for EU membership, comprehensive reform of the judicial branch has not yet been undertaken.

A key issue in Latvian politics since the restoration of independence has been the status of national minorities, especially Russians. Despite some fears in the early 1990s, the country's sizable ethnic Russian population has not posed a threat to political stability. The government has promoted social integration and has granted naturalized citizenship to ethnic Russians and other residents. However, the pace of naturalization has been rather slow, with only 60,000 out of an eligible 500,000 people being naturalized since 1995. The main obstacle to citizenship for more applicants has been a Latvian language requirement.

Corruption also remains a serious problem. The European Commission has noted, for example, that corruption in Latvia is "exacerbated by low salaries in the public sector and extensive use of bureaucratic controls in the economy." The World Bank has concluded that the Latvian economy is "highly concentrated, political parties are closely aligned with economic interests, and the country's position on east-west trade and energy transit routes exposes it to strong corruption pressures." In particular, the World Bank has pointed to the prevalence of what it calls "state capture," or the practice by companies and individuals of making illegal payments to influence government policies or to circumvent laws and official decrees. Despite the passage of several anticorruption laws and the creation of a Bureau of Anticorruption in 2002, implementation has been ineffective and the results limited so far.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
2.00	2.00	1.75	1.75	1.75	1.75

During the parliamentary election campaign of 2002, candidates and parties focused on economic issues, especially welfare and social policies. The main political parties generated debate with their proposals for various social reforms and improvements. There was considerably less discussion of integration into the EU and NATO, which is supported largely by Latvian voters. On October 22, the Central Election Commission approved the final election results, which indicated that six parties and coalitions met the 5 percent threshold for gaining seats in the Saeima (Parliament). Among the center-right parties, New Era received 26 seats; the People's Party, 20 seats; the Union of Greens and Farmers (ZZS), 12 seats; Latvia's First Party (LPP), 10 seats; and For Fatherland and Freedom/LNNK (TB/LNNK), 7 seats. The center-left party For Human Rights in a United Latvia took 25 seats. The observer mission from the Office for Democratic Institutions and Human Rights, sponsored by the Organization for Security and Cooperation in Europe (OSCE), noted that the election was characterized by transparency and healthy political pluralism.

Following the election, New Era formed a government with the support of the LPP, the ZZS, and the TB/LNNK—all representing different business interests and views on privatization. However, the new government did agree on a number of policy priorities. These include establishing an efficient system of public administration, securing full participation in decision making at the EU and NATO, creating a strong and independent court system, combating corruption and criminality, building an information-based economy, fostering an integrated society and cohesive national identity, balancing development among Latvia's regions, and tackling the country's high unemployment rate.

Elections to Latvia's 100-seat Parliament take place every four years under a system of proportional voting by secret ballot. Only parties receiving at least 5 percent of the votes cast in all five election constituencies win seats. In May 2002, Parliament amended the Law on Elections by removing the provision that required candidates in national and local elections to be proficient in the Latvian language. Since ethnic minorities account for nearly all of the quarter of Latvia's population that does not possess Latvian citizenship, their involvement in politics is somewhat limited. However, ethnic minorities who possess Latvian citizenship enjoy the same political rights as majority ethnic Latvians.

Latvia's electoral system is multiparty based at all levels. In the March 2001 local elections, a total of 13 parties won seats on the Riga City Council. In the October 2002 national elections, 20 parties participated, but only 6 gained representation in Parliament. The diversity of parties represented at different levels of government often makes it difficult to reach consensus on a range of issues. Members of the new coalition government, for example, hold differing views from those of Western European countries on privatization, social integration, and the alignment of Latvian laws. Disagreements of this kind have in some cases prevented important decisions from being made or delayed the adoption of legislation, most notably in the area of privatization.

As of December 2002, 39 political parties were registered in Latvia. The Law on Registering Public Organizations was amended in late 1993 to bar Communist, Nazi, or other organizations that would act in violation of the Constitution. However, extremist forces like these wield very little influence in Latvian politics. Although Latvia experiences frequent changes of government, political parties are reasonably well established and transitions of power are smooth. Most major parties have social bases that are fairly well defined.

According to a survey conducted by the Baltic Data House, approximately 3 percent of Latvian residents belonged to a political party or movement in 2002. Most parties are active only for brief periods during electoral campaigns. Noncitizens are prohibited from forming political organizations but are allowed to join existing parties. According to the Latvian National Bureau of Human Rights, women made up 5 percent of party leaders and accounted for 25 percent of all parliamentary election candidates in 2002. Women now hold 18 percent of the seats in Parliament.

At the national level, voter turnout increased between the late 1980s and early 1990s, then decreased in the mid-1990s. Electoral participation reached its highest level with elections to the fifth Parliament in 1993, when 90 percent of eligible voters cast ballots. It decreased to 72 percent in both the sixth and seventh parliamentary elections. In the 2002 national elections, voter turnout increased to 72.5 percent. Participation in local government elections has declined from 78 percent in 1989 to 63 percent in 1994 and 57 percent in 1997.

There is growing concern that the budgets and financing of political parties lack sufficient transparency. As reliance on television advertising campaigns has increased, for example, so too have the demands on parties to raise money to cover such expenses. Donations from big business account for the majority of party funding in Latvia and potentially make political groups vulnerable to undue pressures, particularly with regard to decisions on privatization.

Under the Constitution, the president is elected for a four-year term by a majority vote in Parliament held under a secret ballot. Any person who enjoys full citizenship rights and is at least 40 years old may be elected presi-

dent. In the most recent presidential elections, on June 17, 1999, Vaira Vike-Freiberga received 53 out of 100 votes in Parliament to become Latvia's first female president. Vike-Freiberga, a scientist, had spent most of her life in Canada before returning to Latvia in 1998. She is a member of the Canadian Academy of Science. Her election was greeted with broad popular support, and her activities in office have earned her international praise. President Vike-Freiberga has vigorously supported Latvia's accession to the European Union and NATO. Public opinion surveys show Vike-Freiberga to be the most popular politician in Latvia. Nevertheless, the president's formal powers are limited.

Civil Society

1997	1998	1999	2001	2002	2003
2.25	2.25	2.25	2.00	2.00	2.00

Civil society in Latvia has developed considerably since the collapse of communism. The number of NGOs registered with the Ministry of Justice, for example, rose from 1,676 in 1995 to more than 5,000 in 2002, with groups engaging in cultural, professional, business, social, charitable, and women's-related activities. However, according to the NGO Center of Latvia, only about 650 organizations are truly active. The NGO Center also reports that only between 0.5 and 3 percent of Latvians were active in private voluntary efforts in 2002. Seventy percent of nongovernmental organization (NGO) activists are women, and approximately 30 minority culture societies play an active role in the country's social and political processes.

The three largest religious faiths in Latvia are Catholicism, Lutheranism, and Orthodoxy. Sizable religious minorities include Baptists and various Evangelical Protestant groups. The country's once sizable Jewish community was largely decimated during the Holocaust and now totals only 6,000 people. As of August 2002, the Ministry of Justice had registered more than 1,000 religious congregations. This total includes Lutheran, 302; Roman Catholic, 243; Orthodox, 112; and Baptist, 85. Popular interest in religion has increased in recent years, and churches have provided the following estimates of their membership to the Ministry of Justice: Lutheran, 400,000; Roman Catholic, 500,000; and Orthodox, 190,000. The Orthodox are mainly Russian speakers scattered among major cities such as the capital, Riga, while the majority of Catholics are concentrated in the eastern part of the country.

The government does not require religious groups to register. However, the Law on Religious Organizations accords certain rights and privileges to those that do register, such as status as a separate legal entity for owning property as well as tax benefits for donors. Religious groups play a

significant role in charitable activity. They also lead the Religions Consultative Council, which meets on an ad hoc basis and serves as a forum for discussing matters of common concern to religious groups and the state.

Although Latvia does not have influential anti-liberal NGOs, some groups do exist. Russian and Latvian extremists, for example, operate organizations and try, with minimal success, to attract media attention and sway public opinion. In the 2002 parliamentary elections, the extreme right-wing Latvian Party received just 0.3 percent of the vote. Russian extremists advocate Latvia's dependency on Russia, while the goal of Latvian extremists is to establish an ethnic Latvian state without any minorities.

The primary laws regulating the work of NGOs in Latvia are the Law on Nonprofit Organizations, the Law on Social Organizations and their Associations, and the Law on the Income of Enterprises. The Law on Social Organizations and their Associations addresses general conditions for the establishment and operation of all social organizations. Under the law, groups of 10 or more people who have united to pursue nonprofit goals may establish social organizations. Such groups may engage in fund-raising activities, establish entrepreneurial companies and enterprises, and obtain stocks or shares in these companies in pursuit of their goals. Profits gained from such business activities must be put toward the organization's statutory goals and may not be distributed among its members. To sign up with the Register of Companies, an NGO must present a charter, bylaws, verification of legal address, and a state registration application and fee.

According to a report by the Soros Foundation Latvia, one of the leading obstacles to the development of NGOs in the Baltic states is their lack of management and organizational skills. However, many NGOs are financially viable. According to a report by the NGO Center of Latvia, the main sources of income for NGOs are membership fees, donations from businesses and individuals, foreign donors, local government funds, fees for services, income from an organization's activities, and state budget funds. Businesses may deduct up to 85 percent of the value of their donations to certain foundations and associations, provided the deduction does not exceed 20 percent of their total taxable income. There is generally no difference in the tax policies applied to social organizations and those required of for-profit enterprises. Social organizations pay income and social taxes, although there are some exceptions for charities. NGOs receive funding from both domestic and foreign sources; however, most active organizations are financed by foreign or international sources. Latvian NGOs receive financial support by participating in various tenders and competitions. One of the most active NGOs in 2002 was Delna, Transparency International's regional branch in Latvia.

The government has demonstrated a willingness to engage in dialogue with NGOs. According to the NGO Center of Latvia, 82 percent of NGOs in Riga enjoy some form of cooperation with national and local govern-

ments; 31 percent include representatives of national and local governments in their management structures. The main topics of discussion with government representatives involve local policy agendas, social activities, and NGO participation in the political process. Ultimately, interest groups have played a minor role in preelection campaigns and the drafting of legislation. The media regularly interview NGO activists, often presenting their views as counterweights to official positions. NGO activities as such are also common topics in the media.

The Constitution guarantees the right to strike, and the Law on Trade Unions mandates that workers, other than uniformed soldiers, have the right to form and join labor unions of their own choosing. The law bans the dismissal of workers who stage strikes, but the government has not effectively enforced the law. Labor unions have the right to bargain collectively and are largely free of government interference in their negotiations with employers. Although the law prohibits discrimination against union members and organizers, some emerging private sector businesses have threatened to fire union members. In general, the trade union movement is undeveloped and remains in transition from a socialist to a free-market model. The lack of a comprehensive union register makes it difficult to estimate what proportion of the workforce is unionized.

The Constitution guarantees the right of citizens to establish political parties. The government may not legally prohibit public gatherings. Public meetings and political demonstrations routinely take place without government interference.

According to the Soros Foundation Latvia, public policy research institutes have a relatively limited effect on the political process in the country. This is true in part because of weaknesses in both the capacity of local research institutions and their networking efforts. In order to promote public policy research, the Soros Foundation in 2002 provided special grants to develop research institutes and build their capacity.

By law and generally in practice, the education system in Latvia is free of political influence and propaganda. Soon after the restoration of independence, Latvia developed a broad system of state-funded minority-language education, retaining Soviet-era schools with Russian-language instruction. However, according to the 1998 Law on Education, after 2004 all classes in public secondary and vocational schools must be in Latvian only. Information gathered by the Baltic Data House indicates that 16 percent of secondary schools are fairly well prepared for the transition to teaching in Latvian, 40 percent have an average level of readiness, 44 percent are not ready, and 6 percent are facing a particularly critical situation. Russian-speaking residents interpret the Latvian-only policy as a form of political pressure. Approximately 20 percent of universities are private, and this proportion has been increasing.

Independent Media

1997	1998	1999	2001	2002	2003
1.75	1.75	1.75	1.75	1.75	1.75

The Constitution prohibits censorship and guarantees each person the rights to freely acquire and disseminate information and express his or her views. Although there are no legal punishments for "irresponsible" journalism, there are penalties for libeling public and private individuals. In general, the government respects freedom of speech and the press. Newspapers published in both Latvian and Russian feature criticism of the government and a wide range of political viewpoints. The news coverage of some private media outlets reflects the political and economic interests of their owners.

Latvia has two state-owned television networks, LTV-1 and LTV-2, and nine major privately owned television stations. The private Latvian Independent Television has almost twice as many viewers as LTV-1, its nearest competitor. Satellite television has about a 10 percent share of the viewing market. There are also numerous independently owned cable channels.

Latvia has a large number of independent radio outlets, which broadcast in both Russian and Latvian. Approximately 10 privately owned radio stations operate in Riga. The major public radio stations are Latvijas Radio 1, which has the greatest number of listeners each week, Latvijas Radio 2, and Latvijas Radio 3.

Most newspapers and magazines are privately owned. The most popular daily papers are *Diena* (circulation 70,000) and *Lauku Avize* (65,000), both of which are published in Latvian, and *Panorama Latvii* (15,000), which is published in Russian. The state publishes the weekly *Likuma Varda*, as well as *Latvijas Vestnesis*, which appears four times each week. All major cities have their own private newspapers.

In 2002, television accounted for 45 percent of media advertising, followed by newspapers at 33 percent, outdoor and other at 10 percent, radio at 6 percent, and magazines at 4 percent. Private companies such as Latvijas Preses Apvieniba, Narvesen, and Diena control the distribution system for newspapers. The postal service represents the only state-owned media distribution network.

The sole journalists association is the Latvian Journalists Union, whose activities and impact are limited. The union has 500 registered members, 350 of whom are considered active. Women make up approximately 50 percent of the union's membership.

According to the RIPE Network Coordination Center, which serves as an Internet registry for Europe, approximately 20 percent of the total population used the Internet on a regular basis in 2002. Major television

and radio stations and newspapers maintain their own Web sites. With the exception of financial constraints, there are no restrictions on Internet access for private citizens.

In Freedom House's annual *Survey of Press Freedom*, Latvia was rated "Free" in 1991, "Partly Free" in 1992 and 1993, and "Free" from 1994 to 2002.

Governance

1997	1998	1999	2001	2002	2003
2.50	2.50	2.50	2.25	2.25	2.25

The Latvian Constitution establishes a structural division and a system of checks and balances between legislative and executive branches. The Parliament adopts laws, but both the state president and the cabinet of ministers may submit bills. Although the president also enforces laws and may veto parliamentary legislation, Parliament can override a presidential veto by repeating its affirmative vote on a bill. In periods between parliamentary sessions, the cabinet of ministers may adopt regulations that have the force of law, but Parliament may cancel them when it begins its next session. Both constitutionally and in practice, Parliament is the effective rule-making institution in the country.

In 2002, the Latvian government continued to reform its system of public administration and approved an action plan for the implementation of the Public Administration Reform Strategy for the years 2001 to 2006. A corresponding coordination council was established to monitor the plan's implementation. These activities are basically in line with the EU's recommendations to increase Latvia's administrative capacity.

The executive and legislative bodies generally operate openly and with transparency. Since early 2000, all bills and draft regulations that are under consideration in Parliament and by the cabinet of ministers have been posted on the Internet. Parliament also has adopted a classified information law that is consistent with international standards and practices. Adopted in 1998, the Law on Information Openness states that all information in the possession of state and local government administrative institutions, including draft legislation, must be made available to the public, unless the law provides for an exception. Cases have been reported, however, in which institutions have refused to implement the law and denied access to requested information. All laws are published in the *Official Gazette*, a governmental newspaper that is available to the general public.

Power was quickly decentralized after Latvia declared independence in 1990. Latvia's system of local government includes 586 local units, which are divided into two levels. At the highest level are the 26 *rajoni* (dis-

tricts) and the 7 largest cities (Riga, Daugavpils, Jelgava, Jurmala, Liepaja, Rezekne, and Ventspils). At the second level are 68 smaller towns, 481 *pagasts* (small rural districts), and 2 *novadi* (larger rural districts). In 1999, the government proposed administrative reforms that included the transformation of the districts into 9 larger units. There has been widespread public debate over the proposal, but no final decision has been made to date.

Local authorities are responsible for territorial planning, regional and local roads, public transport, housing and community subsidies, primary and secondary education, social services, and primary and secondary health care. Latvia has enacted laws giving local governments, particularly municipalities, substantial authority and allowing them to function independently. Local governments may pass their own legislation, provided it does not conflict with laws passed by Parliament. In general, local governments do not have sufficient financial resources to adequately carry out their duties. In recent years, various administrative reforms have sharply reduced the revenues of local governments, while at the same time allocating more functions to local authorities.

Subnational officials are chosen in free and fair elections. Latvian citizens residing outside the country have the right to vote in local elections. However, noncitizen residents of Latvia are barred from voting in local elections. The country's 600,000 noncitizen residents, most of whom are Russian speaking, are therefore effectively prevented from participating directly in local politics.

Local assemblies elect the country's mayors. In Latvia's most recent local elections, on March 11, 2001, 12,000 candidates competed for 4,445 seats in 77 city and 489 district councils. The Social Democratic Party (LSDP) and For Human Rights in a United Latvia, both opposition parties in Parliament, won an upset victory over the country's ruling coalition. Voter turnout was 60 percent. Since May 2001, the mayor of Riga has been Gundars Bojars, who represents the LSDP.

The 2001 Law on State Civil Service increased the number of state employees who are considered civil servants. A provision aimed at improving the competence and professionalism of the civil service requires all civil servants to have completed higher education. The law also allows ministers to dismiss civil servants who violate laws and regulations or fail to fulfill their duties in a satisfactory manner. However, civil servants also have a duty to refuse to obey illegal orders from superiors. While the possibility of dismissal for cause may strengthen accountability among civil servants, it also increases the potential for excessive political interference in the bureaucracy. Because of Latvian language requirements, Russian speakers make up only around 10 percent of civil servants.

RULE OF LAW

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
2.25	2.25	2.00	2.00	2.00	2.25

Latvia's Constitution was adopted on February 15, 1922, and fully reinstituted on July 6, 1993, when the fifth Parliament was elected. Prior to the adoption in 1996 of the Law on the Constitutional Court, Parliament had approved laws that ran counter to both the Constitution and the country's international obligations. For example, Parliament violated the Constitution by terminating the mandates of several deputies who allegedly had collaborated with the Soviet KGB. Later, the Constitutional Court ruled that such collaboration had not been proven, and the mandates were renewed.

Since its establishment, the Constitutional Court has handed down several important decisions. For example, the Court cojoined separate petitions disputing the 5 percent threshold required to gain seats in Parliament. A related petition disputing a constitutional provision allowing only political parties or their unions to nominate candidates was also added. The Court ultimately rejected the petitions and deemed the provisions constitutional. Its judgment states that setting a 5 percent threshold is justified on the grounds that it seeks to prevent divisiveness within Parliament and guarantee the body's stable, continued functioning.

In May 1998, Parliament adopted a new criminal code, replacing the Latvian Soviet Socialist Republic's criminal code that had been in effect since 1961 and had undergone basic revisions in 1993. In 1994, the responsibility for issuing arrest warrants was transferred from prosecutors to the courts. There have been no reports of imprisonment on political grounds, politically motivated disappearances, or forced exile. There have been credible reports, however, that police and prison personnel beat prison inmates, asylum seekers, and other detainees. Although the government has made reform of the penal system a priority, prison conditions remain poor.

Latvia's judiciary does not always administer justice in a fair and timely manner. As a result, 40 percent of all prison inmates are either awaiting trial or have not yet been sentenced. By law, the Office of the Prosecutor must decide within 72 hours of making an arrest whether to charge or release a detainee. The actual charges must be filed within 10 days of arrest. Authorities may not hold a detainee for more than 18 months without a prosecutor presenting the case to a court. A defendant has the right to have his attorney present at any time during the process. There are credible reports that police, especially outside Riga, do not always respect these rights in practice.

During the period covered by this report, though, there were no known instances of arbitrary arrest.

In October 1998, Parliament added to the Constitution a chapter on human rights. The amendments guarantee fundamental rights, including freedoms of speech, religion, association, and the press, as well as protection from discrimination based on race, gender, religion, or language. Article 105 guarantees the right to own property. Article 106 protects Latvians' right to choose their occupations freely.

Following independence in 1991, citizenship was accorded only to those persons who were citizens of the independent Latvian Republic in 1940 and their descendants. As a result, approximately 700,000 people who had been citizens of the Soviet Union became "noncitizen residents." Under the provisions of the 1994 Law on Citizenship, various categories of noncitizens became eligible to apply for naturalization. The naturalization regulations include Latvian language and residency requirements, as well as restrictions on naturalization for several groups, including former Soviet intelligence and military officers. The law also requires applicants to possess satisfactory knowledge of the Latvian Constitution and history and to take an oath of loyalty to the Latvian state. International observers, including the resident OSCE Mission to Latvia, credit the government with establishing a competent and professional naturalization board with offices throughout the country to implement the 1994 law. Although the process has been simplified several times, the pace of naturalization remains slow. (See table for current statistics on the ethnic breakdown of citizens and noncitizens in the country.)

Residents of Latvia by Ethnic Group

Ethnic Group	Citizens	Non-citizens	Aliens	Total	Percent
Latvians	1,358,721	2,941	804	1,362,466	58.3
Lithuanians	16,507	14,742	1,200	32,449	1.4
Estonians	1,466	856	280	2,602	0.1
Belorussians	24,722	66,144	1,700	92,566	4.0
Russians	317,542	343,710	18,962	680,214	29.1
Ukrainians	9,347	48,218	3,488	61,053	2.6
Poles	39,959	17,789	417	58,165	2.5
Jews	6,442	3,457	292	10,191	0.4
Others	16,630	16,441	4,059	37,130	1.6
Total	1,791,336	514,298	31,202	2,336,818	100.0

Source: Board for Citizenship and Migration Affairs, July 1, 2002

There are several reasons many Russian-speaking residents have chosen not to apply for Latvian citizenship. These include limited knowledge of the Latvian language, apathy, lack of information about the naturalization process, and mistrust of the government. Thus far, international organizations and foreign governments, but not the Latvian government itself, have supported language training and public information programs for minorities.

The Public Awareness and Promotion Campaign for Latvian Citizenship was initiated and managed by the Board of Naturalization and the OSCE Mission to Latvia (until its closure in December 2001) in cooperation with the Ministry of Justice Integration Department and the United Nations Development Program, Latvia. Financing was provided by the United States, Canada, Germany, Great Britain, Sweden, and Norway. The campaign was implemented from November 2001 to mid-February 2002, and the main target audience was noncitizens aged 15 to 40.

Albeit with some regional variance, the campaign successfully reversed a downward trend in naturalization application that began in 2000. The rate of applications submitted during the first few months of 2002, for example, had increased by approximately 20 percent over the previous year. The campaign was also successful in better informing the public about the naturalization process and in conveying a positive signal, heretofore lacking, that noncitizens are welcome as official members of the Latvian state.

According to the European Commission, both the Law on Languages and its implementing regulations essentially conform to Latvia's international obligations. Moreover, neither the Law on Languages nor its implementing regulations contain provisions that are manifestly incompatible with the country's EU accession agreement. However, some of the law's provisions are worded in such a way that they could give rise to alternative interpretations.

A significant segment of Latvia's Russian-language media and organizations has expressed sharp criticism of Latvia's official language policy. Russian is still the prevailing language in industrial enterprises, and there have been no reports of widespread dismissals because workers lack Latvian language skills. Nevertheless, many ethnic minorities claim that the Law on Languages is discriminatory.

The causes of the lack of ethnic parity in Latvia are many. Foremost among them are the minimal involvement of ethnic minorities in the state's post-Communist renewal process and their consequent lack of representation in newly created institutions. Other leading causes include poor knowledge of the Latvian language among minorities, lack of motivation to acquire citizenship, and skepticism concerning the work of state institutions. Ethnic self-segregation by both ethnic Latvians and minorities, hiring processes that lack transparency, and the absence of public education on ethnic discrimination and human rights in society also affect the situation. These and

other factors are consequences of the authoritarian Soviet system and the absence today of a deepening of democratic values in Latvian society.

To address these problems, the government has established a Social Integration Department within the Ministry of Justice to implement the government's Social Integration Program, announce tenders for projects in the field of social integration, and analyze project proposals. Parliament also has passed the Law on the Social Integration Fund, which provided for the creation of a nonprofit limited liability organization that will raise revenues from the state budget and donors and allocate resources to projects recommended by the Consultative Council. The Consultative Council is part of the Social Integration Fund and is made up of international experts and representatives from ministries, local governments, and NGOs. To date, these efforts have yielded few visible results.

The Constitution provides for freedom of religion, and the government generally respects this right in practice. However, some minority religious groups such as the Jehovah's Witnesses have faced problems with the State Military Conscription Center regarding their requests for exemption from military service on religious grounds.

Although there are legal protections for women, international observers and domestic human rights groups are increasingly concerned about problems facing Latvian women. No exact figures are available, but sources indicate that domestic violence against women, often connected with alcohol abuse, is a significant and under-reported problem. Women who are victims of abuse frequently are uninformed about their rights and reluctant to seek redress through the justice system. Human rights groups assert that the legal system, including the courts, tends to downplay the seriousness of domestic violence cases and that the police are sometimes reluctant to make arrests in such cases.

Latvia's Constitution provides for an independent judiciary, and the government generally respects this provision in practice. However, public opinion surveys suggest that most Latvians lack trust in courts and perceive the judiciary to be corrupt. Judges are appointed by Parliament upon the recommendation of a committee of judges. Courts rely on the Ministry of Justice for administrative support.

Latvia lacks a comprehensive approach to reform of the judicial branch, which struggles to staff its courts with competent judges and provide them with meaningful performance evaluations and adequate training. By March 2002, though, the number of vacancies to judicial posts had been reduced significantly to only 18. The system also lacks adequate professional and support staff and appropriate facilities to deal with endemic court delays. The problems that plague Latvia's judicial system are, in large part, a result of consistent underfunding.

Corruption

1997	1998	1999	2001	2002	2003
na	na	3.50	3.50	3.75	3.50

Corruption is widespread in Latvia. Its incidence ranges from the taking of small bribes by low-level civil servants in return for carrying out routine bureaucratic tasks to the wrongful award of government contracts by high-level officials. Conflicts of interest among government officials are common.

In 2001, the World Bank concluded that Latvia suffers from a relatively high level of so-called state capture. Specifically, many laws, rules, and decrees promulgated by state institutions benefit a narrow range of private sector groups and individuals who have provided illicit benefits to public officials in exchange for policies that favor their interests. While the full extent of state capture will probably never be known publicly, some specific cases have been openly discussed in the press. For example, the media have reported on cases of possible illicit influence by private groups in the transportation sector, particularly in the west coast port of Ventspils. The press has also raised questions about Parex Bank's financial support to various political parties.

Latvia's criminal code provides sanctions for blackmail, which includes extortion of property under the threat of violence. The sanctions are more severe for organized groups than for individual violators. In place since 1996, the Law on Corruption Prevention sets out restrictions on the activities of public officials and requires them to declare their assets. The law prohibits public officials from making decisions that benefit their private interests and accepting payments other than their official remuneration. It also bars the president, ministers, parliamentarians, and parliamentary secretaries from most employment other than the jobs to which they have been appointed or elected. They are, however, permitted to work in educational institutions or as artists.

In practice, the government has acknowledged several flaws in the Law on Corruption Prevention and its enforcement mechanisms. The asset declarations submitted by public officials, for example, do not eliminate their ability to earn undeclared income. Likewise, the State Revenue Service lacks sufficient financial, human, and legal resources to ensure that public officials are declaring their assets fully.

In 2002, Parliament adopted additional legislation intended to strengthen Latvia's efforts. The new Law on Corruption Prevention and Combating Bureau calls for a central institution responsible for anticorruption activities in the country. The bureau was operational by year's end. The Law on Prevention of Conflicts of Interest in Activities of Public Officials aims to improve transparency in the conduct of public officials. The Law on

Financing of Political Parties provides for direct state funding of political parties and a mechanism for regulating party financing. Although these are positive measures, they fail to consolidate Latvia's fight against corruption with a single institution. Overlap in the competencies of institutions involved in anticorruption activities remains and ultimately weakens the effectiveness of any measures taken. International experts and independent observers have expressed doubts about Latvia's ability to implement the new laws effectively.

Latvian state institutions do not carry out internal audits on a regular basis. However, the state Audit Office conducts financial audits of all state and local government institutions under a long-term schedule. In 1999, a separate Department of Financial Analysis, Auditing, and Control was also created within the State Police of Latvia to reveal and deter corrupt practices.

The government has revised many Latvian regulations to make them compatible with EU standards. While the sheer number and complexity of existing bureaucratic regulations still actually encourages corruption, public opinion surveys suggest that these are not perceived as the most important factors leading to corruption in Latvia.

Civil servants are divided into three levels. The average gross monthly salary of employees at the highest level is 350 lats (US$595); the middle level, 170 lats (US$289); and the lowest level, 140 lats (US$238). Civil servants in the top two levels sometimes receive additional bonuses. These amounts are low compared to those in the rest of the country and do contribute to corruption.

During the past few years, several independent organizations have conducted public opinion surveys concerning perceptions of corruption in Latvia. A World Bank public opinion survey in 2001 revealed that 13 percent of households and 37 percent of company employees in Latvia had paid bribes. The survey also showed that employees in various state institutions demand unofficial payments or bribes in return for providing services. Customs service employees asked for bribes 48 percent of the time; prosecutors, 42 percent; the highway police, 39 percent; and courts, 38 percent. The reported level of corruption in other institutions was somewhat lower.

According to the World Bank survey, many Latvians believe that services such as housing and health care are not provided unless unofficial payments are made. Moreover, respondents suggested that private companies that pay bribes grow faster and can afford to invest at a higher rate than those companies that do not pay bribes. Other surveys indicate that corruption is most widespread in politics and public administration and least widespread in nongovernmental organizations and education. Over time, the number of people who think that the government of Latvia is unsuccessfully fighting corruption has also grown. Approximately a third of the respondents to a survey conducted in 2001 by the Marketing and Public Opinion

Research Centre SKDS believed that the government not only fails to fight corruption, but actually encourages it. Regarding their personal involvement in the fight against corruption, 52 percent of respondents answered that they are unable to affect the situation.

Anticorruption efforts focusing on public education remain somewhat limited. However, in 2002 the State Administration School (SAS) and other public institutions organized a number of conferences and seminars on corruption for civil servants and the broader public. The SAS also conducted several courses to educate civil servants about administrative processes. In 2002, Transparency International ranked Latvia 52nd out of 90 countries surveyed in its annual Corruption Perceptions Index.

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Lithuania

Capital: Vilnius
Polity: Parliamentary democracy
Economy: Mixed capitalist
Population: 3,500,000
GDP per cap at PPP: $7,106
Private sector as % of GDP: 75
Ethnic Groups: Lithuanian (80 percent), Russian (9 percent), Polish (7 percent), Byelorussian (2 percent), other (2 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	2.00	1.75	1.75	1.75	1.75	1.75
Civil Society	2.25	2.00	2.00	1.75	1.50	1.50
Independent Media	1.75	1.50	1.75	1.75	1.75	1.75
Governance	2.50	2.50	2.50	2.50	2.50	2.50
Democratization Scores	**2.15**	**↑1.95**	**↓2.00**	**↑1.94**	**↑1.88**	**1.88**
Constitutional, Legislative, and Judicial Framework	2.25	2.00	2.00	1.75	2.00	1.75
Corruption	na	na	3.75	3.75	3.75	3.50
Rule of Law Scores	**na**	**na**	**2.88**	**↑2.75**	**↓2.88**	**↑↑2.63**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

INTRODUCTION

Lithuania is a parliamentary democracy in which basic political rights and civil liberties are secure and transfers of power are smooth. The general commitment of the Lithuanian authorities and people to the sovereign state and the continued transformation of the economy toward a market-based system have remained beyond doubt since the country restored its independence in 1990. Lithuania's history as an independent state, first proclaimed in 1918, has been a significant stimulus to a faster and smoother post-Communist transition.

Today, public confidence in the democratic process is high, and the electoral system as a whole is stable. Elections and changes in government take place on the basis of the Constitution and other laws. Political party life in Lithuania is also vibrant, and viable parties, including those in the opposition, function at all levels of government. The country's major political parties display unity on the most significant issues facing the country's post-Communist development, including accession into NATO and the European Union (EU).

At the end of 2002, Lithuania received invitations to join both NATO and the European Union. Membership in these organizations is regarded as a historic opportunity to guarantee the country's independence and secure its future. These events provided recognition that as a sovereign state, Lithuania has a right to determine its own security arrangements. They also recognized that Lithuania has established a functioning democracy and a market economy.

Since the beginning of the 1990s, Lithuania's relations with the European Union have transformed the country's political and economic environment. Strengthening relationships with the EU has meant a gradual liberalization of trade and the transposition and implementation of EU norms. The EU is now Lithuania's major trade and investment partner. A referendum on EU accession is scheduled for May 11, 2003, and public opinion polls indicate a fairly high level of public support for membership, particularly when compared to other candidate countries. There are still concerns, though, that low voter turnout could jeopardize the outcome of the referendum.

The past decade has seen continuous and peaceful changes in political power. Since June 2001, a coalition of the Social Democratic Party and New Union (Social Liberals) has formed the majority in the Seimas (Parliament).

This left-wing coalition, led by former president Algirdas Brazauskas, proved victorious in the 2000 parliamentary elections, defeating the Homeland People's Union–Conservative Party and its center-right coalition government that had been in power since 1996. Following the elections, a profusion of relatively new players entered the political scene and breathed fresh air into the political life of the country.

The nongovernmental organization (NGO) sector in Lithuania is rather vibrant, but volunteerism remains a rare form of NGO support. The legal regulation of NGOs has improved significantly in recent years. Grant-giving procedures have been simplified, and NGOs are now exempt from the profit tax. Yet restrictions have been applied to the managerial structure and commercial activities of NGOs. The media are free and independent and enjoy a high degree of public confidence. However, the current government has exhibited a tendency to limit access to information and communication with the media.

Lithuania's civil service system has undergone important changes in the last decade. Categorizing civil service offices and defining the responsibility of civil servants have streamlined the system. In particular, Parliament has established general principles for applying punitive measures when civil service obligations are not fulfilled. In 2002, the tenure of municipal councils was extended from three to four years, and all permanent residents were allowed to be elected to municipal councils. However, foreign citizens may not hold the positions of mayor, deputy mayor, or member of the board of a municipal council.

The country's system of checks and balances is in place, but there is some disarray in the division of legislative and executive powers in drafting legislation. The practice of delegating lawmaking powers to lower-tier executive authorities is widespread. The legislature is also frequently criticized for over-regulation and interventionism. Other serious complaints are the high number and inconsistency of legal acts.

Reform of the judicial framework nears completion, and a new penal code and code of criminal process will come into force in May 2003. The court system has been modernized, and criminal prosecution is now subject to stricter procedures. In early 2002, a new Law on Courts was adopted, establishing the proper legal basis for judicial independence. This law filled a "legal vacuum" created in 1999 when the Constitutional Court voided much of Lithuania's court law and practice as a violation of the Constitution's system of checks and balances. The new law prohibits aggravating the financial, material, and technical conditions of courts. In addition, a new code on civil procedure will take force at the beginning of 2003. This is the first national legal act in Lithuania's history that systematically regulates civil procedural legal relationships. A new civil code, aligned with EU laws and international legal acts, came into effect in July 2001.

Corruption remains a serious concern, especially in lower-tier executive branches. Although all anticorruption laws and institutions are in place, inadequate enforcement impedes a more effective fight against corruption. A national anticorruption program recognizes prevention and deregulation as keys to combating corruption and minimizing abuse of official power.

Lithuania continues to maintain strong macroeconomic positions and a high rate of economic growth, with low inflation and low interest rates. A currency board regime has made it possible to preserve a strong and stable national currency. The banking system is stable and credible. Cautious budgetary policy has been pursued. The restructuring and privatization of the energy sector is under way, and the privatization of commercial banks has been completed. Steady economic growth has led to a fall in unemployment and a rise in household income. Foreign trade is expanding, with liberalization being an important factor. Lithuania continues to lower import duties in compliance with EU and World Trade Organization requirements. Business deregulation continues, but structural reforms need to be accelerated in the pension system, health care, education, and agriculture.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
2.00	1.75	1.75	1.75	1.75	1.75

Lithuania has a stable political system. Elections are free and fair, and public confidence in the electoral process is secure. Since the adoption of the Constitution in 1992, half of the nation's parliamentarians have been elected in multimandate proportional balloting, while the other half have been selected in single-mandate constituencies. Party life in the country is vibrant, with a total of 36 political parties in the country at the close of 2002. Viable political parties, including members of the opposition, function at all levels of government. The Social Democratic Party and the Social Liberals have formed the parliamentary majority since June 2001.

In December 2002, presidential and municipal elections were held in Lithuania. The municipal elections had initially been scheduled for spring 2003, but at the proposal of the ruling Social Democrats they were held together with the presidential elections. The opposition severely criticized this idea as antidemocratic and politically motivated to secure the ruling forces' victory in both elections by capitalizing on current public support. Voter turnout during the elections was 54 percent, as compared to 74 percent in the 1997 presidential elections and 53 percent in the 2000 municipal elections.

A total of 25 parties contested 1,560 seats in the municipal elections. The ruling Social Democratic Party came out on top, with 21.3 percent of the vote and 332 seats in municipal councils. The opposition Lithuanian Conservatives ranked second, with 12.4 percent and 193 seats. The Union of Farmers and New Democratic Parties was third, with 12 percent and 190 seats. The Liberal Union and the Center Union followed, with 10 percent of the vote and 160 and 156 seats, respectively. Three other parties, the Social Liberals, the Liberal Democratic Party, and the Christian Democratic Party, received more than 100 seats combined. For the first time in history, a single party—the Liberal Union—is likely to have mayors in the country's three largest cities. Previously, the Farmers Party, the Social Liberals, and the Liberal Union had the greatest representation at the municipal level.

Rolandas Paksas, a member of Parliament and the leader of the Social Liberals, was elected president in the second round of balloting on January 5, 2003. Paksas received a surprising 54.2 percent of the vote and defeated his rival, sitting president Valdas Adamkus, who received just 44.8 percent. In the first round, Adamkus had led his closest competitor by 15 percentage points. Adamkus also lost in spite of the fact that most of the candidates he defeated in the first round pledged their support to him in the second. Unlike Adamkus, Paksas was guided by an active public relations campaign, which political scientists said sometimes included promises that had no relevance to presidential powers. His main campaign slogans were to restore order and revive hope and confidence in Lithuania.

Seventeen candidates ran for the presidential post. Arturas Paulauskas, the current parliamentary Speaker and leader of the Social Liberals, lost the 1997 presidential election to Adamkus by a margin of less than one percentage point. In 2002, he ranked third, with 8 percent of the votes. Vytautas Serenas, the host of a comedy show on LNK television, followed with 7.8 percent. Social Democrat Vytenis Andriukaitis was fifth, with 7.3 percent. Kazimiera Prunskiene, leader of the Union of Farmers and New Democratic Parties, came in sixth, with 5 percent. Each of the remaining candidates received less than 5 percent of the vote. Presidential candidates must collect the signatures of at least 20,000 voters to register for an election. To be eligible to run, a person must be a citizen of Lithuania by birth, have lived in Lithuania for at least the past three years, and have reached 40 years of age.

Paksas, Lithuania's third president since regaining independence in 1990, will start his term on February 26, 2003. He began his political career in 1997 upon election to the Vilnius City Council from the Conservative Party's list. Since then he has served twice as the mayor of Vilnius and twice as prime minister—all for very short periods of time. During this period, he also joined the Liberal Union. In spring 2001, though, Paksas left the Liberal Union and established the Liberal Democratic Party. Criticism of Paksas has centered on his varying political career and feeble support from other

political forces. Concerns were also voiced over Paksas's preelection stand on the EU. Specifically, he pledged to build Lithuania's relations with the EU on the principle of benefit to Lithuania and to demand that the EU cover the costs of closing the Ignalina nuclear power plant. Critics charged that Paksas's stance could provoke a confrontation with the EU and jeopardize the results of the referendum on EU membership. Ultimately, the president-elect proclaimed that Lithuanian foreign policy would remain on its current course.

The 2002 presidential elections are not likely to effect any major changes in government. Paksas has stated his support of Prime Minister Brazauskas but has suggested that some cabinet members might be changed. Prime Minister Brazauskas, in turn, has expressed his readiness to work with the new president but prefers to retain the current cabinet of ministers. The government is not required to resign after presidential elections but must return its powers to Parliament. The procedure, called "courtesy resigning," is a kind of test to check whether after presidential elections the Parliament still has confidence in the government. The newly elected president nominates the head of the government, whom Parliament must approve. If Parliament backs the candidate, the government continues its work. Otherwise, the government resigns and the formation of a new cabinet begins.

Although the government is expected to remain stable, the 2002 presidential election results did stir up Lithuanian politics. Following the elections, former president Adamkus called on Lithuania's liberal and conservative forces to establish a coalition council and a shadow cabinet that can serve as a strong opposition and help secure victory in the 2004 parliamentary elections. The election also led the Liberal Union, the Modern Christian Democrats, and the Center Union to proceed with merger plans prior to 2004.

Lithuania's most recent parliamentary elections took place in 2000. The Supreme Electoral Commission of Lithuania acknowledged that they were free and fair. The Organization for Security and Cooperation in Europe and the EU ceased to observe elections in Lithuania in 1997. Voter turnout in 2000 was 56 percent, compared with 53 percent in 1996. The left-wing Social Democratic Coalition of former president Brazauskas proved victorious when it won 51 mandates in the 141-seat Parliament. The center-right Liberal Union placed second, with 34 seats. The center-left Social Liberals took 29 seats, and the Conservative Party won 9 seats. Another seven parties plus three independent candidates won seats in single-mandate constituencies. The threshold for legislative representation is 5 percent. Elections are valid if voter turnout is no less than 40 percent.

After the 2000 elections, a center-right ruling coalition was formed in Parliament. However, dominated by the center-right Liberal Union and the left-leaning Social Liberals, the ruling coalition proved unstable and stepped down. The Social Liberals and the Social Democratic Party established a

ruling coalition and have formed the parliamentary majority since June 2001. At present, the leader of the Social Liberals, Arturas Paulauskas, is the parliamentary Speaker, and the leader of the Social Democratic Party, Algirdas Brazauskas, heads the cabinet. About one-third of the members of Parliament compose the opposition, the Liberal Union and the Lithuanian Conservatives being the most visible opposition forces.

Lithuanian political parties are largely unanimous on the most significant issues affecting the country's development, including accession into NATO and the European Union. However, right-wing critics stress that the government lacks a clear stand on many issues of domestic policy, especially on social security and education reforms. The government is also criticized for a lack of openness and transparency.

The Social Democratic Party, a highly experienced, disciplined, and popular political force, is the foundation of the left-wing bloc. The popularity of the Social Democratic Party skyrocketed after it merged with the Labor Democratic Party in January 2001. The party's victory in the 2002 municipal elections confirmed its high level of public support.

The formerly ruling Lithuanian Conservatives remain an influential opposition force. They regained their support in municipalities after the 2002 municipal elections, in which they came in second overall. The Liberal Union and the Social Liberals breathed new life into Lithuania's political arena after they reinforced their positions in the 2000 parliamentary elections. They were also among the winners of the 2000 municipal elections. But the Social Liberals, which is generally regarded as lacking a clear ideological identity and believed to be dominated by its coalition partner, the Social Democratic Party, is losing public support. In fact, the party's ratings dropped dramatically after its poor performance in the 2002 presidential and municipal elections, which party leader Paulauskas attributed to a divided electorate, a divided coalition, and a divided party. After the elections, Prime Minister Brazauskas did not rule out the possibility of a merger with its coalition partner, the Social Liberals, but members of the latter denied this.

Lithuania has seen a number of parties form around a charismatic leader rather than a common commitment to an ideology and platform. Examples include the Social Liberals, led by Paulauskas; the Homeland People's Union, led by Laima Andrikiene, a former minister of trade and industry and former minister of European affairs; and the Moderate Conservatives Union, led by former prime minister Gediminas Vagnorius. Smaller parties have tended to merge. For example, the Lithuanian Right Union united four parties in October 2001. The Christian Democratic Party and the Christian Democratic Union merged in May 2001.

Political discussions in recent years have focused mainly on EU integration and related issues, such as the sale of agricultural land to foreigners and agricultural policy in general. In November 2001, the Parliament approved

in its first reading an amendment to Article 47 that would allow foreign citizens and corporations as well as Lithuanian companies to buy farmland. While center-right political forces spoke strongly in favor of removing all existing barriers to the sale of land, nationalist and small left-wing parties opposed the decision to allow the sale of land to foreigners. In response, the ruling parties pledged to establish a transition period and necessary safeguards. A second vote on the Article 47 amendment is scheduled for January 2003. A vote on constitutional amendments must be taken twice, with an interval of three months between the two ballots. A two-thirds majority vote is required in both ballots for a constitutional amendment to pass. The Constitution may also be amended by a referendum.

Agriculture proved to be the most politically sensitive and controversial issue in Lithuania during accession negotiations. Other frequently cited fears regarding membership pertain to the potential loss of sovereignty and unfair competitive conditions. Political debates in Lithuania have also focused on the closure of the Ignalina nuclear power plant, which supplies around 76 percent of the country's electricity. Lithuanian authorities have pledged to decommission the first of Ignalina's two reactors by the year 2005, while the second one is scheduled to be closed by 2010. Given that the Ignalina plant is the country's biggest electrical energy producer, the issue of its closure is closely related to energy reform as a whole, which is focused on creating conditions for new market entrants and linking Lithuania's energy market with the other Baltic markets and, subsequently, with Western and northern European markets. Opponents claim that the closure would have disastrous effects on the country's entire electricity market and on consumers.

The takeover of the Mazeikiai oil refinery's operational control by Russia' oil giant YUKOS in September 2002 was another much debated issue. The Lithuanian government, which continues to hold a 40.66 percent stake in the Mazeikiai company, approved a transaction between U.S.-based Williams International and YUKOS on the sale of Williams's stake and the transfer of operational control in the oil refinery.

Lithuanian citizens are free to form political parties or associations, provided their goals and activities do not contradict the Constitution and laws of Lithuania. To be registered, a party must have at least 400 members. One extreme nationalist party, the Lithuanian Union of National Social Solidarity, was refused registration 10 times on the grounds that articles in its bylaws on the superiority of the Lithuanian nation contradicted the constitutional principles of democracy and equality as well as the Law on Political Parties and Organizations. The Communist Party was banned after the failed coup d'état in Moscow in 1991.

About 2 percent of Lithuania's 3.5 million people belong to political parties. Of the 36 registered parties, at least 3 represent ethnic minorities.

One, the Union of Russians, joined the Social Democratic Party in the 2000 elections and formed the parliamentary majority. Female representation decreased from 17.4 percent, or 24 seats, in the previous Parliament to 10.6 percent, or 15 seats, in the current Parliament. Five parties have women's divisions, and most parties allot a certain proportion of their candidate lists (2 to 5 out of 10) for women. The 2002 elections secured 321 seats out of 1,560 for women on municipal councils—an increase of 46 seats over the 2000 elections.

Civil Society

1997	1998	1999	2001	2002	2003
2.25	2.00	2.00	1.75	1.50	1.50

The NGO sector has been developing steadily in recent years, but public awareness about it remains rather low. Most organizations are registered in the largest cities. According to a survey conducted by the NGO Information and Support Center, there were 7,075 nongovernmental (excluding religious) organizations in Lithuania in 2000. A civic organization, the prevailing legal form of nongovernmental nonprofit institution in Lithuania, is a voluntary membership–based union of citizens seeking common goals or needs.

Over the past two years, the regulation of nongovernmental organizations and charitable activity has improved significantly. Grant-giving procedures and reporting are now simpler, anonymous giving is legitimate, and the directors and accountants of associations and charitable funds may work without labor contracts. However, labor contracts are required for other kinds of nongovernmental organizations. Beginning in 2002, NGOs are exempt from the profit tax (a 5 percent tax was applied previously). Donations from companies of up to 40 percent of taxable profits are tax-exempt. NGOs must submit quarterly reports to the Tax Inspectorate and the Department of Statistics. One of the most controversial regulations states that only officially listed nonprofit organizations may receive donations. Although the aim is to prevent the abuse of concessions applicable to private giving, critics charge that the register actually creates conditions for corruption and amplifies bureaucracy.

NGOs may bid for government contracts, and the range of services they provide has expanded to include social, economic, and environmental services. However, this practice remains rather uncommon for most NGOs owing to a complex administrative process. Government support in the form of grants comes mostly from the Ministries of Culture, Education, and Social Security and Labor, as well as municipalities.

The organizational and managerial capacity of NGOs has improved considerably in recent years, and today the management and administration of

approximately 200 NGOs is comparable to that of leading business enterprises. Efficient project administration, good management, and constituency building are increasingly viewed as key elements of an organization's sustainability. It is also more common now for NGOs to have permanent staff and recruit volunteers. NGOs have learned to establish contacts with their local constituencies through local media channels and fund-raising events and by involving local stakeholders in project activities. Yet weak public relations skills and the absence of properly functioning boards of directors still pose constraints. Likewise, since advocacy remains an abstract concept for many groups, they are less effective at benefiting from the use of communication and political access at the national and local levels. The NGO Information and Support Center and other groups provide a number of technical, consulting, and training services. Information on NGO management issues in the native language is available, albeit rather scarce.

Volunteerism remains a rare form of NGO support, primarily because Lithuania lacks a tradition of volunteerism. In addition, economic difficulties have so far prevented most citizens from contributing to charitable activities. NGO Information and Support Centers in the largest cities—Vilnius, Kaunas, and Klaipeda—represent the main efforts to increase philanthropy. The Commission for NGO Affairs, which consists of NGO representatives, advises the government on NGO issues and participates in related public policy debates.

Most Lithuanian NGOs are not financially viable owing to a lack of permanent sources of income. According to a new Law on Personal Income Tax, which will enter into force at the beginning of 2003, citizens may transfer 2 percent of their taxable income to a governmental or nongovernmental organization. As opinion polls indicate, 60 percent of the population will use this opportunity to support NGOs, mainly educational, social, and health care initiatives. In 2001, a total of 73.5 percent of charity and support came from abroad; local firms and individuals donated 26.5 percent. Overseas support went mostly to health care (34 percent), religious organizations (14 percent), social care and welfare (12 percent), and education (11 percent). Lithuanian donors gave mostly to sports (38 percent), health care (13 percent), religious organizations (11 percent), culture (10 percent), and education (10 percent). The bulk of charity and support, about 60 percent, comes in the form of in-kind contributions. Cash funds account for 38 percent and services a mere 0.5 percent. Individual giving is not widespread.

Sports, cultural, children, and youth organizations are the most numerous. According to the Women's Information Center, there are more than 70 women's organizations in Lithuania, including over 20 regional organizations, over 20 national organizations, 10 branches of international women's organizations, and 4 women's studies centers. There are about 800 associations in Lithuania and over 300 business organizations. Small-business as-

sociations unite the overwhelming majority of small enterprises. Ethnic groups are quite active in civic and cultural life. The Russian community, for example, has 60 NGOs engaged in cultural activities. Equally effective are Polish cultural organizations.

Lithuania's various religious communities are vital, autonomous social institutions, and about 32 religious denominations are represented in the country. About 70 percent of Lithuania's inhabitants consider themselves to be Roman Catholic. They constitute some 826 communities. The second largest religious group is the Orthodox Church, with 180,000 members and 51 communities. Other groups include Old Believers (50,000 members and 43 communities), Lutherans (30,000 members and 40 communities), the Evangelical Reformed Community (11,000 members and 12 communities), Jews (6 communities), Sunni Muslims (5,000 members and 5 communities), and neo-pagans (5 communities).

The Lithuanian state recognizes nine religions as traditional. These are Roman Catholicism, Greek-rite Catholicism, Evangelical Lutheranism, Evangelical Reformers, Orthodoxy, Old Believers, Judaism, Sunni Islam (the traditional religion of Lithuanian Tartars), and Karaitism. The Lithuanian Law on Religions allows for other nontraditional religions to be officially recognized by an act of Parliament as part of Lithuania's historical, spiritual, or social heritage if they enjoy public support and do not violate laws and morals. As a result, there is a four-tier system of traditional, state-recognized, registered, and unregistered religions. The Law on Religions allows religious communities to ask for state recognition after 25 years have passed since their registration with the Ministry of Justice. There are calls to name pagans, who practice the ancient Baltic religion, a traditional religious community.

Both traditional and state-recognized religious communities can receive state subsidies and do not pay social and health insurance for clergy and other employees. They are not charged a value-added tax on electricity, telephone, and heating. Only "traditional" communities have the right to teach religion in state schools and to buy land for building churches. Religious communities that are simply registered by the Ministry of Justice are not eligible for state subsidies, tax exemptions, or social benefits, but they may rent land for religious buildings. Unregistered communities may not rent land, but there are no reports that such groups have been prevented from worshiping or seeking new members. The charitable activities of religious communities mostly include providing care for the elderly, orphans, and the disabled.

The Lithuanian Alliance of Trade Unions, the Center of Trade Unions, the Lithuanian Labor Federation, and the Employees' Union unite trade union and labor groups. Industrial restructuring, privatization, and bankruptcies of large state-owned enterprises have adversely affected the trade union movement. Despite that, the number of workers belonging to trade unions is in-

creasing steadily. In 2001, there were about 80 professional organizations with a total of 200,000 members. The activities of individual trade unions and the percentage of workers belonging to them differ significantly across areas of activity. The largest trade union memberships are in the chemical industry, construction, the energy sector, and the food industry.

Trade unions exercise broad powers, and the new labor code, which will enter into force in 2003, expands them further. Trade unions sign collective agreements with employers on behalf of all employees. Under the new labor code, trade unions make decisions to begin or terminate strikes. However, in the case of an unlawful strike, unions must compensate employers for their losses.

The members of trade unions' elected bodies may take six days off for additional training. A recent amendment to the Law on Labor Contracts eliminated a provision requiring employers to receive the approval of the trade union in order to dismiss one of its members. Approval is still necessary, though, to dismiss or penalize a member of a trade union's elected governing body. The new labor code also expands the role of collective agreements and now requires all employees to abide by them.

Interest groups may take part in the political process through policy advocacy, counseling, and other forms of participation. Business associations and trade unions are the most active and influential players in the policy-making process. The Lithuanian Industrialists Confederation is the leading group in this respect. Trade unions are becoming more influential owing to their large membership bases and organizational structures. In most cases, the authorities are attentive but not always responsive to the opinions of interest groups. The policy-making process relies increasingly on joint task forces and policy initiatives, comprising public officials, businesspeople, specialists, and independent policy analysts. The Sunrise Commission, established in 1999 to formulate proposals for improving business conditions, comprised a dozen task forces of government officials, independent experts, and business representatives. Public hearings in Parliament are becoming popular tools in the policy-making process.

Lobbying was legitimized in July 2000. The law regulates individuals and legal entities engaged in paid lobbyist activities that are aimed at influencing the legislative process, improving legal acts, and streamlining the drafting thereof. A person or a company wishing to engage in lobbying must register with the Central Commission of Service Ethics. The law bans former politicians and state officials from conducting lobbyist activities for a year after leaving their posts. Politicians and officials, who are prohibited from being paid members of the managing bodies of corporations or being hired by private institutions, may not engage in lobbying. Registered lobbyists are subject to reporting requirements regarding their clients, commissions, and other remuneration.

Given that the policy-making process is also influenced by professional associations and other groups that are not covered by the law, critics charge that the boundaries between paid lobbying and public policy advocacy are too fuzzy and cause a great deal of controversy. Lobbyists complain that the representatives of such groups, when appointed to official policy-drafting commissions, receive remuneration from the state for what is in essence lobbying activity. It is also feared that the law is likely to expand the powers of well-organized, narrow-interest groups.

In response to these concerns, a new draft Law on Lobbying has been proposed. It envisages expanding the notion of lobbying to include any actions of individuals or legal entities aimed at influencing legislative processes. Under such provisions, lobbying regulations would also apply to NGOs whose mission is to engage in policy advocacy and express opinions about legislative activities without representing any interest group and without receiving remuneration. NGOs would have to register as lobbyists and pay a registration fee or hire registered lobbyists to express their civil opinions. Opponents say that the adoption of such provisions would discredit and disrupt the functioning of NGOs.

Lithuania's educational system is considered free of political influence and propaganda. A mere 1.7 percent of all educational establishments are private. There are 19 private schools providing primary (grades 1–4), basic (grades 5–10), and secondary (grades 11–12) education. There is 1 private vocational school, 9 professional colleges, 9 other colleges, and 4 universities. Over the last two years, the number of undergraduates in private universities has increased 15 times, while that in colleges has more than tripled.

Independent Media

1997	1998	1999	2001	2002	2003
1.75	1.50	1.75	1.75	1.75	1.75

The media in Lithuania are editorially independent and enjoy a high degree of public confidence. The vast majority of media outlets are privately owned, and the leading private media are financially viable. The constitutional freedom to "pursue, receive, and disseminate information and ideas" is properly secured and fulfilled. Yet the Constitution also provides that this freedom may be limited by law if it is necessary to "protect a man's health, honor, dignity, private life, and morals or to protect the constitutional order." Publications may be closed and journalists penalized only by court decisions.

Although media independence in Lithuania is well established, the current government, led by the Social Democratic Party and the Social Liberals, has attempted to limit public access to information and commu-

nication with the media. Since July 2002, documents submitted for government sittings, including draft laws and other legislative proposals, have not been made available to the public, NGOs, and the mass media as they once were on a regular basis. No official order to withhold information has been issued, and some organizations obtain materials while others do not.

The media are in the same situation. The government has limited communication with the media and instructed journalists and reporters that they may communicate with cabinet members only in a remote press conference hall in the government's building and only if cabinet members agree. Reporters have also been banned from gathering in a room near the cabinet sitting hall where they used to conduct interviews. Direct radio broadcasts of cabinet sessions to reporters in the halls near the cabinet sitting room have also been terminated. Filming by the media of parliamentary sessions is prohibited.

The state owns part of the ELTA news agency and National Radio and Television, the public broadcasting company. National Radio and Television remains under considerable pressure from the government, which controls its budget allocations. Other media are privately owned. The major national dailies are *Lietuvos Rytas*, with a reported circulation of 50,000, *Kauno Diena* (40,000), *Respublika* (35,000), and *Lietuvos Zinios* (8,000). *Verslo Zinios*, with a circulation of 10,000, is the most popular business paper.

The most popular television stations are LNK and TV3, which capture about 25 and 22 percent of viewers, respectively. Local and cable television channels rank third (20 percent), followed by Lithuanian Television (13 percent) and TV4 (11 percent). State-run Lithuanian Radio enjoys a large audience, with about 13 percent of listening time. Other popular radio stations are Radiocentras (15 percent), Pukas (12 percent), M-1 (10 percent), Lietus (7 percent), and Russkoje Radio Baltija (7 percent).

Other electronic sources of information, particularly the Internet, are expanding rapidly. In particular, the public is increasingly accessing the Web sites of news agencies, radio stations, television channels, and daily newspapers. Some of the most popular information portals are Delfi, which targets the Baltic states; takas.lt, which is run by Lithuanian Telecom; Sala.lt, the site of radio station M-1; and the Web sites of the news agencies ELTA and BNS.

The newspaper distribution system is privately owned. The only exception is the Lithuanian Post, the national postal service, which holds a negligible share of the market and distributes small periodicals mainly in rural areas. The largest press distribution company, Lietuvos Spauda, was formed out of a former Soviet company. *Lietuvos Rytas*, like other major

papers, operates its own subscription service. Several private companies distribute periodicals through a chain of gas stations, grocery stores, hotels, and supermarkets.

The Lithuanian criminal code provides for two years of imprisonment, two years of penitentiary labor, or a fine for libeling or disseminating false information that defames a person. Drawing on the civil code, courts can impose penalties of 500 litas (US$145) to 10,000 litas (US$2,900) for doing moral harm to persons by publicizing false information or information on their personal lives without prior consent. In October 2002, the Lithuanian Constitutional Court ruled that journalists must reveal their sources upon a court order. In the ruling, the Court protected the media's right to publish information about a public figure's private life if it doesn't cause the individual harm and reveals facts important to the public. Specifically, the Constitutional Court found the Law on the Provision of Information to the Public unconstitutional for failing to uphold the equality of all citizens before the law. The Court ruled that the stipulation granting journalists the right to veil their sources gave them exceptional privileges compared with the rest of the population. Although the Court's decision stated that the freedom to freely receive and publish information is fundamental to an open and democratic society, it also called for a ruling in all cases to determine whether the veiling of an information source violates the law.

The Commission on the Ethics of Journalists and Publishers and the Office of the Inspector of Journalists' Ethics function as supervisory institutions. Attempts to establish an ombudsman's office to control the media failed when the 2000 Law on the Provision of Information to the Public was adopted. Notably, most influential media representatives act in accordance with the ethical code of journalists and publishers. The Journalists Union and the Journalists Center are the most prominent media organizations.

A public opinion poll conducted by SIC Gallup Media in summer 2002 showed that 21 percent of the Lithuanian population uses the Internet—nearly double the figure from the previous year. Thirteen percent of Lithuanian citizens use the Internet at least once a week, 17 percent at least once a month, and 34 percent at least once every six months. Surveys show that almost half of Lithuanian companies (49 percent) use the Internet, while 4 percent of Lithuanian residents are connected to the Internet at home. There are no restrictions or regulations on the use of the Internet, but there are calls to limit the electronic dissemination and storage of information that is restricted by law. The Internet market has also been affected by the 1998 Law on Telecommunications, which granted Lithuanian Telecom a monopoly in terrestrial communications until 2003.

Freedom House's annual *Survey of Press Freedom* has rated Lithuania "Free" since 1994.

Governance

1997	1998	1999	2001	2002	2003
2.50	2.50	2.50	2.50	2.50	2.50

The governmental system in Lithuania is stable. Elections and changes in government take place on the basis of the Constitution and other laws, and the system of checks and balances functions well. Policy changes are made on the basis of established rules.

In 2002, many important changes were made regarding the civil service system and local governments. A new law was adopted to streamline the system of civil service. The tenure of municipal councils was extended from three to four years. And a constitutional amendment extending the right to all permanent residents to stand for elections to municipal councils was approved. However, foreign citizens may not be elected mayors, deputy mayors, or members of the boards of municipal councils. At the close of 2002, just after the municipal elections, the Constitutional Court found the current division of representative and executive authorities in municipal councils in violation of the constitutional principle of accountability and subordination. Specifically, it determined that the mayors should not be able simultaneously to serve as the heads of municipal executive authorities and to lead elected municipal councils. Consequently, the current model of local governments must be altered. In another ruling, the Constitutional Court stated that members of Parliament may have only one mandate and may not serve concurrently in municipal councils. According to the Central Election Commission, 64 out of 81 lawmakers who ran for city councils in the 2002 municipal elections won local government mandates. They will have to decide by the first sitting of the municipal councils which of the mandates they will retain.

As of July 2002, civil servants were divided into four categories: career civil servants, politically appointed civil servants, heads of institutions, and substitute civil servants. The 2002 Law on Civil Service excluded from the list of civil servants persons who provide public services or perform technical functions. It defined the responsibility of civil servants and outlined general principles for applying punitive measures when those obligations are not fulfilled. A new system of remuneration, based on three qualification categories, was introduced in April 2002. Critics charge that the salary levels are too high. The provision of extra pay to civil servants is now up to the discretion of supervisors, and annual evaluations are authorized. The number of vice ministers is reduced to one. Amendments in 2002 to the Law on the Government introduced the position of state secretaries. These changes were viewed largely as measures to depoliticize government ministries.

Lithuanian law provides for the disclosure of government documents and for the imposition of sanctions such as no-confidence votes and im-

peachment. Also in place are self-policing mechanisms such as ethics committees. The Office of the State Ombudsman is responsible for external monitoring of state behavior. Although both legislative and executive authorities are becoming more open, in many cases proposals submitted for government consideration are not easily accessible to the public. Cabinet sessions take place behind closed doors, and in July 2002, the government decided not to dispense draft decrees to the public and media. Although the law requires ministries to announce their policy proposals on the Internet, they often adopt new regulations without prior notice or public scrutiny.

Parliament operates much more openly. Bills and other legislative proposals are posted on the Internet from their introduction through adoption. It is also possible to monitor all stages of parliamentary discussions and legislative amendments. The practice of public hearings is being increasingly used in parliamentary committee debates. However, Parliament is not obligated to provide information to the public and media. Government authorities are beginning to use the Internet more widely to encourage public discussion on important national strategies and programs such as economic development, education reform, and the building of an information society. However, these efforts are not systematic, consistent, or properly focused. A Law on Public Information, establishing freedom of information, was adopted in 2000. It requires that any information be presented truthfully, precisely, and impartially.

The ongoing reforms of the public service system notwithstanding, civil servants are criticized for lacking sufficient competence in their jobs. The professional skills and managerial abilities of local officials vary significantly across municipalities. In most municipalities, local leaders and civil servants lack skills and experience and are inclined toward excessive interventionism. Political connections and cronyism play no small part in hiring civil servants, but they have less influence on professional activities. The average salaries of civil servants have been 10–20 percent higher than in the private sector for the past seven years. In November 2002, the average gross salary of public servants was 1,318 litas, compared with the country's average of 1,127 litas. This, coupled with slow reforms and entrenched bureaucracy, explains the high degree of public mistrust in state institutions. As public opinion polls show, 50–70 percent of the population lacks confidence in them.

The existing system of subnational government is based on the 1992 Constitution, the 1994 Law on Local Government, and the 1994 Law on Administrative Territorial Units. Lithuania has one level of local government, which includes 60 municipalities with 30,000 to 50,000 inhabitants. There are 10 regional administrations, or territorial units of the central government, which are headed by centrally appointed governors. At the municipal level, subnational officials are elected in general elections. Candidates can run for local governments through party lists only. Elected councils ap-

point mayors. However, as of this writing, Parliament was scheduled to debate an amendment to the Constitution concerning direct elections of mayors. As opinion polls show, 65 percent of Lithuanian citizens are in favor of direct elections; only 13 percent support the present system. Also, proposals have been made to amend the election laws and allow citizens to cast their votes for specific candidates in local polls. It has been argued that this would enable the electorate to choose persons who enjoy the trust of the local community but are not affiliated with any party.

In compliance with the Constitutional Court's ruling regarding the discrepancy in the division of executive and representative authorities in local governments, Parliament will have to change the Law on Local Government to ban members of Parliament from parallel work in local governments and to separate representative and executive powers in municipalities. With regard to the latter, it has been proposed that mayors should remain the heads of municipal councils and that executive powers should be delegated to the director of municipal administration, who is appointed by the municipal council at the suggestion of the mayor. The director of administration would be responsible, among other things, for administering municipal funds. Opposition right-wing parties and local governments do not support these proposals, arguing that elected mayors, not appointed functionaries, should exercise real power in local governments.

The responsibilities of local governments are divided into independent functions and duties delegated by the government. The main independent responsibilities are municipal development, management of municipal enterprises, and the establishment and supervision of protected areas and objects. The main responsibilities delegated by the central government are primary and secondary education, primary health care and disease prevention, culture and sports, development of the leisure and tourist industry, environment protection, social assistance, garbage collection, fire protection, heating, water supply, and sewerage. In some areas, such as territorial planning, health care, and education, both central and local authorities are involved. Ambiguities in the division of power have impeded decentralization and the establishment of a stable fiscal structure for municipalities. They have also led to intergovernmental tensions, the inefficient provision of services, and unclear accountability.

The government program for 2001–2004 envisages the further decentralization of state governance. Consistent with this program, in 2002 oversight in the regulation of the agricultural sector was passed from regional administrations to municipalities. However, since municipalities will perform these functions on behalf of the state and with state subsidies, these changes can hardly be defined as a true decentralization.

Municipal governments generally lack funds to meet their expenditure obligations, owing mainly to mismanagement and expanding local govern-

ment authority. Municipalities are free to allocate funds among expenditure categories, with the exception of functions delegated by the central government. Municipal revenues are raised and transferred by the central government, and changes are negotiated between municipalities and the central government and approved by Parliament. Local authorities are not authorized to introduce or collect taxes, but they may levy some local charges and user fees. They can also lower tax rates at the expense of their own revenues. Approximately 50 percent of municipal revenues come from personal income taxes and roughly 20 percent from central budget subsidies. The fiscal capacities of local governments are equalized according to expenditure-need assumptions.

RULE OF LAW

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
2.25	2.00	2.00	1.75	2.00	1.75

Lithuania is completing reforms of the legislative and judicial framework that were initiated after the restoration of independence. Major codes, including the civil and civil procedure codes, the penal and penal procedure codes, and the labor code, have been overhauled. A post-Communist, democratic Constitution was adopted by referendum in October 1992. Established in 1993, the Constitutional Court adjudicates the issues of legislative constitutionality. It has proved to be an independent, powerful, and reliable guardian of constitutional rights. Lithuania has ratified major international conventions on human rights, including the European Convention on Human Rights and the Framework Convention on Protection of National Minorities. All citizens are treated equally under the law. Freedom of religious conviction, freedom of expression, and the rights of ethnic minorities are properly protected.

Major changes in Lithuania's legislative and judicial framework were made in 2002. A new Law on Courts, adopted in early 2002, created the proper legal basis for an independent judiciary. The law filled "a legal vacuum" dating to a 1999 Constitutional Court decision that voided much of Lithuania's court law and practice. The executive branch was also found to have undue influence, in violation of the Constitution's system of checks and balances. The new law defines the competencies of courts, the organization of court activities, administrative principles, the status of judges, the principles of selecting and appointing judges, responsibility procedures, and social guarantees. The law prohibits aggravating the financial, material, and

technical conditions of courts, except when the country's general economic and financial situation deteriorates.

A new civil code, aligned with EU law and international legal acts, came into effect in July 2001 after three years of preparation. A new code on civil procedure was passed in February 2002; it will enter into force at the beginning of 2003. This is the first national legal act in Lithuanian history that systematically regulates civil procedural legal relationships. The new civil procedure code will provide the conditions for more effective court investigations.

A new code of penal procedure was also adopted in April 2002. It will take effect in May 2003 along with a new penal code that Parliament approved back in 2000. The new penal code divides crimes into criminal offenses and misdemeanors and prohibits the imposition of prison sentences for the latter. To date, criminal penalties in Lithuania have been among the strictest and the number of prisoners among the highest in Europe. Under the new code of penal procedure, judges will be more involved in the pretrial stage of investigation. They will have to take measures to secure evidence and solve complaints against investigators and prosecutors.

Lithuania's new labor code generated considerable public discussion. The opposition Liberal Union sharply criticized the new document as restricting freedom of contract and employment relationships. On the positive side, the new code contains more flexible language and less restrictive regulations on the termination of labor contracts. Under the new code, labor contracts can be ended for reasons such as enterprise restructuring or an employee's lack of qualifications for the job. This provision is intended to reduce the risk of hiring new employees and, therefore, is expected to stimulate job creation. New types of labor contracts, such as temporary, supplemental, household, and commission contracts, were legitimated in addition to existing fixed-term, permanent, and seasonal contracts. Yet many obsolete regulations, such as mandatory reporting to the labor exchange, remained. Also, the role of collective agreements was expanded so that all employees must abide by them. Unpaid vacations cannot be taken unless provided by a collective agreement. Employers were banned from concluding contracts for a fixed period of time if the job is permanent. However, the law provides no definition of permanent jobs. Overtime limits were also set.

The Constitution provides for a separation of legislative and executive powers, but there is serious disarray in their division. Although the legislature is the effective rule-making institution, the government prepares some two-thirds of bills. The practice of delegating lawmaking powers to lower-tier executive authorities is also widespread. Executive authorities may enact legal provisions and statutory regulations that they themselves are responsible for implementing. They also may adopt procedures for regulating compliance with legal requirements they themselves carry out. Such in-

appropriate, overextensive powers lead to over-regulation, arbitrariness in law enforcement, and abuse of official power.

The legislature is frequently criticized for over-regulation and interventionism. The high number and inconsistency of legal acts are two other serious complaints. These weaknesses are mainly the result of chaotically and hastily adopting laws without setting forth a clear conceptual framework that gives proper regard to the state's strategic objectives. Instant amendments to newly adopted laws have also become the norm. To address the situation, at the beginning of 2002, the Ministry of Justice enacted a methodology for preparing the conceptual framework of legal acts before drafting new laws or replacing existing ones. Each framework will indicate the rationale for adopting a new law, contain an impact analysis, list legal documents that will be replaced or revoked, and analyze international legal norms. This measure is expected to be a watershed in legislative reform, but compliance with it has been lacking so far.

A law adopted in June 2002 legitimizes two types of referendums, binding and consultative. (The law will take effect in 2003.) Under the new law, binding referendums are mandatory for proposals that affect Lithuanian sovereignty. Consultative referendums can be held on issues of state and public life that do not require a binding referendum and have the support of Parliament or 300,000 eligible voters. Referendums of both types will be considered valid if no less than half of all eligible voters participate. A binding referendum will pass if at least 50 percent of all persons who participated in the ballot, but no less than one-third of all eligible voters, give their support. Under the previous law, passage of a referendum required the approval of more than half of all eligible voters. It is expected that the lower vote requirement will make it easier to adopt a decision on EU membership in 2003.

The Constitutional Court resolves conflicts between the Constitution and legal acts and defends basic human rights against interference and over-regulation by legislative and executive authorities and the president. It also settles disputes between the legislative and executive branches. The chairman of the legislature, the chairman of the Supreme Court, and the president each nominate one judge to the court. During a year, the court decides 13 or 14 cases. Under the Constitution, a legal act becomes void the day a Constitutional Court decision against it is published. In 2002, the Constitutional Court was quite active and issued many important verdicts. For example, the Court ruled that provisions of the Law on Telecommunications and the penal procedures code violate constitutional rights to private property and privacy by obliging telecommunications operators to record "all telecommunications operations and their participants" and to provide information about their clients to law enforcement institutions.

The courts of the Republic of Lithuania include district and county courts, the Court of Appeal of Lithuania, and the Supreme Court of

Lithuania. Because of the reluctance of ordinary courts to apply directly provisions of the Constitution when there is no specific functioning legislation, a system of administrative courts has been developed to address the needs of citizens and other subjects. Their main responsibility is to resolve disputes between citizens or other entities and the state. Judicial verdicts are enforced quite effectively in criminal cases, but not in civil cases. There are serious concerns over delays in criminal investigations and the lengthiness of court hearings. However, the new penal procedures code is expected to bridge these gaps.

Although the Ministry of Justice has no formal control over court decisions except in matters of technical support, it is still quite influential. The state and state officials allegedly exert undo pressure on judges for favorable decisions. A study by the Open Society Institute on the independence of the courts in the 10 EU candidate countries found that Lithuanian courts have inadequate financial autonomy and that judges work in unsatisfactory conditions. The study also found that a reduction in judges' salaries threatened to interfere with independence of the judiciary and create unacceptable pressures on judges' impartiality. These issues are addressed in the new Law on Courts.

The country's prosecutor-general is appointed and discharged by the president upon the approval of Parliament. In October 2002, Parliament approved a proposal to set out in the Lithuanian Constitution the procedures for nominating and appointing the prosecutor-general. This amendment would not alter existing procedure but rather secure it in the principal law and thereby ensure the prosecutor-general's independence. At present, the Law on Prosecutor-General regulates the procedure. The opposition Lithuanian Conservatives criticized the proposal, arguing that the ruling majority simply wanted to secure the post of the sitting prosecutor-general.

The president also nominates, and Parliament approves, judges to the Supreme Court and the court of appeals. The president appoints district court judges as well. All judges are appointed for life. Although the number of judges grew from 456 in 1996 to 637 in 2001, an increase in caseloads has resulted in a net lack of judges, especially at the local level. By law, the state must provide public defenders. Most judges rule fairly and impartially, but opinion polls show that public mistrust of judges is as high as 80 percent. Politicians and the media also distrust the judicial branch. As a result, judges work in a hostile atmosphere. Reportedly, a significant part of legal costs takes the form of bribes to both solicitors and judges.

The Constitution provides for human rights and their protection, including the right to own property and the right to own and work in business. Yet Lithuania lacks a viable tradition of ownership protection. This deficiency, coupled with insufficient regulation and enforcement of property rights, has become a serious concern. In fact, integration processes,

particularly Lithuania's inclusion under the jurisdiction of the European Court of Human Rights and its adoption of EU legal provisions, have further accentuated these problems.

According to a 2001 survey commission by the United Nations Development Program, the human rights situation in Lithuania is "very good in the world context." In the region, Lithuania stands out in terms of the work performed by ombudsmen. As the survey shows, freedom of religious conviction, freedom of expression, and the rights of ethnic minorities are best protected. Yet almost 39 percent of Lithuanian citizens claim that human rights are systematically violated in Lithuania, and only 3 percent think violations are totally or almost nonexistent. The number of investigations of the Office of the Controller for equal gender opportunities has been increasing since the establishment of the office in 1999.

In 2001, a total of 1,913 applications regarding violations of human rights were filed with the Office of the State Ombudsman; of these, 661 were recognized as reasonable. According to the ombudsman's reports, restitution of property rights, the actions of public prosecutors, and poor prison conditions are the most frequent complaints. An inspection and study by the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment in 2001 described the conditions of detainees in police lockup in Lithuania as inhuman and degrading. They found ill-treatment, abuse, violence, and even torture of those detained by police to be of great concern. Prison inmates filed relatively fewer allegations of physical ill-treatment by prison staffs. However, a high level of interprisoner violence was recorded. Overcrowding at Lithuanian prisons was determined to be a serious problem.

Corruption

1997	1998	1999	2001	2002	2003
na	na	3.75	3.75	3.75	3.50

Although anticorruption laws and institutions are in place in Lithuania, the level of corruption remains high. Indeed, domestic authorities and international organizations recognize corruption as one of the country's biggest concerns. Most problems are associated with anticorruption laws containing loopholes that grant excessive authority to public officials and create conditions ripe for the abuse of power. In November 2002, the Open Society Institute published a report emphasizing the need for reform in such areas as courts, public administration, public procurement, political party financing, customs offices, health care, and the police. The European Commission also has urged Lithuanian authorities to strengthen corruption prevention and place more emphasis on corruption associated with public procurement and customs.

The year 2002 saw the adoption of a number of official documents and laws related to the fight against corruption. These include a National Anti-Corruption Program, a Law on Corruption Prevention, and a Law on Public Procurement. The Special Investigation Bureau (SIB), an independent institution set up in 1997 to carry out official anticorruption activities, is in charge of implementing the National Anti-Corruption Program. The bureau reports to the president and Parliament. The president appoints and dismisses the director of the bureau at the recommendation of Parliament.

The National Anti-Corruption Program envisages streamlining interagency structures and reducing bureaucracy and regulations as key mechanisms for fighting administration corruption. The main focus is on eliminating legal loopholes that bestow excessive authority on public officials: simplifying the issuance of permits and licenses, simplifying customs procedures, and instituting a one-stop system in public institutions, among others. The program also seeks to make public officials personally responsible for enacting inadequate legal provisions, regulations, or administrative decisions.

In November 2002, in compliance with the National Anti-Corruption Program, the Ministry of the Economy adopted an Anti-Corruption Program and Action Plan for the years 2002 and 2003. The program envisages the revision of legal acts regulating the energy sector, enterprise bankruptcy, and restructuring, privatization, product safety, and licensing. It proposes prohibiting legal entities from financing political parties and introducing thorough reviews and background checks of public appointees or candidates as a means of reducing political corruption.

Overall, the first year of implementation of the National Anti-Corruption Program lagged behind schedule, and by the end of 2002, only a third of its measures had been implemented. However, the program has produced some positive results. For example, the Special Investigation Bureau and the Competition Council analyzed proposed heating legislation in 2002 and found that some of its provisions granted excessive discretionary rights to municipal authorities and posed a threat to free competition. At the request of the Special Investigation Bureau, the parliamentary Anti-Corruption Commission evaluated the document and upheld the SIB and the council's evaluation. On the commission's advice, the draft law was returned for revision.

Civil servants are not allowed to sit on enterprise boards, represent enterprises, or make contracts with related entities, according to the Law on Civil Service. Yet numerous political ties to businesses are being disclosed. The worst situation is in state-owned sectors, where old *nomenklatura*-type appointees have close connections with central government and municipal authorities. Ethical standards concerning relationships between businesses and politicians are in place, but they are frequently ignored. Public opinion does not exert much pressure on politicians to obey these standards. On the other hand, the public is often suspicious about businesspeople in politics.

The media has proved to be the most active institution monitoring and featuring violations of ethical norms. The parliamentary Commission on Ethics and Procedures has been rather active in addressing problems related to possible conflicts of interest of members of Parliament. At present, codes of ethics for politicians and civil servants are under consideration.

Civil servants are prohibited from representing any interests related to their former place of employment for one year after entering into state service. The Law on Coordination of Public and Private Interests in State Service prohibits conflicts of interest and requires financial disclosures by politicians, managers of companies, and their spouses. Presidential, parliamentary, and local council candidates must publicly declare their property and income before elections. Elected politicians, political appointees in the civil service, and directors of companies must make annual declarations of their income and property. The criminal code includes provisions against, and prescribes severe penalties for, racketeering. Executive and legislative bodies operate under audit and investigation rules, but in many cases these are applied in a rather formal or fragmented manner. Government officials and members of Parliament have been found to be involved in conflicts of public and private interests.

Corruption and bribery are entrenched in many areas. The most vulnerable areas are courts, customs, public procurement, traffic police, offices issuing licenses and permissions, and tax inspections. According to the Special Investigation Bureau, corruption occurs in as much as 75 percent of public procurements. Public procurement officials have broad powers and ample opportunity for subjective decisions, and this has led to numerous scandals over the years. One recent scandal led the head of the State Social Insurance Board to resign after an obscure transaction of 14 million litas for the purchase of computer services.

The new Law on Public Procurement makes officials responsible not only for procedural infringements, but also for violations of the principles of public procurements, including equality, nondiscrimination, transparency, and efficiency. The new law enshrines such principles in law for the first time. It also outlaws purchases from a "sole supplier" and imposes public procurement requirements on "small purchases." To enhance transparency, the government must publish public purchase announcements on the Internet. By increasing transparency and responsibility in public procurement, the law is expected to minimize opportunities for corruption and abuse.

Corruption is particularly pervasive within Lithuania's extensive regulatory system. The biggest cause for concern is the inconsistency among regulatory authorities in interpreting, applying, and enforcing regulations. Routine administrative procedures and decision making are frequently protracted, and companies are subject to extensive employment, sanitary, and reporting requirements. Regulatory authorities have a right to perform on-

site inspections for labor safety, fire prevention, hygiene, and other work conditions and to impose large penalties in the case of noncompliance without court proceedings. All this creates ample opportunity for corruption.

The leading complaint is related to the issuance of permits, such as licenses, certificates, approvals, or warrants. Numerous controlling authorities make the licensing system a breeding ground for corruption. In many cases, permissions must be obtained not only for entities to function in the marketplace, but also for particular products and professional activities. Following the National Anti-Corruption Program, in October 2002 the Special Investigation Bureau launched an interagency task force, comprising officials, businesspeople, and independent experts from NGOs, to overhaul Lithuania's licensing system. At the end of 2002, the SIB submitted to the government a proposal on general licensing principles formulated by the task force. The government is expected to approve the proposal, which would serve as the basis for reducing the number of licenses, simplifying licensing procedures, and ensuring transparency and efficiency within the system.

The salaries of civil servants, at both the national and subnational levels, generally have been higher than those paid to individuals with comparable qualifications and responsibilities in the private sector. However, economic growth has recently led the private sector to increase salaries to levels exceeding those in the public sector. As a result, by the end of 2002, the average gross salary of white-collar employees in the private sector amounted to 1,473 litas, compared with 1,318 litas for public servants. Still, the salaries of public servants remain higher than the national average of 1,127 litas. The salaries of the lowest-level civil servants are set at 2.35 times the country's minimum wage of 430 litas, while those of the highest-level officials can be up to 13 times the minimum wage. Civil servants can also receive bonuses and extras, which can amount to as much as 70 percent of their salary.

An opinion poll conducted by the Lithuanian branch of Transparency International in April 2002 revealed that 77 percent of Lithuanian citizens and 60 percent of businesspeople think corruption is a serious drag on civil and business development. According to the survey, 37 percent of residents and 36 percent of businesspeople have given bribes at least once in the last five years, while 2 and 6 percent, respectively, had given bribes more than 10 times. Respondents considered customs offices, traffic police, tax inspections, and social security offices the most corrupt institutions.

Most people condemn corruption but recognize that it has become the norm. Reportedly, the average bribe citizens offer is around $200, while businesspeople shell out an average of $2,000. As businesspeople reported, bribes to customs officials range from $8 to $2,350, while those to tax officers range from $310 to $1,270. Private individuals give from $50 to $240 at customs offices and from $20 to $180 to doctors. Bribes to traffic police range from $6 to $160. Transparency's survey showed that businesspeople

usually pay half of the bribe in cash, while the rest is paid in the form of services or goods.

From January to September 2002, the Special Investigation Bureau exposed 96 crimes. Of these, 63 were crimes against state offices—a drop of 41 percent over the previous year. Forty-nine public officials were determined to be under suspicion of crimes, including 20 police officers, 6 customs officers, and 3 bailiffs. Sixty-nine criminal investigations were launched.

In Transparency International's 2002 Corruption Perceptions Index, Lithuania ranked 36th among 102 countries surveyed. This indicator places Lithuania among countries with serious corruption problems. According to the World Bank, the degree of corruption in Lithuania's top administration, rated 12, is not high in comparison with other countries in Central and Eastern Europe. However, corruption in the lower executive branches is more widespread than in the other two Baltic states.

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Macedonia

Capital: Skopje
Polity: Parliamentary democracy
Economy: Mixed capitalist-statist
Population: 2,000,000
GDP per cap at PPP: $5,086
Private sector as % of GDP: 60
Ethnic Groups: Macedonian (67 percent), Albanian (23 percent), Turkish (4 percent), Roma (2 percent), Serb (2 percent), other (2 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	3.50	3.50	3.50	3.75	4.50	3.50
Civil Society	3.75	3.75	3.50	3.75	4.00	3.75
Independent Media	4.00	4.00	3.75	3.75	3.75	4.00
Governance	4.00	4.00	3.00	3.75	4.25	4.50
Democratization Scores	**3.90**	**↓3.95**	**↑↑3.44**	**↓↓3.75**	**↓↓4.13**	**↑3.94**
Constitutional, Legislative, and Judicial Framework	4.25	4.50	4.25	4.25	4.75	4.50
Corruption	na	na	5.00	5.00	5.50	5.50
Rule of Law Scores	**na**	**na**	**4.63**	**4.63**	**↓↓5.13**	**↑5.00**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

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INTRODUCTION

Of all the countries in Southeast Europe, the Republic of Macedonia was long considered a model country in transition. Weathering recurrent political, economic, and social crises since gaining independence from Yugoslavia in 1991, the country has faced the primary challenge of building a state that accommodates the ethnopolitical ambitions of Macedonians (66 percent of the population, according to the 1994 census) and Albanians (23 percent). Referencing their historical struggle for recognition as a people, ethnic Macedonians have insisted on a unitary nation-state. Albanians, however, who enjoyed such recognition under the former regime, have refused to be considered an ethnic minority in a Macedonian nation-state and have advocated for official binationalism.

During its first eight years of independence, Macedonia was a relatively tolerant society that perpetuated its inherited Titoist social ideology. Though at times grudgingly, the Macedonian ethnic majority recognized the rights of national minorities and promoted pluralism in the media, native-language education, minority civil society organizations, and interethnic power sharing in the national government. Nevertheless, the perceived concord between Macedonians and Albanians masked deep political and economic dissatisfaction. Expectations of prosperity not only went unrealized, but living standards sank as unemployment soared. Political transformation was formulated as a zero-sum game, pitting Albanian grievances against Macedonian fears for "their" country's security and integrity. Although Macedonia largely succeeded in preventing the escalation of these tensions into armed conflict, the Kosovo war (1999) and subsequent Macedonian war (2001) demonstrably altered the country's sociopolitical landscape.

From 1991 through 1998, Macedonia was governed by a coalition of the Social Democratic Alliance of Macedonia (SDSM) and the Albanian Party for Democratic Prosperity (PDP), both heirs to the former Yugoslav Communists. The country took a stark political and economic decision in 1998, though, when it ousted the SDSM/PDP government and elected the ultranationalist Internal Macedonian Revolutionary Organization–Democratic Party for Macedonian National Unity (VMRO-DPMNE), led by Ljupco Georgievski. VMRO-DPMNE then formed a surprising alliance with the nationalist Democratic Party for Albanians (DPA), led by Arben Xhaferi. Although the alliance (VMRO/DPA) represented an unprecedented politi-

cal accommodation, it was based on unrealistic and ultimately unfulfilled promises of economic development and prosperity.

The Kosovo war badly tarnished nascent political and economic optimism. Confronted with over 350,000 Kosovar refugees, mostly Albanians, Macedonians were compelled to assess whether they identified foremost with their ethnic community regardless of its political borders or with their country with all its ethnic, religious, and linguistic diversity. Although the unexpectedly rapid departure of the refugees precluded much public debate over these questions, the war still noticeably widened social and political fissures within and among Macedonia's ethnolinguistic communities. Heated and sometimes violent presidential and municipal elections, in 1999 and 2000, respectively, provoked widespread accusations that the governing parties had sold out their constituencies' ethnopolitical interests. Greater ethnic Albanian involvement in postwar national politics aroused ethnic Macedonian concerns that an Albanian swing vote would determine key issues facing the country. Macedonians also increasingly resented perceived Albanian war benefits, whether refugee relief subsidies or political concessions in higher education.

Despite overcoming the immediate impact of the Kosovo war, Macedonia experienced spiraling repercussions of a financial, social, and political nature. Unimpeded corruption within the Macedonian government in conjunction with the festering problems of lawlessness in postwar Kosovo (especially along the Macedonian border) culminated in the outbreak of war between Macedonia's security forces and Albanian guerrillas in the National Liberation Army (NLA). Under international pressure, the VMRO/DPA government expanded into a Grand Coalition (or government of national unity) that included the opposition SDSM, the PDP, the Liberal Party, the Liberal Democratic Party (LDP), the Socialist Party, and the small splinter VMRO-VMRO. Meant to defeat the NLA insurgency, the Grand Coalition was unable to curtail Macedonia's military, economic, and social erosion. After six months of low-intensity and often bungled warfare, Europe and the United States compelled the VMRO, DPA, SDSM, and PDP to sign the Ohrid Framework Agreement (OFA). Though essentially an arbitrated rather than a negotiated agreement, the OFA nonetheless was intended as an olive branch, first to terminate the armed confrontation between the NLA and Macedonian security forces and second to provide a new platform for political reforms to address the grievances considered to have given rise to the war. The international community further announced that reconstruction aid to Macedonia was to be made conditional upon ratification of the OFA. Both parties were required to sign the document; thus, no matter which coalition dominated government in future, political commitment to the OFA would be assured.

The OFA was signed in August 2001, but Macedonia's Parliament delayed its passage until November 2001. Ratification of its constitutional

revisions (Annex A) occurred in late 2001, though passage of legislative amendments (Annex B) was delayed until 2002. Consequently, early national elections slated for February 2002 were postponed until the government's mandate actually expired. To everyone's relief, voting took place on September 15, 2002, and was judged reasonably free and fair by international observers. Despite the incumbent government's efforts to thwart the election process through intimidation, both the VMRO and the DPA lost heavily. As in 1998, rather than expressing hope for the future, both the Macedonian and the Albanian electorates displayed their frustration with the recent past and revulsion for the present. Macedonians, seeing no viable alternative, restored the still mistrusted SDSM to power. As an expression of their postwar élan, Albanians showed their political support for the NLA by voting en masse for the Union for Democratic Integration (DUI), a new party formed in 2002 by insurgent-turned-politician Ali Ahmeti. When forming the new government, the victorious SDSM/LDP coalition had to make a difficult choice: to recognize the will of the majority of the Albanian electorate and bring the DUI into the coalition or to adhere to its preelection stand that no "terrorists" would be permitted to enter government. Reluctantly but prudently, the SDSM chose to work with the DUI, forming what came to be known as the government of "guns and roses"—guns representing the DUI's NLA origins and the rose being the SDSM's party symbol.

Despite passage of the OFA and the success of the elections, the prevailing mood in Macedonia has remained bleakly pessimistic. Ethnic Macedonians still resent the process that imposed the terms ending the war. Rather than anticipating sustainable peace or coexistence, Macedonians remain mistrustful of the Albanians' true intentions. At worst they suspect designs for a "greater Albania" (or, more commonly, "greater Kosovo"). At best they expect a possible "Belgian solution"—namely, the eventual ethnic federalization, or cantonization, of the country. Macedonians also still harbor resentment toward the West, claiming that without its support the NLA could not have achieved its military or political objectives. Ethnic Albanians remain doubtful whether Macedonia will fully honor the OFA. Last year's threat that insurgents would resume the war barring full implementation of the agreement has now been replaced by calls from the postelection Albanian opposition to their constituencies for a "new" struggle to gain their full human and civil rights. Violent interethnic confrontations, considered virtually inevitable, have been overshadowed by intraethnic disputes as the Macedonian and Albanian communities both seek to find their political centers.

In sum, during its short independent statehood, Macedonia has experienced eight years of so-called fictional cohabitation, an adjacent war and its resultant refugee crisis, and its own domestic war. Now Macedonia must

adapt to the conditions of cohabitation enforced by the European Union (EU) and NATO. As the likelihood of another Balkan war has all but vanished owing to the Western military presence on the ground, as Europe has focused its attention on new candidate countries preparing for admission into the EU, and as the West has redefined its political priorities in response to the events of September 11, 2001, Macedonia's status has shifted from a key country in transition to an ordinary postconflict society. Nonetheless, Macedonia continues to face the identical critical issue it has from the outset: Can its ethnolinguistic communities find a political formula that will accommodate their divergent sociopolitical needs and aspirations?

In the view of the Western political and military leadership that oversaw the negotiation and signing of the Ohrid Framework Agreement, Macedonia has been given a final opportunity to retreat from the precipitous threshold of armed interethnic conflict. In the view of OFA proponents, if Macedonia meets the strategic challenges of implementing the OFA's provisions, the country finally and decisively will have thrust itself into the mainstream of democratic politics. Seen in this light, the year 2002 represented a test period for Macedonia as a postwar society that would ultimately prove itself—or not—at the ballot box. And it did. Contrary to the view of Macedonia's "peace architects," though, the country's conflict cannot be remedied exclusively by addressing procedural issues and structural inequities. Rather, any effective solution must address the deep sense of violated identity felt equally strongly by both Macedonians and Albanians and the accompanying resentments these groups harbor about the distribution of the state's economic, political, and social resources. These issues, above all others, have prevented Macedonia's ethnic communities from appreciating one another's legitimate fears and aspirations and, thus, from seeking mutually acceptable solutions.

As in previous crises, the events of the past year have perpetuated feelings of threatened identities. In other words, neither Macedonians nor Albanians have been motivated to "expand the common space as to fit difference, self-identity, and...different interests and needs," as human rights activist Mirjana Najcevska noted in *Multietnicki Forum*, a publication of the organization Search for Common Ground. Neither have they devised a platform that would permit the development of a functioning civic model. Rather, they are "stuck in a dead end that offers nothing but new conflict." What emerges from this pessimistic analysis is that despite all the advances that occurred in 2002, the long-term prognosis for Macedonia's sociopolitical health has not improved markedly. This may be why, with the olive branch of the Ohrid Framework Agreement still perched precariously between the guns of 2001 and the "rose" that won the 2002 political contest, both Macedonians and Albanians are still asking whether Macedonia truly has arrived at a new beginning.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
3.50	3.50	3.50	3.75	4.50	3.50

Article 20 of Macedonia's Constitution permits groupings of 500 or more Macedonian citizens to form political parties. Of the 60 or more parties active immediately after Macedonia's independence, approximately 30 are still functioning. Personal differences have led to the emergence of several splinter parties in recent years. The Democratic Alliance was founded by former SDSM interior minister Pavle Trajanov in 1999, and the VMRO-VMRO was established unilaterally in 2000 by six VMRO–DPMNE parliamentarians who felt that their parent party had betrayed its electoral mandate. The New Democracy Party (NDP), a splinter from Vasil Tupurkovski's Democratic Alternative (DA), was represented in the previous government by Foreign Minister Slobodan Casule. NLA leader Ahmeti created the newest Albanian party, the Union for Democratic Integration, in July 2002 after Albanian politicians failed to coalesce around his nascent All-Albanian Coordination Council. Although all parties formally are membership based, they are driven largely by personalities: Ljubco Georgievski of the VMRO, Branko Crvenkovski of the SDSM, Ali Ahmeti of the DUI, and Arben Xhaferi of the DPA.

Various parties participate at all levels of government. Metropolitan Skopje's mayor, for example, is from the LDP, but Skopje's five municipalities are split between VMRO and LDP mayors. Throughout the country, minimally two Macedonian and Albanian parties have elected mayors and city councillors. From 1998 to 2002, both the president and prime minister were from the VMRO. Until presidential elections occur in 2004, however, the national executive offices will remain divided between the VMRO (President Borsi Trajkovski) and the SDSM (Prime Minister Crvenkovski).

Between 1991 and 2002, Macedonia had two elected governments. The first, a coalition of the Macedonian SDSM and the Albanian PDP, was considered an extension of the previous Communist regime. Unresolved social and political disputes left both Macedonians and Albanians dissatisfied and led in 1998 to an overwhelming opposition victory. In the second government, the majority "ultranationalist" Macedonian VMRO with its Macedonian partner, the DA, invited the ultranationalist DPA to join the government. Broad consensus existed that if these ethnopolitical extremes could find a modus vivendi, so could their constituencies. The promise of political stability eroded, however, when the Kosovo war strained

Macedonia's political establishment almost to the breaking point. Ethnic Macedonians feared the 360,000 mostly Albanian refugees from Kosovo would upset Macedonia's demographic ratio. Unprepared for this crisis, the VMRO government went into near paralysis, creating a vacuum filled by Western military authorities and multinational humanitarian agencies. Albanians, who had been pressured not to exploit the refugee crisis for political gain, began collecting their political rewards once the war ended, filling more ministerial positions and securing concessions for minority-language education. Ultimately, the Albanian vote was courted to secure the election of the VMRO presidential candidate in 1999.

The country's seeming political stability of late 1999 faded in 2000 as the VMRO government stood accused of numerous political and economic scandals that undermined its credibility even among its most ardent supporters. Revelations of severe corruption in the Ministry of Defense and other government institutions increasingly eroded public confidence in the government and in the integrity of the political establishment in general. The outbreak of the Albanian insurgency in February 2001 undermined the government's validity altogether and led to the formation of the Grand Coalition. This government of national unity was expected to provide the legitimacy required to contain the insurgency politically and militarily. Contrary to expectations, however, intra- and interethnic conflicts precluded effective governmental action on either the political or the military stage. Rather than acting as a coalescing factor, the Grand Coalition operated as a dysfunctional substitute for government and disbanded soon after signing the Ohrid Framework Agreement.

The year 2002 began with Macedonia's two primary ethnolinguistic communities reacting and reflecting on the preceding year's war and the OFA that brought it to an end in August 2001. In a January 2003 interview, Prime Minister Georgievski summed up his government's view of the key issues: Albanian aggression against Macedonia and the international community's tendency "to only see Albanian extremists as victims"; internal governmental disputes over competencies and responsibilities; the absence of security as reflected by the slow rate of police redeployment to the "crisis regions" (areas dominated by the NLA or its successors); and the negative role of the domestic and international media in Macedonia's affairs. Ethnic Macedonians, irrespective of their political affiliation, were largely unanimous that since the outbreak of the war in 2001, they had been net losers, having been coerced into making political concessions they believed diminished their basic titular claim to the republic.

Albanians, understandably, considered the 2001 insurgency a success but were far from having achieved political unity. Internal disputes, described as an "intra-Albanian war," arose out of Ali Ahmeti's attempts to coalesce Albanian political actors around the success of his now disbanded NLA. In

so doing, Ahmeti marginalized both the DPA and the PDP, noting that 6 months of armed rebellion had achieved more than the previous 10 years of PDP and DPA participation in government. Albanian political opinion was split, among other things, over which demands Albanians could make and how far they could push them. The NDP, for example, claimed no responsibility for furthering the Ohrid plan since it was not among the signatories. The PDP, for its part, questioned the state's commitment to the OFA, which calls for obligatory public financing for Albanian-language higher education. The PDP disputed the value of the OFA's constitutional amendments and doubted whether Albanians would actually gain much from them. DPA leader Xhaferi, still in coalition with the VMRO, was generally suspected of colluding secretly with and in favor of Macedonians. Thus, interethnic debates that had focused on the intent of the OFA in 2001 shifted in 2002 to intraethnic disputes over operational details of its implementation and the commitment of each community's leadership to the process.

Opinion polls taken throughout the first half of 2002 consistently indicated two facts: that the VMRO was lagging further behind the opposition and that Ahmeti was indisputably the champion of Albanian interests in Macedonia. A poll taken by the Institute of Solidarity and Democracy showed, for example, that of 4,300 ethnic Macedonian voters surveyed, the opposition coalition enjoyed support from 59 percent, the VMRO only 39 percent. The same survey indicated that Ahmeti was drawing support from 13 percent of Albanian voters, with the DPA and the PDP getting roughly 4 percent each. Twenty percent of Albanian voters were undecided. Both the VMRO and the DPA felt compelled, if only under international pressure, to support the OFA. To their respective supporters, however, the VMRO and the DPA had to demonstrate that they were greater "patriots" than their opposition rivals—a situation that gradually drove them to distance themselves from the accord they had signed.

Sensing steadily eroding public support, the VMRO was intent on delaying indefinitely the parliamentary elections that were scheduled for September 2002. At the same time, the opposition, led by the SDSM, was trying to take advantage of the VMRO's weakening position by urging early elections. The DPA favored early balloting as well but was unsure which OFA provisions it wanted implemented before agreeing to elections. Furthermore, the DPA realized that postponed elections invited the additional loss of supporters and members to Ahmeti's fledgling political movement. The electoral process, in other words, was caught between ethnic and party politics, between accommodation and competition, between interethnic peace and intraethnic conflict.

Although 3,000 candidates from 53 parties contested 120 parliamentary seats on September 15, 2002, on the Macedonian side of the political ledger only the VMRO and the SDSM warrant consideration. Under its

campaign slogan *"Glava Gore"* ("Head Held High"), the VMRO challenged the SDSM to enter a preelection coalition—or at least to field a joint list of candidates in the heavily Albanian sixth electoral district in western Macedonia. The VMRO claimed that with its answer, the SDSM would demonstrate whether it was "the party of Macedonian unity or the party of Macedonian division," as a report from Radio Free Europe/Radio Liberty described it. The VMRO's political platform consisted of attacks on the SDSM as dangerous to Macedonia's national integrity and territorial security. When his offer of an SDSM/VMRO coalition was rebuffed, Georgievski demanded an a priori declaration from the SDSM that it would refuse to bring any Albanian associated with the NLA into government should it win on September 15. When the SDSM's Crvenkovski refused Georgievski's challenge, the VMRO escalated its rhetoric and accused the SDSM of treason during the 2001 war by asserting that Crvenkovski had always secretly planned to enter a coalition with Ahmeti.

Campaigning under the slogan *"Zaedno za Macedonija"* ("Together for Macedonia"), the opposition coalition consisted primarily of the SDSM and Petar Gosev's LDP but included minor ethnic parties representing Serbs, Turks, Roma, Vlachs, and Bosniaks. The Socialist Party, initially a member, soon dropped out. Aside from its own grandiose promise of at least "one job per family," the SDSM's platform stressed reviving the economy by boosting local industry. The opposition coalition accused its rivals of initiating the violent ethnic conflict of 2001, corrupting national institutions, and plunging Macedonia into economic crisis. Crvenkovski portrayed the elections as a watershed choice, "not between political parties, candidates, and front-runners, but between war and peace, between the future and darkness, between morality and crime, misery, and poverty, and between 'for' or 'against' Macedonia."

Early on, some EU ministers announced that the European Union might reconsider ratifying Macedonia's Stabilization and Association Agreement if the elections were not conducted freely and fairly. Such a step would effectively impose an economic boycott on the country and threaten a worse social and political crisis than already existed. Despite the stern warning, the rival Macedonian coalitions escalated their use of inflammatory language, and Prime Minister Georgievski disparaged the OFA as "a piece of paper that could not fill in the crack in interethnic relations created by the initiators of last year's armed violence." Given Georgievski's opinion of the peace agreement, the SDSM's Crvenkovski warned that "a vote for VMRO-DPMNE is a vote against Macedonia."

The electoral politics practiced by Albanians in Macedonia were only marginally better. When the Albanian weekly *Lobi* published an editorial in January 2002 calling for cooperation among all Albanian parties, ideological divisions between the opposition PDP and the governing DPA were

seen as insurmountable. Like the VMRO, for example, the DPA was fundamentally anti-Communist and found it extremely distasteful to cooperate with the PDP, which was seen as the Albanian equivalent of the SDSM—namely, the reborn heir of Yugoslavia's previous Communist government. Because the NDP had been viewed as the insurgents' political arm during negotiations for the NLA's disarmament and eventual dissolution, the PDP and the DPA each tried to convince the general Albanian population that it deserved credit for the international pressure put on Macedonia to improve Albanian rights. When delays in the passage of the OFA-mandated Law on Amnesty thwarted NLA leader Ahmeti's expressed "willingness" to participate in electoral politics, he invited all Albanian parties to form a coordination council. However, most ethnic Macedonians dismissed the council, the expressed purpose of which was to assure the implementation of the OFA as an illegitimate, parallel authority to the Macedonian government. Despite their recognition of Ahmeti's prestige, other Albanian party leaders also were unable to find common ground to coalesce around Ahmeti's call for preelection unity.

Seeing that Ahmeti could not reconcile intra-Albanian hostilities, the coordination council decided on June 5, 2002, to create the new Union for Democratic Integration. Ahmeti was elected chairman and thereby thrust into the arena of formal politics. Joining the DUI gave disaffected PDP and DPA members a chance to show their dissatisfaction with their parties and encouraged the involvement of previously non-aligned Albanian elites. Two examples often given are Parliament member Azis Pollozhani, who cited his former party's unwillingness to implement internal reforms when he abandoned the PDP for the DUI, and Dr. Teuta Arifi, who wrote that she hoped the DUI would "help overcome corruption, the old boy networks, and the limited role of Albanian women in party politics."

The DUI, however, ultimately neither affected interparty quarrels nor dispelled the growing disquiet about Ahmeti's role in the upcoming elections. The PDP and the DPA continued their disputes over the PDP's call for a war on corruption and its accusations of the DPA's organizational and personal connections to corrupt practices. Furthermore, the PDP signaled its potential willingness to reenter a coalition with the SDSM in a new government—a prospect that was anathema to the DPA's leadership. Macedonian nationalists were delighted with the prospective coalition of the SDSM with any of the contending Albanian parties and called it a combination of "terrorists and Communists."

During the election campaign, all Albanian parties adopted programs demanding more rights for their constituencies and full implementation of the OFA. Under the slogan "We Support the West," the DPA advocated for Macedonia's integration into the EU and NATO, as well as Kosovo's independence, as prerequisites for resolving the Balkan-wide "Albanian

question." Similarly, the DUI extolled the success of the 2001 insurgency, calling its campaign "Together Toward Victory," and predicted that it would "integrate Macedonia into Europe as a multiethnic country." As election day approached, the PDP again suggested a coalition with the DUI, which the latter's leadership rejected. The DUI's growing popularity pushed the DPA's Xhaferi to declare that, unlike Ahmeti's DUI, his party would be satisfied only when Albanians had "equal rights in all spheres of life: in politics, the economy, culture, and finance." His comments implied that the DPA's ultimate goal was the formation of a "greater" Albanian state that included parts of Macedonia, Kosovo, and Albania; they also completely justified nationalist Macedonians who claimed that this had always been the DPA's intention. In contrast, the DUI distanced itself from its NLA past in an obvious attempt to jockey for position as a potentially acceptable coalition partner to whichever Macedonian party formed the new government.

As predicted, the SDSM/LDP coalition and the DUI won overwhelmingly at the polls. The VMRO, for its part, had failed in its strategy of intimidation to keep all but its staunchest supporters from turning out. According to the State Election Commission, of Macedonia's 1,664,296 registered voters, 1,216,339 (73.15 percent) participated in the balloting. The SDSM gained 60 of the 120 seats in Parliament. The VMRO came in second with 33, followed by the DUI with 16, the DPA with 7, the PDP with 2, and the NDP and the Socialist Party with 1 each.

Having passed the democracy test by holding reasonably free and fair elections, the victorious SDSM still had to face the dilemma posed earlier by the VMRO: In the formation of a new government, which Albanian party would it ask to join? The SDSM had not reversed its original position precluding former NLA commanders from government. The remaining Albanian parties, however, presented the SDSM with other difficulties. The PDP, its partner in its two previous terms, had lost many members to the DUI and, with only two seats in Parliament, clearly was not the Albanian community's choice. The DPA, the VMRO's coalition partner, was too ideologically removed from the SDSM. The NDP's call for federalizing Macedonia ruled it out entirely.

Following four weeks of intense negotiations, the SDSM reconciled itself with the inevitable and presented its cabinet to Parliament on October 20. On October 31, Parliament ratified the new government with 72 deputies voting for it and 28 against. The SDSM would have seven ministries, the DUI four, and the LDP three. Macedonia's new "guns and roses" government has elicited both expected and less expected reactions. On the first day the new Parliament convened, the VMRO and the LDP protested "the inclusion of former terrorists" in the government and announced their boycott of the legislature for the rest of the year. According to VMRO party

spokesman Vlatko Gorcev, "This government list reflects a military, legal, and spiritual capitulation for Macedonia."

Despite the DUI's grassroots popularity, not all Albanians were convinced that this party would succeed where its predecessors had failed. Their hope, however, was that this arrangement represented genuine progress. Saso Colakovski, the senior editor at *Utrinski Vesnik* and a frequent critic of the VMRO government, summed up Macedonia's future prospects by stating that the government may be "a bit controversial, but it presents a compromise between the Macedonian and the Albanian blocs." Prime Minister Crvenkovski offered a far blunter justification for including the DUI in government: "The alternative is much worse—interethnic confrontation with all [its] consequences."

Macedonia's parliamentary and presidential elections are staggered. Members of Parliament serve four-year terms, and presidents serve five-year terms. To run for president, candidates need signatures from 10,000 registered voters or support from 30 parliamentarians. In 1999, six candidates qualified: Vasil Tupurkovski of the DA, Borsi Trajkovski of the VMRO, Stojan Andov of the Liberal Party, Tito Petkovski of the SDS, Muarem Nexhipi of the DPA, and Muhamed Halili of the PDP. To win outright, a candidate must receive the majority of votes cast. Otherwise the top two candidates enter a runoff. The candidate receiving the majority of ballots is elected, provided that over 50 percent of registered voters cast ballots. If turnout is below the required legal threshold, the election must be repeated.

When incumbent president Kiro Gligorov announced that he would not stand again in 1999, Tupurkovski, a member of the post-Tito rotating Yugoslav federal presidency, became the assumed front-runner. Tupurkovski was eliminated, however, owing to exaggerated and unfulfilled promises of Taiwanese aid made while he was the head of development and cooperation in the VMRO/DA government. With the race narrowed to two Macedonian candidates, Trajkovski and Petkovski, Albanians cast their first-round ballots for Nexhipi and Halili, realizing neither could win. In the runoff, however, owing to the VMRO/DPA coalition, Albanians supported Trajkovski and ultimately determined his election.

Many ethnic Macedonians remain convinced that Trajkovski was coopted by the Albanians. Likewise, feelings that Albanians have hijacked Macedonian politics have increased significantly since the 2001 insurgency and the passage of the constitutional reforms mandated by the Ohrid Framework Agreement. President Trajkovski's early refusal to deploy Macedonian troops against NLA insurgents and his insistence on seeking a negotiated settlement to Macedonia's crisis have made him a special target for condemnation by radical Macedonian nationalists who still reject accommodating any Albanian demands. Viewed at first as a puppet of VMRO extremists, Trajkovski has been compelled to overcome the pro forma symbolic nature

of his office through negotiations with Western diplomatic and military representatives. Whether this ultimately will strengthen or weaken the presidency will become clear when the next presidential elections occur in 2004.

Civil Society

1997	1998	1999	2001	2002	2003
3.75	3.75	3.50	3.75	4.00	3.75

Civil society is a contentious concept in post-Communist models of social and political organization, because many international development agencies fail to recognize discrepancies between their ideals of civil society (mediating between government and citizens) and local socioeconomic realities. Macedonia is no exception, having neither of the two preconditions required for a thriving civil society sector: a socioeconomic environment that stimulates nongovernmental organizations (NGOs) to emerge and function and the presence of NGOs that reinforce the vitality of civil society. Many Macedonian NGOs are vestigial Yugoslav-era organizations that were "of" but not "for" citizens. Economic conditions and tax legislation also impede the growth and work of voluntary organizations. A 23 percent tax on philanthropic contributions, intended to thwart money laundering, further discourages business from financing NGOs.

Philanthropy and volunteerism, prerequisites for a vital nongovernmental sector, are alien to Macedonia. Notions of self-help are highly localized, rarely crossing traditional boundaries of responsibility. Since average Macedonians are too preoccupied with survival to work voluntarily, they tend to view NGOs as potential employers, particularly since most enjoy foreign financial support. The wars in Kosovo in 1999 and Macedonia in 2001 aggravated this tendency by making NGOs one of the country's biggest employers. International spending in Macedonia diminished following the overthrow of Yugoslavia's strongman leader Slobodan Milosevic and caused local concern that Macedonia's NGOs might not survive the West's shift in focus toward Serbia. With the West's new attention on "the war on terrorism," the reconstruction of Afghanistan, and a looming war in Iraq, sufficient finances may not be allocated to Macedonia. In that case, Macedonia's overall economic recovery will be slowed, as will the growth of civil society.

The total number of NGOs in Macedonia is unknown. The Macedonian Center for International Cooperation listed approximately 300 international and domestic organizations in its 1998 *Guide to Nongovernmental Organizations in Macedonia* (not updated since). The basic court, where NGO registrations are recorded, now reports closer to 10 times that figure. Most of the NGOs that relocated to Macedonia from Kosovo in 1999

have since returned to Kosovo. Following the Macedonian war, various international NGOs such as the Institute for War and Peace Reporting opened local offices.

Precise NGO membership cannot be calculated, either, since local organizations inflate their numbers. Umbrella associations such as the Union of Women of Macedonia, for example, claim thousands of members, including subgroups representing specific ethnic communities. Among its hundreds of purportedly registered members, few are usually active. Limited funding sources, especially of local moneys, constrain serious organizational development and capacity building. Many local NGOs typically compete for a project once a tender has been issued but are often otherwise inactive.

Although local NGOs face few procedural obstacles such as registration, the overall NGO environment is hazy since no tradition of civic activism exists outside governmental control. The government tolerates NGOs but neither encourages their development nor considers them beneficial. NGOs have few expectations of government and rarely attempt to influence legal and regulatory matters. Usually politicians are dismissive of NGOs, and with few exceptions, NGOs lobby infrequently for legislation. Events such as protests against industrial pollution receive media coverage, but rarely do NGOs and media cooperate on issues of general public concern. The Movement of Ecologists of Macedonia has advocated for greater environmental protection and contributed to Macedonia's National Environmental Action Plan. The women's group Humanitarian Organization for the Emancipation, Solidarity, and Equality of Women lobbied for maternity leave rights and other pieces of family law. In these two instances, both the media and the government took this advocacy seriously.

Absent international support, most domestic NGOs would fold. Although they collect symbolic membership fees, NGOs are otherwise restricted in generating income. Macedonian law requires NGOs to report their income and expenses, but most groups typically reveal only the former. They do so largely to avoid tax obligations, since they are not tax-exempt. NGO project funds enjoy limited tax concessions but are otherwise taxed. False receipts for financial reports are commonplace. Questionable financial management and perceived personal enrichment contribute to general skepticism about NGOs and thus diminish their importance in the public view. In sum, underdeveloped volunteerism and the economics of NGOs continue to be crucial obstacles to the vitalization of civil society in Macedonia.

Interest groups and trade unions do exist, but unemployment and small-business growth have reduced the overall role of trade syndicates. Corruption associated with privatization and declines in Macedonia's industrial sector resulting from the 1991 and 2001 wars have created worker redundancy and smaller union membership. Two of Macedonia's traditionally strong sectors are agriculture and textiles. After the 1999 war, Western countries

promised to purchase these Macedonian commodities as part of the Kosovo reconstruction effort. Despite some increased procurement, though, Macedonia's agricultural export sector has yet to recover.

As early as April 2002, Macedonian workers had begun to organize strikes to protest unemployment, poverty, and corruption. Employees from loss-making firms, together with the Association of Trade Unions, demanded changes in employment legislation and improvements in unemployment insurance. On May 20, 2002, approximately 80,000 public workers launched a general strike to protest the government's refusal to accept demands for a raise in Macedonia's minimum wage. The government first justified its position by saying that restrictions on the national budget imposed by the International Monetary Fund (IMF) precluded such a raise. Although it acceded on May 29, the government requested additional time to calculate wage increases across all employment sectors. In June, the government finally decided that nongovernment workers would receive a monthly increase of 500–800 denars (9–13 euros), whereas pay hikes for government workers would range between 3,000 and 3,500 denars (45–55 euros).

Politicians not surprisingly had made unemployment—estimated at 35–50 percent—and prosperity their primary campaign issues for the 2002 parliamentary elections. Both the VMRO and the SDSM pledged to create approximately 200,000 new jobs after the elections, with the VMRO alleging that it had already created 110,000 during its four years in office. However, given World Bank pressure on Macedonia to make a 60 percent cut in public sector employment, any campaign promise to create instant postelection employment was highly unlikely. On December 6, 2002, the EU mounted additional pressure by making its Macedonian support package of 46 million euros conditional on Skopje reaching a standby arrangement with the IMF to further reduce state expenditures. Finance Minister Gosev was already predicting a budgetary deficit of nearly 50 percent of Macedonia's gross domestic product, something he blamed on the previous government's election tactic of spending large amounts of money for social projects. With untenably high unemployment and the war tax of 2001 ending on December 31, 2002, the new government's challenge was to meet the IMF's conditions of increasing revenues without raising taxes or otherwise further alienating Macedonia's already angry and impatient labor force.

The SDSM/LDP coalition did not benefit from a honeymoon period with labor after the elections. In November, more than 8,000 workers from state-owned enterprises or businesses in which the state held the majority of shares went on strike when Parliament approved the new government. They reminded the new SDSM administration that although the VMRO had denied their demands, conditions had not changed and labor was just as adamant now, if not more so. For instance, in addition to earlier demands for changes in the minimum wage and employment laws, strikers now called for

better workers' benefits, the reversal of illegal or corrupt privatization deals, and the investigation of corrupt and profligate management. In mid-November, 300 miners at the Sasa zinc mine began a hunger strike in the pits. When workers from the state-owned Macedonian Railways blocked all national and international lines, the country edged toward the kind of labor unrest that could fundamentally undermine its economic and social stability.

Although the SDSM government claimed, like the VMRO, that IMF-imposed financial constraints precluded the possibility of meeting worker demands, it averted a major crisis by yielding on one point: paying a portion of back wages to workers, some of whom had not received a paycheck since June 2002. Realizing the benefits to its image, the government also consented to launch investigations into the possible reversal of questionable privatizations of state-owned companies such as the Nova Makedonija publishing house. Nevertheless, the Association of Trade Unions continued to push the government to sign a social contract to address the government's role in socially owned enterprises and to guarantee worker insurance. In the words of the association's leader, Vanco Muratovski, "Every government has to have good relations with the trade unions if it wants to have social peace." Although the SDSM was fully cognizant of the risks it would be taking by dismissing the concerns of Macedonia's workers, by year's end it had not yet demonstrated the necessary determination to meet union demands and thereby deescalate simmering labor unrest.

Religion in public life is often a contentious issue. Disagreements divide not only the Orthodox and Muslim communities, which make up approximately 66 percent and 30 percent, respectively, of the population, but also Orthodox and non-Orthodox Macedonians in general. The Macedonian Orthodox Church reacted vehemently to a constitutional reform that denied it superiority over other religions and threatened to excommunicate the members of Parliament who voted for the change. The construction of a church-funded, 80-meter illuminated cross on Mt. Vodno overlooking Skopje has enraged Muslims, who view this as symbolic of Orthodoxy's attempt to usurp Macedonia's identity. President Trajkovski, who is Protestant, faced accusations of infidelity to the "nation" from Orthodox Macedonians during the 1999 election campaign and following the 2001 war.

Faith-based organizations are rare but not nonexistent in Macedonia. Foreign faith-based organizations are often suspect for using humanitarian needs to disguise their proselytizing, especially among the Roma. Domestic and international organizations attempting to bridge religious divides by focusing on shared tenets of peace and tolerance have succeeded only minimally. In summer 2001, the Macedonian Center for International Cooperation assembled representatives of the Macedonian Orthodox and Muslim communities for a low-profile meeting in Geneva but failed to obtain their signatures on a final communiqué. Previous efforts by American organiza-

tions such as the Global Dialogue Institute and the World Conference on Religion and Peace have failed to secure sustained interfaith cooperation. The Conflict Management Group, based in Cambridge, Massachusetts, is considering the introduction of a new interfaith effort based on its program director's successes in establishing similar dialogues in Bosnia and Kosovo.

Education remains a highly disputed area of public life in Macedonia. The separation of schoolchildren by language, a Yugoslav legacy, reinforces overall social segregation, and politicians often exploit education as a tool to prove their nationalist credentials. Interference in education manifests itself in various ways. For example, both the Macedonian and Albanian communities have raised objections to having their children learn each other's histories and preventing children from following identical curriculums. Albanians regularly protest that Macedonian educational authorities systematically have underfunded Albanian schools. School attrition rates among Albanians at all levels greatly surpass attrition among Macedonians.

Private education is still largely illegal. Although the government had considered privatizing kindergartens, implementation of the OFA-mandated Law on Local Self-Government shifted responsibility for preschool education from the national to the municipal level. Only Macedonians who hold foreign passports may attend private primary schools. Private secondary schooling is available, but on a limited basis.

Albanian-language education at the university level has been one of the country's most volatile issues. Since 1996, when the popularly named but unrecognized University of Tetovo first opened, Albanian tertiary education has been the focus of political and sometimes violent conflict. In 2001, Macedonia accepted a proposal by Max van der Stoel, then commissioner for national minorities at the Organization for Security and Cooperation in Europe (OSCE), to open the Southeast European University as a private trilingual (Albanian, Macedonian, English) university in Tetovo with funding from the international community. However, Albanian nationalists rejected this institutional solution for several reasons. First, they object to the only recognized Albanian university being private when the state funds Macedonian-language higher education. Second, they claim that their community's identity hinges on having a fully developed Albanian-language university, not a multilingual university. Although enrollment in the Southeast European University has increased, including a limited number of ethnic Macedonian students, tertiary education remains a hot political issue.

The insurgency of 2001 and remaining feelings of insecurity in Macedonia's crisis regions have impacted education and educational politics as well. The academic year 2001–2002 was postponed because internally displaced schoolchildren had to be accommodated in their place of temporary residence. Once the school year had begun, some parents still refused to send their children to school, particularly those attended by children of

the "other community." Though expressed in terms of security concerns, the parents' objections were clearly motivated by a desire to segregate their children. Interethnic tensions associated with the parliamentary elections of 2002 negatively impacted education even further. For example, during the summer, the principal of the Dame Gruev School (named after a 19th-century Macedonian hero) in the ethnically mixed village of Semsevo (near Tetovo) had received permission from the then VMRO minister of education to change the school's name to Jumni Jonuzi, in honor of the first Albanian teacher who was born in the village. The incident rallied Macedonians throughout the country, and the school's 200 Macedonian children began boycotting classes at the start of the school year in September. Following the elections, however, Macedonian patience erupted, and on October 9, 30,000 Macedonian children in Skopje protested the name change. Chanting slogans that had not been heard since 1997, including "Albanians to the gas chambers," the children blockaded the Skopje-Tetovo highway. Although the OSCE mission to Macedonia called the decision to rename the school an arbitrary breach of the spirit of the Ohrid Framework Agreement, the decision stands. The SDSM recognizes the importance of addressing educational issues inherited from the previous regime, but the new government has yet to show that its policies will represent a qualitative change from the past.

Independent Media

1997	1998	1999	2001	2002	2003
4.00	4.00	3.75	3.75	3.75	4.00

Macedonia's Constitution protects freedom of the press and speech and bars censorship. With approximately 120 radio and television stations serving 2.2 million people, the country has one of the highest per capita media rates in Southeast Europe. However, the country's readership for print media is relatively weak, and the circulation of newspapers and other periodicals is low compared to neighboring countries. Although the abundance of media in Macedonia reflects the country's pluralism, it also creates information ghettos. That is, the country's ethnic communities rarely use one another's media, even when language is not a barrier, and journalists reflect each group's parochial interests. At best, the media reinforce Macedonia's ethnolinguistic segregation. At worst, they provide biased, inaccurate, or inflammatory reporting that escalates interethnic tensions and encourages sporadic violence.

Considered free of government intervention, Macedonian media are largely editorially independent. Nonetheless, private media tend to reflect their owners' politics in their coverage of events as well as in their commentaries. The government controls Macedonian Radio and Television (MRTV),

the state-run television and radio broadcaster that until 1998 was the only nationwide network. The state also owns about one-third of NIP Nova Makedonija, the publisher of *Nova Makedonija* and *Vecer*, two daily Macedonian-language papers; the Albanian daily *Flaka e Vellazerimit;* the thrice weekly Turkish paper *Birlik;* and the Macedonian weekly *Puls*. In all state-controlled media, positions of responsibility are primarily political rather than professional. With each new administration posting its own functionaries, these media are "pro-government" by definition.

Owing to low readership, daily papers with a circulation over 50,000 are considered successful. Among NIP Nova Makedonija's papers, only *Vecer* reaches this level; *Nova Makedonija* claims a daily circulation of 20,000, which is doubtful; and *Flaka* prints only about 3,000 copies. Of the private Macedonian papers, *Dnevnik* and *Utrinski Vesnik* each have a daily circulation of 50,000 copies or more. Among Albanian papers, the state-run *Flaka* prints under 3,000, whereas the private paper *Fakti* has a daily circulation of 15,000. Among the country's various weekly and monthly magazines, *Forum* (Macedonian) and *Lobi* (Albanian) wield the greatest influence by reaching their respective communities' political elites.

The two Macedonian-language papers *Dnevnik* and *Utrinski Vesnik* are profitable. *Vecer*, their closest competitor, is published by NIP Nova Makedonija. NIP Nova Makedonija also owns the largest distribution network, which caters to pro-government publications. Tutun, the other privately owned distributor, is pro-VMRO.

Left to survive on circulation and advertisements, most private media in Macedonia would go bankrupt. The broadcast media market cannot support hundreds of players, and the government offers limited support for independent media by redistributing annually some 1.5 million euros it collects in TV and radio taxes. Media owners complain, however, that pro-government media get support far exceeding amounts given to media out of governmental favor. Generally, financially viable broadcast media are owned by individuals able to subsidize them. MRTV's financial dominance has been challenged since 2000, when Hellenic Telecom purchased Sitel TV (Skopje), then owned by the Socialist Party. Even though major Greek political actors often own media conglomerates, Greece's media differ from Macedonia's in their focus on profit. However, evidence to date indicates that this sale has not yet affected Sitel's financial or programmatic profile.

There are two tiers of television stations in Macedonia: the first consists of those that offer higher quality and some original programming, while the second comprises those that offer less quality and mostly rebroadcast downloaded satellite signals. The first category includes A1 TV (Macedonian, Skopje), TV ART (Albanian, Tetovo), TV KISS (Serbian/Macedonian, Tetovo), TV TERA (Macedonian, Bitola), TV Festa (Albanian, Kumanovo), TV IRIS (Macedonian, Stip), and TV VIS (Macedonian,

Strumica). In Skopje alone there are two full-time Albanian stations (TV ERA and TV TOSKA), eight Macedonian (A1, Sitel, Telma, TV Skopje, KRT, TV 5, Amazon, Skynet), two Roma (BTR and Sutel), and one Serbian (TV 96). Many local TV stations have affiliated radio stations. Only Kanal 77 has national coverage.

Since 1998, the Broadcast Council has been attempting to regulate broadcasting by enforcing the licensing law, but unlicensed TV and radio stations continue to operate without any repercussions. In 2002, however, the Broadcast Council was actively involved in monitoring the behavior of media, as regulated by the new Decision on the Rules for Equal Access to Media Presentations in the Elections that Parliament adopted on July 11, 2002. Although the council, which is independent, reported that TV stations largely complied with the regulations, enforcement of the law was left to the governmental Agency for Telecommunications.

The media's primary focus during 2002 was the parliamentary election and issues that emerged from the campaign. Given the media's party and ethnolinguistic divisions, the elections served to reinforce the existing lines of segregation. To comply with the new regulations regarding equal access, television stations were open to all parties for paid advertisements. In their coverage of daily affairs, however, whether election rallies or events indirectly connected to the campaign, the media displayed their usual biases. Each ethnic community's media largely ignored the other community's candidates. When reporting, they most often used negative portrayals of one another's candidates.

Within communities, the media gave preferred candidates excessively more coverage than their rivals. For example, according to the based European Institute for the Media, state-run MTV's Channel 1 "with an incredible zeal covered every activity of the incumbent government, both on the national and local levels.... On the other side, the TV station seldom reported on factories' closure or labour protests." On MTV's Channel 3, the "DPA received undue prominence in the news at the expense of other contestants. This misbalance was further exacerbated by minimal coverage of the ethnic Macedonian parties." Although known for its SDSM sympathies, independent A1 TV provided approximately equal time to the incumbent Macedonian party and to the SDSM opposition. It allotted only one-tenth the time, however, to DUI, the front-running Albanian party. Kanal 5, which supports the opposition right-wing splinter VMRO-Makedonska, together with other Skopje-based private stations spent considerable time reporting on labor issues, corruption scandals, and other stories showing the incumbent government in a negative light. Independent Albanian stations—TV ERA in Skopje, for example—covered both the incumbent and opposition Albanian parties almost equally but devoted negligible time to Macedonian parties.

Print media provided more comprehensive information of the election, but they also maintained their partisan biases. During the campaign, most papers included daily or weekly election inserts. *Dnevnik*, the largest circulating Macedonian daily, provided equal coverage of the major Macedonian parties and paid approximately the same attention to Albanian parties that it did to the minor Macedonian ones. In contrast, the independent daily *Utrinski Vesnik* and the state-run *Vecer* both were highly biased in their reporting of antigovernment and pro-government political events, respectively. A similar pattern was evident among Albanian papers, with NIP Nova Makedonija's paper *Flaka* supporting the incumbent DPA and independent *Fakti* giving about equal space to the DPA and the DUI.

A worrying trend that emerged in 2002 prior to the elections was the Ministry of the Interior's targeting of opposition journalists and media outlets. According to the European Institute for the Media, Macedonian and foreign journalists considered supportive of the opposition were either attacked or threatened if they insisted on reporting on issues that "would destabilize the country and the current government." VMRO also used its economic power to boycott A1 TV by refusing to place election advertisements on that station, accusing it of "anti-Macedonian activities [and] disseminating destructive lies."

On World Press Freedom Day (May 3), broadcast journalists staged an unprecedented five-minute work stoppage to protest government interference. A priority complaint was that ministries fed the media misinformation about national security—inventing incursions from Kosovo and other border incidents, for example—in order to justify greater military activity. As Radio Free Europe/Radio Liberty reported, certain diplomats and political analysts were convinced that the prime minister and interior minister were "eager to provoke some sort of resumption of last year's conflict between Albanian rebels and Macedonian security forces to improve their chances of reelection."

Macedonia's Union of Journalists is the successor to the Yugoslav-era journalists organization. Younger journalists tend not to join professional organizations, and consequently the precise number and gender breakdown of journalists in the country is unknown. Women constitute over half of working print and broadcast journalists, though they rarely hold positions of authority. The editor in chief of TV TERA in Bitola is a woman. Likewise, Gordana Stosic, former director-general of A1 TV, was appointed the director-general of state-run MRTV following the 2002 general elections.

Freedom House rated Macedonia's media "Partly Free" in its 2002 *Survey of Press Freedom*.

Governance

1997	1998	1999	2001	2002	2003
4.00	4.00	3.00	3.75	4.25	4.50

Since independence, Macedonia has experienced increasing centralization. This has occurred despite the existence of legislation devolving power to the country's 123 *opstini* (municipalities), each with its own mayor. Constitutionally, municipalities are units of self-administration authorized to act on issues such as community services, urban planning, and "other fields determined by law." However, local authorities are in a fiscal catch-22. They levy and collect taxes locally but are required to remit all tax revenues to the state and then request financing for local initiatives. Municipal governments have complained perennially that Skopje exercises too much control over them.

Parliament adopted the OFA-mandated Law on Local Self-Government on January 24, 2002, though not without controversy. The first draft had allowed neighboring municipalities to form a common administration. Macedonians, however, worried that this provision would jeopardize their rights as a minority in Albanian-majority areas. They also feared that shared administration among municipalities in western Macedonia would lead gradually to the federalization and ultimately the partition of the country. These concerns were later reinforced by actions such as those taken by the Debar Municipal Council. As reported on the Web site www.realitymacedonia.org.mk, the Albanian majority on the council decided to change 51 street names in six communities from Macedonian to Albanian to correct "errors from the past when people with great achievements for Albanian history, culture, literature, and art were unjustly forgotten." For the non-Albanians, however, the changes were received as "federalization, cantonization, and ethnic cleansing" and thus damaging to interethnic coexistence.

As a compromise, the final draft of the Law on Local Self-Government permitted common administration only in limited areas such as education and health. Although the Association of Local Self-Governing Units, a national body, welcomed the new law, Macedonians still regarded it as too broad; Albanians considered it too restrictive of local authority. Still awaiting action are the other approximately 250 pieces of legislation required to decentralize government and reinforce the competencies and powers of local officials in areas such as public services, rural and urban planning, social welfare, and local finances. According to Minister Vlado Popovski, it will take at least a year just to draft the legislation.

Municipal governments still face various operational obstacles, and city councillors from opposing parties often fail to reach consensus. Further-

more, ineffective municipal government is frequently cited as hindering rural development. The Resen municipal government, for example, does not collect garbage from villages in its district, and this has led to water pollution problems and thus to stunted tourism. Civil service reform remains woefully inadequate despite efforts by international organizations to promote administrative reforms. Local civil servants often are accused of demanding compensation to provide services. Although Dutch, Swiss, and American organizations have sponsored workshops over the years on ways to improve the quality of local government, observers of the Macedonian government note the continued absence of a professional civil service. This is one reform that would contribute substantially to citizens' overall confidence in government.

Transparency has not been a hot topic in Macedonia. Citizens typically do not voice opinions on government processes, only on results. Parliamentary processes are transparent, albeit not particularly accessible. The public may attend sessions, for example, but this is not encouraged. Once draft legislation has been announced in the *Sluzben Vesnik* (*Parliamentary Gazetteer*), public comment is permitted on first drafts only. Since citizens seldom read the *Sluzben Vesnik*, public input on legislation is rare. One step toward increased transparency, however, has been the immediate implementation of the July 2002 regulation that the *Sluzben Vesnik* appear bilingually, in Macedonian and Albanian.

To date, the SDSM has arbitrarily dismissed or demoted hundreds of previous government appointees belonging to the parties that lost the elections. In turn, it has appointed its own party members and followers to high-level governmental positions and to directorships of state-owned companies. Since the SDSM holds the majority of seats on the Parliamentary Commission on Election and Nomination Questions, the opposition can neither challenge nor appeal these decisions. As expected, the SDSM quickly replaced the directors of the state-run MRTV and the Macedonian Information Agency, thereby securing its control over the public media. In the Interior Ministry alone, more than 200 VMRO appointees were removed or demoted, leading the VMRO to call the action "brutal revenge against professionals." Further plans, such as dismissing the current prosecutor-general, have prompted the Liberal Party to characterize the SDSM's tactics as a threat to national security. Appointments to the diplomatic corps have raised other questions. On November 13, *Fakti* challenged the corps' ethnic makeup by asking how Macedonia can "conduct regional foreign policy if Albanians are not represented in the Foreign Ministry." The SDSM eventually will be compelled to confront the legacy of nontransparency it inherited from the previous regime, but to date the new government has yet to show its willingness to pursue qualitative changes.

RULE OF LAW

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
4.25	4.50	4.25	4.25	4.75	4.50

In September 1991, the Republic of Macedonia adopted its postindependence Constitution. On November 15, 2001, Parliament ratified constitutional amendments adopted in the OFA, with 94 members of Parliament voting for and 14 against. The amendments include recognition of Albanian as an official language and increased Albanian access to public sector employment, with special emphasis on the police. The Constitution's preamble, which previously had distinguished between ethnic Macedonians and other nationalities, was also amended to erase any inference that minorities are second-class citizens. There are various explanations why war and eventually constitutional change occurred in 2001. Ethnic Macedonians blame the country's Albanian politicians, and Macedonian Albanians somewhat less, for their refusal to support the new state and to work within its institutions since independence. The country's Albanians locate the conflict in ethnic Macedonians' 10-year-long refusal constitutionally to recognize minority co-ownership of the new state, including equal participation in all aspects of public life.

The signing of the OFA in August 2001 heralded the formal end of the war that had begun in February and signaled that the NLA had declared a struggle for improved Albanian civil, human, and constitutional rights. Foremost among the OFA's stipulations was that national elections had to be held by the end of February 2002. First, however, Parliament was required to promulgate a number of contentious constitutional reforms, including moving from majoritarian to proportional parliamentary representation, determining new parliamentary procedures, passing laws regarding the use of minority languages in official communications and documents, scheduling a new census, and passing a Law on Local Self-Government. However, by the close of 2002, even the new Parliament had not adopted the law regulating the use of minority languages in documents.

Constitutionally, Parliament is Macedonia's only effective rule-making body. Its authority applies to passing legislation, amending the Constitution, electing the government, and appointing the head of Macedonia's national TV and radio network. Legislative powers rest with the Parliament and the prime minister, who heads the government. The president, chosen through direct elections, is the head of state and thus uninvolved in rule-making procedures.

Although checks and balances are structurally present, the real distribution of power is determined by party membership. Parliament passes legisla-

tion, elects the head of government (prime minister), and appoints judges. When the ruling party has a parliamentary majority, it has effective control over all three branches of government. The government tends to act with impunity and exercises checks and balances only when caught in a situation in which no other option is available. Whereas checks and balances are intended to prevent abuse of power preemptively, the Macedonian government's application is mostly punitive, such as withholding a parliamentarian's salary or requiring the resignation of a ministerial official.

Until 2002, Macedonia's Parliament had been divided between 85 directly elected (majoritarian) and 35 proportionally determined (party list) seats. To win proportional seats, candidates had to pass a 5 percent threshold of total votes cast. Majoritarian seats went to candidates receiving a majority of votes, provided at least one-third of registered voters had cast their ballots. Disputes sometimes had arisen over unequal parliamentary representation, with some constituencies consisting of 7,000 and others of 70,000 voters.

Adopting new electoral legislation, as mandated by the OFA, was a delicate exercise. Redistricting heralded a sea change in parliamentary representation to a proportional model of six roughly equal districts, each with 20 deputies. Delays in the law's passage resulted when Macedonians opposed it, fearing that the concentration of Albanians in the west would prevent Macedonian candidates from being elected there. Nonetheless, this variant was preferable to another Albanian-supported option that would have made the entire country a single electoral district with proportional representation based strictly on votes received by any party or coalition. Macedonians realized that this version would encourage cross-Albanian party unity to garner more votes nationwide, whereas the "Macedonian bloc" would remain divided and therefore lose seats in Parliament.

Further delays in the Law on Elections were the result of comments from OSCE analyst Daniel Finn, who suggested that changing the law before the elections could affect the credibility of the results, especially if these changes were seen to favor one party or ethnic community. A compromise was reached only on May 11, 2002, during a conference convened by President Trajkovski and attended by U.S. and EU special envoys James Holmes and Alain le Roy. The Macedonian media chided all political parties for exhibiting an immaturity that once again necessitated outside intervention. Skeptical voices warned that continued outside influence would turn Macedonia into a "soft protectorate" and eventually an internationally administered region like Bosnia or Kosovo.

A nine-member Constitutional Court established under Section V of the Constitution interprets Macedonia's Constitution. Parliament appoints Constitutional Court judges to nonrenewable nine-year terms. Cases may be brought directly to this Court or may be heard upon appeal of lower court rulings. The state provides public defenders in theory but rarely in

practice. Over the years, attempts have been launched to make up for this deficiency. In 1995, the OSCE and the American Bar Association's Central and East European Law Initiative (ABA-CEELI) invited lawyers to form a local NGO to perform this function pro bono, but this failed owing to skepticism and the lack of a volunteer tradition in the country.

Enrollment is quite high in the law faculty at Skopje's University of Sts. Cyril and Methodius, even though law is not an elite profession. Approximately 300 lawyers graduate annually, most of whom go into private practice. About 1,000 belong to the Macedonian Bar Association, which grants licenses to practice. Women also study law, but the proportion of women lawyers remains relatively low. Although exact gender statistics for lawyers are unavailable, ABA-CEELI office in Skopje estimates that 70 percent of basic court judges, 25–30 percent of appellate court judges, 6 of 25 Supreme Court judges, and 1 of the 7 Constitutional Court judges are women.

The criminal code was reformed in 1996 when Macedonia replaced the old Yugoslav code, which had remained in force after independence in 1991. Parliament passed the new code of criminal procedure in 1997. Legislation approved in 1995 prohibits police from searching homes without court-ordered warrants. Although the Constitution also guarantees the right to the "inviolability of the home," the police have been severely criticized for violating this principle. Unchecked police power occurs throughout Macedonian society, and inappropriate arrests and prolonged detentions are common. International human rights organizations have cited abuse both on the street and in custody. Albanians have long sought greater representation in the police, particularly in areas having an Albanian majority population. Although progress has been made in diversifying the ethnic makeup of the police, as provided by the OFA, generally the police remain predominately ethnic Macedonian and disproportionately mistreat non-Macedonians, particularly Roma.

Throughout the first half of 2002, the VMRO linked delaying the elections to the slow pace of deploying ethnically mixed police to crisis regions, previously under the control of the NLA and still largely inaccessible to Macedonian security forces. Redeployment, popularly referred to in the Macedonian-language media as "reconquering the occupied territories" and a key feature of the OFA, and other national security matters dominated power struggles within the VMRO. Its radical nationalist wing, personified by Prime Minister Georgievski and Interior Minister Ljube Boskovski, favored greater military control over western Macedonia, where Albanians were blockading roads and preventing the police, OSCE observers, and NATO troops from entering some villages. Hard-liners called such blockades the new war, or "Macedonia's Berlin Wall." Moderates such as President Trajkovski and Deputy Prime Minister Dosta Dimovska, who herself was responsible for executing the redeployment, were attacked as disloyal to the party, if not to the nation.

A related issue recurrent in 2002 concerned the responsibility for security shared by the Ministry of Defense and the Ministry of the Interior. Constitutionally, the army, under the Ministry of Defense and with the president as commander in chief, deals with foreign threats. Domestic security is the domain of the police, who are under the control of the Ministry of the Interior. Undecided whether the 2001 insurgency had been a foreign (Kosovo-based) incursion or a domestic uprising, the Macedonian government mostly deployed police who were untrained and unprepared for combat. Additionally, a new paramilitary "antiterrorism rapid response unit" called the Lavovi (Lions) was created and added to a similar unit, the Tigri (Tigers), already under the Interior Ministry's jurisdiction. The OFA provided for the disbanding of both units and the recruitment, training, and deployment of ethnically mixed regular police. Furthermore, NATO and EU troops on the ground were committed to supporting Macedonia's security into the foreseeable future. Nonetheless, the Lions and Tigers remained and were central to objectifying the VMRO's claim throughout the year that renewed Albanian violence was possible.

Already in the fall of 2001, Prime Minister Georgievski had predicted an Albanian "spring offensive" in 2002. When on February 10, 2002, an explosion in Aracinovo (near Skopje) killed a Macedonian related to a Tiger, Interior Minister Boskovski accused Albanian extremists of deliberately preventing internally displaced Macedonians from returning to their homes and thus creating "ethnically cleansed" regions in western Macedonia. By this time, according to government sources, 26 villages had been restored to police control and 60 remained outside it. The Macedonian Red Cross and other humanitarian organizations were reporting that approximately 16,000 people remained internally displaced, down from the nearly 170,000 at the height of the war.

To legitimize the urgency of Macedonia's situation, and to try to exploit the West's sympathy following the attacks on the United States on September 11, 2001, the Ministry of the Interior reported on March 2, 2002, that an armed confrontation had taken place with seven men it described as both al-Qaeda and Albanian guerrillas. All were killed by the police. Forensic evidence, media investigations, and information from several Western embassies led to the conclusion that the Ministry of the Interior had manufactured the conflict. The so-called terrorists were later identified as illegal migrants traveling to Greece. The seven had been executed and planted with evidence to mark them as Albanian and Muslim extremists.

Once the elections had been set for September 15, 2002, and as the VMRO's electoral defeat grew increasingly imminent, violence also spiraled. For example, on August 30, 2002, two ethnic Macedonian police were killed in western Macedonia near Gostivar. The Ministry of the Interior immediately arrested eight Albanians as suspects and detained three for further in-

terrogation. That day, unidentified Albanians kidnapped five Macedonians and demanded the release of the Albanian detainees. This kidnapping launched a massive blockade by Macedonians of the road into Skopje and prevented an Albanian election rally from taking place. When the international community urged restraint, fearing potentially irreparable damage to the elections, the Ministry of the Interior secured the kidnappees' safe release within a day. Although the action was first hailed as a victory against terrorism, public enthusiasm changed when it was revealed that the kidnappers had vanished inexplicably. Indeed, questions arose about whether the Lions, who had earned the nickname "the Interior Minister's Praetorian Guard," had orchestrated the event. Although opposition politicians condemned the killing of the police, they claimed, according to the newspaper *Utrinski Vesnik,* that the VMRO was exploiting violence as part of a "broader plan for destabilizing the country and making the security situation worse."

Subversion of the judicial process by the police, not a new phenomenon in Macedonia, continued to cause concern throughout 2002. As the Macedonian Helsinki Committee reported, although in many instances of violence "representatives of the Ministry of the Interior [were] the first ones to arrive...[this did not] result in a credible capture and sanctioning of the perpetrators." Attacks by the Lions and Tigers were recorded against striking workers, "opposition" journalists and media outlets, political activists, and random civilians. Officials from opposition parties, ranging from local municipal figures to national leaders such as LDP head Petar Gosev, were threatened. But neither the ministry nor the police were held accountable. In fact, after Interior Minister Boskovski personally injured four spectators at a Lions' military exercise in May, Prime Minister Georgievski pronounced that, irrespective of what the interior minister might do, he would be amnestied "for past merit in service of the state." As summarized by the Macedonian Helsinki Committee, police behavior, especially during the preelection period, undermined "the reputation and role of the Ministry of the Interior and the professional cadre of the police...[making it] difficult to distinguish whether undertaken actions are part of legally defined functions of the police or are party orders."

In Macedonia, numbers have always been central in determining various minority rights. Albanians have claimed that their status as a constituent, state-forming nation in Macedonia was based, at least partly, on the size of the community relative to the majority ethnic Macedonians. This argument also has served to rationalize why Albanians regarded the rights of other ethnolinguistic communities to be less legitimate than theirs. Proponents of the OFA have argued that the agreement is fundamental to moving Macedonia toward the creation of a civil society with a constitutional definition of citizenship that treats all individuals identically. In fact, however, the OFA sanctions collective rights by recognizing benefits linked to popula-

tion percentages and demographic concentrations. That is, in areas where 20 percent or more of the population does not speak Macedonian as its native language, the state must provide all public services in the language(s) of the minority group(s). For Albanians, who consider language rights one of the crucial gains they made in the OFA, it was critical for a new census (called for under the OFA) to show their numbers at more than 20 percent. Consequently, what would otherwise be a statistical operation became a political exercise in Macedonia.

Initially scheduled for 2001, the new census was postponed until 2002 because of the insurgency. The census took place during the first half of November 2002 and was supervised by 45 international monitors from 30 countries. Initial results were set to become available only in January 2003, with detailed analyses possibly taking another year and a half. Despite the inclusion of far more Albanian pollsters and increased Albanian representation on regional census commissions, some Albanian politicians claimed they were dissatisfied with the level of Albanian participation. In addition, there were some reports of irregularities in the polling process. Nonetheless, all parties have agreed to abide by the OFA's stipulation not to dispute the final results if international monitors confirm their validity. Adherence to this agreement would represent a significant step in deescalating interethnic polemics and permit the government to take preliminary steps to address the needs of the country's communities based on uncontested demographic data.

Another key element of the OFA was its provision on amnesty for Albanians who had fought with the NLA but were not accused of crimes against humanity. In late 2001, President Trajkovski declared an executive amnesty, which led to the release of about 60 detained Albanians. The legality of his decree was uncertain, however, and Parliament was charged with drafting and passing legislation protecting accused insurgents from possible prosecution. Adopting the amnesty also was a precondition for convening a donors conference at which reconstruction aid for Macedonia was to be pledged. The law and donors meeting, however, were postponed continually in 2001 and into early 2002. Although the VMRO initially opposed amnesty for so-called terrorists, a draft law was eventually proposed on February 24, 2002, and debated by the Parliamentary Committee for Political Questions on March 4. Of the seven committee members, only the member of Parliament representing the DPA voted for the law. One VMRO member voted against, and the remaining five VMRO and SDS members abstained.

Beyond the Macedonians' objection to amnesty in principle, questions regarding jurisdiction over crimes further delayed passage of this law. For once, the state-run daily *Nova Makedonija* and the New York–based group Human Rights Watch agreed: The Hague tribunal's role was overly broad and imposed too many restrictions on Macedonia's courts to try appropriate war-related cases locally. Under the Law on Amnesty, the tribunal had

full discretion to decide which crimes would be tried in The Hague; all others would be dismissed. Reluctantly, Parliament passed the law on March 8, and it went into effect just in time for the donors conference in Brussels on March 12.

On March 21 and 22, a conference entitled Citizenship, Refugees, and Internally Displaced People in the Republic of Macedonia took place on the occasion of Skopje's ratification of the European Convention on Nationality. Starting in June, however, allegations began to spread about the VMRO's plans to subvert the September parliamentary elections by arbitrarily withdrawing or conferring Macedonian citizenship on individuals in the country and in the diaspora. The press expressed their concern about the impact this would have on the national voting list. Macedonian embassies and consular offices were contacting the estimated three to four million ethnic Macedonians abroad who theoretically are eligible for citizenship and urging them to register. To counterbalance this possibility, the influential Albanian press in Macedonia, *Lobi* and *Fakti*, urged all diaspora Albanians holding Macedonian citizenship to return to Macedonia to vote.

Just prior to officially submitting the final voting list to the State Election Commission in August, the Ministry of the Interior conferred citizenship on 3,500 ethnic Macedonians living in Albania. In addition, the newspaper *Fakti* reported that the citizenship of nearly 150,000 Macedonian Albanians with questionable residence status was being "revised." Justice Minister Hixhet Mehmeti of the DPA objected, calling this an attempt by the VMRO to pad the electoral roster. All 3,500 new citizens were registered as residing at the Interior Ministry's address. At a press conference two weeks before the election, the SDSM characterized the citizenship dispute as another VMRO attempt to postpone or cancel balloting for fear of losing power. Although citizenship for the 3,500 was rescinded, Macedonia has not yet adopted the legislation mandated by the European convention it ratified in March.

Corruption

1997	1998	1999	2001	2002	2003
na	na	5.00	5.00	5.50	5.50

Although Macedonia long prided itself as being relatively free of corruption, especially when compared with its neighbors, so-called ambient corruption has become commonplace. Citizens encounter corruption at every turn of private and public life. According to a survey conducted during the 2001 insurgency by the Southeast European Legal Development Initiative (SELDI), Macedonians ranked corruption as the third most critical issue facing the country, just below unemployment and low income and just above

political instability and crime. According to the survey, 69 percent of Macedonians attributed corruption to "fast personal enrichment sought by those in power." Sixty-one percent considered "all or most ministers" corrupt, whereas 60.8 percent held similar views of parliamentarians; 44.6 percent considered "all or most" political and coalition leaders corrupt.

Throughout 2002, the economy and corruption dogged the election campaign. The governing coalition was accused of complicity in damaging the former while engaging in the latter. The VMRO had defeated the incumbent SDSM coalition in 1998 largely with promises to create prosperity and to decapitate the infamous SDSM "octopus" of corruption, but both promises went unfulfilled. Rather, under the VMRO/DPA government corruption was considered far worse than it had been previously. At the same time, living standards plummeted and unemployment soared.

Typically, corruption is something that everyone knows but few are willing to discuss openly. This changed when in March 2002, just before the donors conference in Brussels, the International Crisis Group (ICG) published *Finance Peace in Macedonia, Not Corruption,* the first of its two reports on corruption that came out during the year. Two other public opinion surveys conducted in early 2002 also determined that corruption was among the three most pressing concerns for most Macedonians. In a survey conducted by a regional network of think tanks called South East Democracy Support, only unemployment and poverty topped corruption. The majority of respondents also rated corruption as more destructive to Macedonia than the interethnic conflict that had ignited the insurgency of 2001. Most worryingly for the VMRO/DPA coalition were the results of a survey conducted by Transparency International in which 88.6 percent of respondents established the government as the center of corruption.

Corruption can be identified at three levels in Macedonia: obtaining civil services, dealing with service providers, and dealing with the government. Bribes are commonplace for civil services such as phone lines, business licenses, or travel and residency documents. Such payoffs, given to accelerate rather than accomplish the service requested, may be as small as cigarettes or alcohol offered as a "token of appreciation." More serious examples of corruption occur at higher levels of civil service, especially the police and courts. Few other services are immune from some form of payment. Health care is a prime example. Patients pay to get better rooms, to receive personal belongings or food brought by their families, or to receive medications that are covered by insurance but have suddenly become "scarce."

Finally, recurrent scandals illustrate the involvement of top government officials in corrupt enterprises. When dealing with lower-level government representatives, some expression of gratitude is expected once a "favor" has been extended. On a higher level, privatization largely has

consisted either of insider management buyouts or sales to outsiders at inordinately low prices. In both instances, government officials have benefited substantially. The gray economy also could not exist without official participation. In SELDI's 2001 report, Macedonians ranked payoffs to customs officials second, after bribes to doctors. The smuggling and contraband that were prominent during the UN sanctions against Yugoslavia and the Greek embargo against Macedonia became major issues of cross-border organized crime in the wake of the Kosovo and Macedonian wars of 1999 and 2001.

Anticorruption legislation, first proposed in 1998, still had not been passed by mid-2002. Another law not yet passed concerns money laundering. Although the basic legislation was signed in August 2001 and was supposed to take effect on March 1, 2002, its bylaws and methods of governmental internal control have not yet been adopted. Already on the defensive owing to slipping voter ratings, the VMRO accused the international community of unwarranted interference in Macedonia's internal affairs. The International Crisis Group came under particular fire when it released its full report on August 14, 2002, just a month before the parliamentary elections. The Macedonian press had begun pressing numerous claims of fraud against Prime Minister Georgievski and his family and associates, as well as against Interior Minister Boskovski. Albanian officials were not spared similar accusations, especially in the ICG's report, leading a Macedonian journalist to remark, "Fraud appears to be one of the few areas in Macedonian life that is truly multicultural."

The passage of anticorruption legislation and the pursuit of criminal charges on corruption against government and party officials were postponed until after the elections. The SDSM was cognizant that its election victory was due in large measure to profound public mistrust of the VMRO and its reputation for corruption. SDSM was also aware, however, that its own link to corruption during its previous eight years in power required swift and decisive steps to dispel any doubts about its commitment to fighting fraud in government. The new coalition announced, therefore, that combating corruption and organized crime would be its first priority and introduced an Anticorruption Commission in October 2002.

For the first time, politicians in government are now required to declare their personal assets. Officials suspected of corruption have begun to be investigated. Among the early high-profile cases were the arrests of Dusko Avramovski, former deputy director of the Privatization Agency, and six officials linked to the falsification of the deed to a multimillion-dollar property belonging to the former prime minister's family. When an arrest warrant was issued for current VMRO secretary-general Vojo Mihajlovski for misappropriation of funds during his tenure as director of Macedonia's National Health Fund, the VMRO called these steps "totali-

tarian policies" and threatened to organize street protests against such "Stalinist methods." Although the SDSM attributed the VMRO's reactions mostly to its need to create postelection party cohesion, it also raised the specter that former officials now facing criminal charges might resort to violence. Whether or not this occurs remains to be seen.

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Moldova

Capital: Chisinau
Polity: Parliamentary democracy
Economy: Capitalist-statist
Population: 4,300,000
GDP per cap at PPP: $2,109
Private sector as % of GDP: 50
Ethnic Groups: Moldovan/Romanian (65 percent), Ukrainian (14 percent), Russian (13 percent), other (8 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	3.25	3.50	3.25	3.25	3.50	3.75
Civil Society	3.75	3.75	3.75	3.75	4.00	3.75
Independent Media	4.00	4.25	4.00	4.25	4.50	4.75
Governance	4.25	4.50	4.50	4.50	4.75	5.25
Democratization Scores	**3.90**	**↓4.00**	**↑3.88**	**↓3.94**	**↓↓4.19**	**↓4.38**
Constitutional, Legislative, and Judicial Framework	4.25	4.00	4.00	4.00	4.00	4.50
Corruption	na	na	6.00	6.00	6.25	6.25
Rule of Law Scores	**na**	**na**	**5.00**	**5.00**	**↓5.13**	**↓↓5.38**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

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INTRODUCTION

In the 11 years since the collapse of communism, the Republic of Moldova has come full circle. Declaring its independence in 1991, the former Soviet republic set down the path of establishing a democratic system of government rooted in fundamental rights and freedoms. In 1994, the country held its first free and fair popular elections and since then has held several more direct elections to Parliament and, until 2000, for the presidency. In 2001, though, voters brought back to power an unreformed Communist Party (CP), and Parliament subsequently chose Vladimir Voronin, the Communist Party leader, as president.

The Communists' return to power in Moldova worried both pro-reform groups in the country and international observers, particularly when President Voronin reinstated Soviet-style territorial administration, restored the national holiday commemorating the October Revolution, and moved toward closer alliance with Russia. As rapporteurs from the Parliamentary Assembly of the Council of Europe (PACE) have noted, although the Communist Party came to power in a democratic way, "it has changed overnight...democratic institutions and violated human rights." The Council of Europe (COE) also has pointed to a "continuous worsening and radicalisation of the political climate." Today, Moldova remains characterized by a sputtering economy, an impoverished population, widespread corruption, and an unresolved conflict in the breakaway region of Transnistria. Emigration is also taking its toll.

Although Moldova experienced economic growth of 6.4 percent in 2002, a variety of factors still impedes development. First, the country is highly dependent on capital flows from abroad, and support from international financial institutions has led to high foreign debt. Second, the economic climate is not attractive to investors. High political risk, a shrinking labor force, and the small size of the Moldovan market work together to keep them at bay. Finally, large-scale emigration and insufficient financing for education (4 percent of gross domestic product [GDP]) and health (3 percent) are helping to deter Moldova's economic recovery. Ultimately, poverty remains a significant problem, with approximately 80 percent of the population living on less than US$1.00 per day. Even though the current government has worked to boost pensions and salaries for public employees, the increases have fallen short of those promised during the 2001 elections.

Mass emigration has had a significant impact not only on Moldova's economy, but also on its political and social life. An estimated one million Moldovans—or half the country's workforce and potential voters—have migrated to Portugal, Spain, Italy, Romania, Russia, and other countries in search of better jobs. In Italy alone, there are over 200,000 Moldovans. Although the current government has attempted to maintain ties with Moldovans living abroad and has pushed through Parliament legislation providing them dual citizenship, thousands of Moldovans became citizens of Russia, Ukraine, Romania, and Israel before the law entered into force in October 2002.

While the government has expressed a desire to join Western institutions and build greater cooperation with Europe, it has moved closer to Russia as well. As a result, Moldova has put itself in a diplomatic bind over one of the country's most serious problems: resolution of the Transnistrian conflict. Although Russia has declared its intention to support the unification of Transnistria with Moldova, the reality is that it would prefer to maintain the status quo. Russia is reluctant to completely withdraw its troops from eastern Moldova and to cut off its support for the self-declared leaders of the so-called Dnestr Moldovan Republic (DMR). Neighboring Ukraine has similar conflicting interests but also continues to play a lead role in negotiations between Chisinau and Tiraspol. In December 2002, for example, it proposed "provisional official independence for Transnistria" and advocated a return to previous arrangements under which Transnistria used its own Moldovan customs stamp and certificates of origin for exporting goods without contributing to the central government and obeying other commitments it has made. Ultimately, President Voronin understands that Moldova will be unable to reunite the breakaway region with his country as long as Russia and Ukraine remain the key players in the negotiations. At the NATO summit in Prague in November, President Voronin made a formal request of the alliance to help resolve the 10-year conflict.

In 2002, representatives of Russia, Ukraine, and the Organization for Security and Cooperation in Europe (OSCE) presented to Chisinau and Tiraspol a controversial draft agreement on Moldova's federalization. Opposition parties strongly criticized the document as catering to Russia's and Ukraine's interests. Western countries (including the United States) and NATO hinted that the proposal might offer the only acceptable solution in the long run.

The year 2002 will long be remembered for several momentous events. First, the opposition Christian Democratic Populist Party (CDPP) staged the longest public demonstrations in Moldova's postindependence history. The party organized the protests, which began on January 9 and lasted until April 29, to reject the introduction of government policies on the official use of the Russian language in public life and education. At times, as many as 30,000 people took to the streets in Chisinau. A tent camp in front of the Parliament building and the presidential administration building lasted three weeks. At

no time were the events characterized by clashes or violence between the police and the protesters. The protests ended only when the Parliamentary Assembly of the Council of Europe intervened and strongly urged the government to ease its persecution of the opposition, to ban censorship on state-run television and radio stations, and to respect the rights of citizens to freedom of religion, education in their native language, and freedom of speech.

Second, Moldovans will remember 2002 for the kidnapping of Vlad Cubreacov, a leader in the CDPP and a parliamentary representative to the Council of Europe. Cubreacov, who actively participated in organizing the protests against the government, was kidnapped on March 21 and mysteriously reappeared two months later in Transnistria. The motive for his kidnapping and the identity of his captors are still unknown. Although kidnapping is not common in Moldova, opposition leaders fear that Cubreacov's disappearance could set a precedent as a means of settling scores among different political forces and business circles.

Third, under pressure from Moscow, the government in Chisinau nearly abandoned GUUAM, a regional group of countries consisting of Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova that aims to enhance economic cooperation through the development of a Europe-Caucasus-Asia transport corridor. GUUAM also has became a forum for discussing common security concerns and for promoting conflict resolution, in particular in Azerbaijan's Nagorno-Karabakh region, Georgia's Abkhazia, and Moldova's Transnistria.

Finally, having suffered a tremendous defeat in the 2001 parliamentary elections, Moldova's centrist and right-wing parties took important steps in 2002 toward the creation of a more united and coherent opposition. Specifically, several parties determined that merging with other parties was the only way to survive and be competitive in the long run. Although the process has been slow, these efforts suggest that Moldova's political parties could prove more cohesive and effective in the coming years.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
3.25	3.50	3.25	3.25	3.50	3.75

Moldova is a parliamentary democracy in which citizens can change their government under a system of universal, equal, and direct suffrage. Voters choose members of the 101-seat Parliament for four-year terms according to a system of proportional representation. The country ended direct presidential elections in 2000. Under constitutional amendments approved that

year, Parliament now selects the president. International observers generally have deemed all elections free and fair. However, the self-declared government in Transnistria severely limits the ability of voters living in that region to participate in Moldovan elections.

Led by the Social Democratic Alliance (SDA), opposition parties challenged the country's Communist leadership in 2002 to hold a national referendum on amendments to the Law on Elections that would replace proportional voting based on party lists with direct balloting for individual candidates. By law, parties calling for a national referendum must gather at least 200,000 signatures and submit them to the Central Election Committee for validation and approval. Although the SDA successfully met this challenge by the deadline of July 15, 2002, members of Parliament representing the Communist Party rejected the referendum in late December, alleging that a portion of the 220,000 signatures gathered was invalid. In turn, opposition leaders charged that the Communist Party feared direct elections, preferring to hide behind their party name and avoid competition based on the qualifications and platforms of individual candidates.

Since registering a political party is a fairly simple process in Moldova, more than 30 parties were in existence at the start of 2002. However, only a few were truly active, the most dynamic being the Christian Democratic Populist Party, the Communist Party, the Liberal Party (LP), the Social Democratic Alliance, and the Social Liberal Party (SLP). In November 2002, the CDPP initiated a draft law that would toughen registration procedures by requiring new parties to collect 15,000 signatures. Although the proposal represents an understandable effort to encourage the development of larger and more effective parties, some observers fear that the legislation could limit the freedom of a new generation of politicians to form their own political parties. The 1991 law declaring the Communist Party illegal was abolished in 1995. The CP had no seats in the 1994 Parliament but took 40 seats in the 1998 elections—more than any other single party.

Many opposition parties have concluded that mergers provide the key to their survival as political forces in the coming years. Past experience shows, for example, that while two dozen parties and blocs have participated in elections starting with 1994, only three or four have been able to meet the threshold for securing seats in Parliament. The Social Liberal Initiative Group (SLIG), which was formed in 2001, served as a catalyst for mergers among center-right parties and later was transformed into the Social Liberal Party. Today, two parties—the SLP and the LP—serve as important coalition builders, having absorbed three parties each in a single year. As a result, the number of political parties in Moldova has declined from 31 to 25. During these mergers, sitting party leaders stepped down and made it possible for new personalities to take over. The CDPP and the SDA have discussed an eventual merger as well.

The distribution of political power following the 2001 parliamentary elections was as follows: the CP, 71 seats; the Braghis Alliance, 19; and the CDPP, 11. Only the CP and the CDPP had been represented in the previous Parliament . The Braghis Alliance, an ad hoc bloc that was formed in 2001 by then acting prime minister Dumitru Braghis, has little chance of surviving in future parliamentary elections owing to the diversity of its members, who represent both left-leaning and centrist political organizations.

In 2002, the only elections held in Moldova were for the post of *bashkan*, or governor, in the Gagauz Autonomous Region (Gagauzia). The first round of voting took place on October 6 but was declared invalid when less than a third of voters participated. In the second round on October 20, Gagauzians elected Gheorghii Tabunshchik, a CP deputy in the Moldovan Parliament and a former Gagauz governor, with 51 percent of the vote. Tabunshchik defeated Mihail Formuzal, the mayor of Ciadir-Lunga, and Constantin Taushanji, the mayor of Comrat. Ilja Stamat, a fourth contender, was excluded from the ballot list just 36 hours before election day. The Communist-led government in Chisinau openly supported Tabunshchik's candidacy.

Although the OSCE mission in Moldova determined that the elections in Gagauzia were generally free, it noted a substantial number of procedural violations and other irregularities. The Congress of Local and Regional Assemblies of the Council of Europe reached similar conclusions. The Moldovan League for the Protection of Human Rights recalled its observers before the second round of voting to protest the government's blatant support of Tabunshchik and the state-owned media's unbalanced coverage. Also dubious was Stamat's disqualification from the race. Some observers have suggested that Ivan Petrov, head of the Gagauzian Electoral Committee, had mandated Stamat's removal in accordance with the wishes of the central government, which wanted to ensure Tabunshchik's victory. Ultimately, the elections in Gagauzia were for the Communist Party of Moldova a testing ground for local elections scheduled in 2003.

Civil Society

1997	1998	1999	2001	2002	2003
3.75	3.75	3.75	3.75	4.00	3.75

Civil society in Moldova has lost much of its vibrancy since the late 1990s, when the country's pro-independence national movement reached its apex. However, the year 2002 witnessed a reversal in this trend as individuals increased their involvement in nongovernmental organizations (NGOs) and political movements in response to the government's efforts to suppress political, economic, and civil liberties. Early in the year, groups reacted strongly to the ruling Communist Party's efforts to fulfill one of its central

electoral promises of 2001: the removal of two textbooks—*History of Romanians* and *Romanian Language and Literature*—from the country's public education system. In their place, the government proposed two new texts—*History of Moldova* and *Moldovan Language and Literature.*

Those who opposed the move argued that the government was threatening the most precious asset they had left—their ethnic identity. The CDPP took the lead in organizing students, parents, teachers, and other opponents of the new texts in a marathon protest that began on January 9 and ended only on April 29. Some demonstrators established a tent camp on the main street in downtown Chisinau, facing the presidential administration and Parliament buildings, and blocked traffic from April 2 to April 29. Overall, these protest actions were the most notable since the preindependence rallies of the late Soviet period.

In February 2002, a coalition of 30 NGOs called Civil Society Says NO issued a joint statement against the "irresponsible actions and initiatives of the Communist authorities...aimed at the destruction of the democratic mechanisms upon which society is based." The document addressed multiple problems ranging from the protection of basic rights and freedoms to the conduct of Moldova's foreign policy. The most active groups during the year were the Euro-Atlantic Association Club of Graduates from Romanian and Western Universities, the Independent Journalism Center, the Contact Center of Assistance and Information, the Committee for Press Freedom, and Jurists for Human Rights. Together they blamed the Communist Party for using the public media as a Communist propaganda machine, violating political pluralism, neglecting decisions by the European Court of Human Rights (ECHR) that concern Moldova, marginalizing the Romanian language in favor of Russian, and pushing an overall Russification of the country.

In the end, the Parliamentary Assembly of the Council of Europe was forced to intervene to quell the confrontation between the Communist authorities and the protesters. After weeks of scrupulous examination of the political situation in the country, PACE recommended several measures at its session on April 24. First, it called on the government to cease its efforts to lift the immunity of CDPP parliamentary deputies who had organized the protests and to drop any judicial proceedings against them. Second, it advocated strengthening the legal guarantees of parliamentary immunity and improving protections for the parliamentary opposition. Third, it demanded an end to censorship at TeleRadio-Moldova (the state television and radio company), the granting of full access for opposition parties to the media, and the transformation of TeleRadio-Moldova into an independent public corporation. Fourth, PACE called for an extension to the moratorium on Russian-language teaching and a phasing out of policies that give the Russian language official status in the Moldovan state. Fifth, it called for legalizing the Basarabian Metropolitan Church, which is subordinated to the Romanian Orthodox

Church in Bucharest and has been denied registration by the government for fear that doing so would encourage stronger ties with Romania. Sixth, it warned of the consequences of any escalation between the central government and authorities in Gagauzia. Finally, PACE suggested organizing a roundtable with the participation of all political forces, both parliamentary and extraparliamentary, with the assistance of the Council of Europe.

PACE's recommendation received varied reactions in Chisinau. The Communist-dominated Parliament and the government saw the intervention of PACE as a defeat and opposed the implementation of all proposals. In contrast, opposition forces and NGOs viewed the actions as a victory for democracy. Moldova is scheduled to take over the chairmanship of the Council of Europe's Committee of Ministers in May 2003, and the council should make this leadership post contingent on Chisinau's fulfillment of the PACE recommendations.

Trade unions in Moldova, which are independent of the government, do not represent an important force in the defense of worker rights. Protests by teachers and health personnel for salary increases provide a perfect case in point. The Trade Union Confederation (TUC), the largest union in Moldova, was reluctant to support its teachers and health care workers when they went on strike in 2002 to demand salary increases and payment of wages in arrears. While the average monthly salary in the country is 500 lei (US$37), a high school teacher receives only 330 lei (US$24.50) per month; kindergarten instructors make only 140 lei (US$10.40). Ignoring the doctors' and teachers' demand for a 100 percent pay increase, the TUC rushed to sign an agreement with the government on a 40 percent increase in order to prevent a general strike. The TUC and Solidaritate, the second largest trade union in Moldova, are far from meeting the standards of Western unions in representing their members in negotiations with employers.

Approximately 2,500 nongovernmental organizations are registered in Moldova, but only a fraction of these (500) is truly active. The registration process is uncomplicated and is the same as for registering a business. The greatest problem facing NGOs is funding, the majority of which comes from foreign donors. Nonprofit organizations are not exempt from value-added taxes or customs duties. The Ministries of Finance and Justice decide which organizations qualify as public benefit associations and foundations and therefore are exempt from income tax.

In 1989, Soviet authorities recognized that Moldova's environment degradation was among the worst in the USSR. Today, although environmental problems remain of concern to Moldovan NGOs and international organizations, the current government does not consider them a priority. A group known as the Moldovan Environment Movement complains that the Aarhus Convention, which stresses the need for access to information on the environment held by public authorities, was ratified in 1999 but not

implemented. This and other environment NGOs are pushing governmental bodies to improve enforcement of existing environmental laws.

Professional associations have become more vocal about their concerns as well. In March 2002, for example, Importcompetrol, the union of oil importers and traders, organized protests in Chisinau to denounce the government's decision to limit imports of oil products by railway only. Dozens of truck drivers participated in the actions. The organization accused the government of suppressing free competition. The Timpul Business Club is another government watchdog that has criticized government authorities for their populist declarations and for their "intervention in the economy, monopolization, nationalization, and/or property redistribution." The Moldovan business community, with support from international financial institutions, finally succeeded in 2002 in forcing Parliament to end the government's monopoly on information technology. The victory ended a two-year conflict between private Internet service providers and the state-owned MoldTelecom.

In November 2002, President Voronin asked Parliament to grant him broader powers to intervene in the management of the country's educational system—a move that is sure to spark student protests. In particular, Voronin was seeking the authority to nominate the rectors of public universities. The Communists appear to believe that by appointing rectors who are loyal to the CP, they will be able to minimize student participation in rallies against the government.

Independent Media

1997	1998	1999	2001	2002	2003
4.00	4.25	4.00	4.25	4.50	4.75

Since 1991, Moldova gradually has developed an environment that supports a free press. Indeed, considering the financial problems news outlets face, the media is relatively independent. Only TeleRadio-Moldova, the Moldpress News Agency, and a handful of newspapers and journals are still controlled by the state.

Newspapers that have the largest circulation in Moldova are *Makler* (120,000), *Komsomoliskaia Pravda* (80,000), *Argumenty i Fakty* (40,000), *Flux* (35,000), *Moldavskie Vedomosti* (20,000), *Saptamana* (15,000), *Moldova Suverana* (8,000), *Jurnal de Chisinau* (6,000), and *Timpul* (3,000). *Makler* contains mostly classified ads and provides little coverage of political and economic issues. *Komsomoliskaia Pravda* and *Argumenty i Fakty* are Russian newspapers printed in Chisinau that contain supplements on events in Moldova. Only *Flux, Saptamana, Jurnal de Chisinau, Moldova Suverana,* and *Timpul* are printed in Romanian.

The most popular radio stations in Moldova are Radio National, Antena C, Russkoie Radio, Contact, ProFM, and Hit-FM. Popular television stations include TV Moldova, ORT Moldova, PRO TV, NIT, and TVR 1. Infotag, Basa Press, Flux, Interlic, and Moldpress are the country's leading news agencies.

The government subsidizes a small number of newspapers and journals: *Moldova Suverana* (Romanian), *Nezavisimaia Moldova* (Russian), *Economie si Reforme* (Romanian), *Moldova si Lumea* (Romanian), and *Welcome* (English). The Moldpress News Agency and the TeleRadio-Moldova radio and television network are also publicly financed. Reporting in the government-controlled press is, for the most part, biased. News presentations on TV Moldova resemble those from the Soviet period.

The government's defense of press freedom was put to the test in 2002, when it was confronted with the demonstrations organized by the CDPP that took place from January through April. When reporters from TeleRadio-Moldova attempted to present an accurate picture of the events, management intervened. TeleRadio-Moldova's employees endeavored to broadcast live but did so under tough supervision. Of the organization's 1,000 staff members, 400 signed a statement charging that their rights to freedom of expression were being suppressed and that the government was attempting to reintroduce Soviet-type censorship in violation of the Constitution. They complained that TeleRadio-Moldova has become a mouthpiece for the Communist Party and wore white armbands in protest. Larisa Manole and Dinu Rusnac, two prominent journalists, took the lead in broadcasting live their own views of the strikes and subsequently were fired. When the demonstrators in downtown Chisinau picketed TeleRadio-Moldova as a sign of support for the journalists, government authorities responded by deploying armed forces around the broadcasting buildings.

The Journalists Union of Moldova supported the strikers' demands for an independent broadcasting media, and the International Federation of Journalists accused Moldovan authorities of using intimidation and threats against the employees of the state-owned broadcasting company. Adrian White, the federation's secretary-general, stated, "Nothing can justify [the Communists'] approach. We demand that Moldova creates a genuinely independent system of public broadcasting in line with European and international standards." The International Press Institute and the South East European Media Organization have expressed in letters sent to President Voronin their concern over the intimidation of the striking journalists. On behalf of the 400 journalists, a case has been filed against the Moldovan government in the European Court of Human Rights. In addition, the strike committee of TeleRadio-Moldova sent a letter to the Council of Europe stating that "censorship has not [ceased], on the contrary, the [government] does not admit that it has introduced any censorship.... It's

clear that the right of citizens to correct and unbiased information has been brutally violated."

Under pressure from the country's opposition, as well as from the international community, a new Law on National Broadcasting took effect on August 15 and transformed TeleRadio-Moldova into an independent public institution. Critics of the law warn that the mechanism for appointing the board of observers, the administrative board, and the general director provides little hope that the independence of broadcasting will be guaranteed. For instance, in the case of the administrative board, only the government, the president, and Parliament will be able to appoint members. Professional organizations and other NGOs will not be able to affect the process. A new draft Law on National Broadcasting that is under consideration addresses the broader interests of the concerned parties.

Similar incidents continued to occur throughout the year. In September, Chisinau authorities halted broadcasting on one of the most popular channels in the country, TVR 1, which is retransmitted from neighboring Romania through the Moldovan state company Radiocomunicatii. The closure of TVR 1 ignited a series of protests, and the popular newspaper *Jurnal de Chisinau* collected signatures from its readers to demand the resumption of TVR 1's broadcasts. The government claimed that technical problems led to the closure, but the underlying issue is its fear of Romanian influence on Moldova. Government authorities also closed Vocea Basarabiei, a local radio station in Nisporeni whose broadcasts reached border towns of eastern Romania. The pretext to close this station was that its license had expired, but local analysts believe the move was punishment for Vocea Basarabiei's criticism of Moldova's Communist-led Parliament and government. The station used to broadcast the programs of BBC and Radio Free Europe.

Harassment for reporting on corruption is also a problem in Moldova. In October, for example, the editor in chief and two journalists from the newspaper *Accente* were arrested on charges of blackmail and acceptance of bribes. Police also searched the offices of *Accente* and confiscated US$1,500 in cash, content for the next issue, and the paper's archives. Law enforcement officers acted in violation of legal procedures because they had neither an arrest nor a search warrant.

Accente had grown in popularity by printing articles on corruption, tax evasion, and other dishonest acts committed by high-ranking officials. Roman Mihaes, the attorney for *Accente* editor in chief Sergiu Afanasiu, said that "the case is a police fabrication aimed at preventing the weekly paper from publishing compromising materials on Security Service Director Ion Ursu, Interior Minister Gheorghe Papuc, and [Moldovan] Ambassador to the Russian Federation Vladimir Turcan." (Turcan is also the former minister of the interior.) Mihaes went on to state that all three officials had warned Afanasiu to stop publishing such materials.

In 2002, Freedom House's annual *Survey of Press Freedom* rated Moldova "Partly Free."

Governance

1997	1998	1999	2001	2002	2003
4.25	4.50	4.50	4.50	4.75	5.25

Moldova has been a parliamentary republic since 2000, when passage of a constitutional amendment ended direct elections of the president. Although the new legal framework provides for a separation of executive and legislative powers, the parliamentary system has proved favorable for one party to establish a monopoly on political power. The semipresidential form of governance was not perfect, but it permitted better implementation of a system of checks and balances. In today's environment, there is little room for transparency and openness.

Relations between the central government in Chisinau and local administrative bodies remained tense in 2002. Three main factors contributed to the situation: the government's reversal of administrative territorial reforms; relations between the central government and Gagauzia; and relations between Chisinau and the breakaway region of Transnistria. When the Communist Party came to power in 2001, it did so promising to bring back the Soviet-era system of territorial administration. Local experts called the plan "administrative-territorial anti-reform" and feared that the move would have a negative impact not only on relations between central government authorities and local elected officials, but also on relations between Moldova and the Council of Europe. In their view, the government's actions would replace an administrative structure that functions on the principles of pluralistic democracy with one based on a rigid vertical power mechanism that would limit the autonomy of elected mayors and heads of counties.

In March 2002, the Constitutional Court of Moldova declared the Law on Local Public Administration unconstitutional on the grounds that it would deprive citizens of the right to take part in local governance. Specifically, the law, as passed in December 2001, would replace direct elections of mayors with appointments by local councils. From June 4 to June 6, 2002, the Congress of Local and Regional Assemblies of the Council of Europe met in Strasbourg to discuss the law and passed a resolution stating that the Moldovan government was failing to observe the norms and principles of European conventions that the Republic of Moldova had ratified. The document listed approximately 20 contradictions between the new law and the European Charter on Autonomous Exercise of Local Power. The law is set to take effect in March 2003.

Tensions between central government authorities and the local administration in Comrat, the capital city of Gagauzia, intensified in 2002 as the region's leaders increasingly felt that the Communist Party had failed to fulfill its campaign promises in 2001 to consolidate Gagauz autonomy in return for votes. When Chisinau did not honor the agreement, leaders in Comrat turned to cooperation with the separatists in Tiraspol. Fearing that the situation in Comrat might turn from bad to worse, President Voronin, assisted by his party colleagues in Parliament and the government, began a campaign to discredit the Gagauz governor, Dumitru Croitor, and the radical faction in the local legislature headed by its chairman, Mihail Kindighelean. Following the failure of a referendum to remove Croitor from office, the Moldovan Office of the Prosecutor-General initiated procedures against the governor for obstructing the vote. Moldovan police arrested Ivan Burgundji, a close aide to Croitor and head of the rules and protocol section of the Comrat legislature. Burgundji was also Comrat's representative in Transnistria. The long political battle between Chisinau and Comrat ended as a result of elections in May for the chairman of the Gagauz legislature and in October for the governor. In both instances, men supported by Chisinau proved victorious.

On July 2, 2002, mediators in the Transnistrian conflict—the OSCE and the governments of Russia and Ukraine—presented to Chisinau and Tiraspol a proposal for federalizing Moldova. The plan produced vehement reaction from most of Moldova's opposition forces, who argued that federalization would put an end to the country's fragile pro-Western policy. That is, the proposed legislative and executive institutions would enable Tiraspol to participate in Moldova's foreign policy decisions. Already the Communist-led government has aligned itself more closely with countries to the east, namely Russia. Although officials in Chisinau accepted the draft, Tiraspol rejected it, demanding instead a looser confederation along the model of Serbia and Montenegro. Such a structure would put the Transnistrian separatists closer to achieving their decade-old goal of full independence from Moldova. There are also voices in Comrat, especially among opposition leaders, who that believe Gagauzia should enjoy equal standing with Chisinau and Tiraspol in a federation.

If implemented, the federalization plan would place Moldova under joint oversight by Russia, Ukraine, and the OSCE. Vladimir Socor, a senior analyst with the U.S.-based Jamestown Foundation, has described the plan as "a dysfunctional, unprecedented, and anachronistic solution." Also problematic is the fact that no Western countries are involved directly in the settlement, and Russia, as a direct participant in the 1992 armed conflict in Transnistria, is not an impartial mediator. A statement from Russian officials at the close of 2002 that no changes should be made in the mediation mechanism confirms that Russia would oppose any efforts to involve new parties. Following the same rationale, Ukraine, which included the region of

Transnistria prior to World War II, hardly qualifies as an impartial mediator in the conflict. Many in Kyiv consider the situation a real opportunity for Ukraine to reacquire Transnistria. Likewise, leaders in Tiraspol consider unification with Ukraine an option once it gains its independence.

The United States, desirous of ending the conflict and preventing Russia from creating a second Kaliningrad in Transnistria, favors the federalization plan. Its main concern is the lack of progress in the withdrawal of Russian munitions from eastern Moldova. As per a joint declaration by U.S. president George W. Bush and Moldovan president Vladimir Voronin, who visited Washington, D.C., on December 17, 2002: "The [Transnistrian] authorities are being urged to unconditionally support the process of withdrawal of Russian troops from the territory of Moldova. If [they] continue to systematically create obstacles to the process of withdrawal of Russian ammunition and military equipment, then together with other interested countries, measures will be sought to constrain the Tiraspol regime." Whether Chisinau will be able to use this as leverage to solve its main security problem remains to be seen.

Understanding the limits of the OSCE's mandate, some in Chisinau believe that the return of William Hill as head of the OSCE's mission in Moldova will strengthen the organization's role in mediating the conflict. In addition, for the first time since the conflict began, a Moldovan president officially has requested that the United States and NATO get involved. Their response will depend on their interests in the region, Moldova's ability to convince them, and Russia's ability to oppose such a move.

RULE OF LAW

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
4.25	4.00	4.00	4.00	4.00	4.50

In 2002, the principle of the rule of law was under challenge in Moldova. This was evidenced by the rising number of cases filed by Moldovan citizens in the European Court of Human Rights and actions taken by the Parliament and government to suppress judicial independence. Also affecting the fragile balance of power among the legislative, executive, and judicial branches of government in 2002 were a series of judicial nominations based on loyalty to the ruling party, the dismissal of the ombudsman, and attempts to limit the independence of the Constitutional Court.

The first signal that the Communist government would use judicial institutions to serve its political interests in 2002 was the minister of justice's

suspension in January of the CDPP, the main opposition political party, for organizing unauthorized rallies against government's efforts to bring the country closer to Russia. The ban on the party's activities was lifted in February after the Council of Europe asked the government of Moldova to explain how restrictions on the party complied with articles of the European Convention for the Protection of Human Rights and Fundamental Freedoms concerning elections and freedom of thought, expression, and association. The European Union (EU) asked the government to reverse the Ministry of Justice's decision as well. In a letter sent to Moldovan authorities, the EU suggested that measures incompatible with respect for political pluralism and freedom of expression would affect future European Union policies toward the Republic of Moldova.

In April, the Moldovan Association of Judges (MAJ) signaled that the government had started a process of "mass cleansing" in the judicial sector. Seven judges lost their jobs, including Tudor Lazar, a member of the court of appeals, and Gheorghe Ulianovschi, the chairman of the Chisinau Tribunal. In the case of Lazar, the move was likely revenge for decisions by the court of appeals that favored the Basarabian Metropolitan Church and local oil importers over the government.

The situation worsened when President Voronin refused to prolong the mandates of 57 other judges. The MAJ conveyed a statement on the matter to COE rapporteurs who were in Chisinau at the time on a fact-finding mission. The government instructed the Ministry of Justice to delay court decisions related to the payment of material damages by state institutions. In October, Gheorghe Susarenco, chairman of the Moldovan Association of Judges, stated at a press conference that senior government officials were pressuring judges to issue rulings that favored government bodies.

In December, President Voronin promulgated a constitutional amendment giving him the right to appoint judges. Under the amendment, the head of state will appoint the chairs of courts, their deputies, and lower-ranking judges for four-year terms at the recommendation of the Higher Council of Magistrates. Parliament will appoint for four-year terms members of the Supreme Court of Justice, including the chief of the Supreme Court of Justice, the prosecutor-general, and the minister of justice. These changes provide evidence that the country's Communist leaders are weakening judicial independence and subordinating this branch of governance to their authority.

In Transnistria the situation is even worse. In this separatist-controlled territory, there simply is no rule of law. The opposition is persecuted, the media are not free, and opponents of the self-declared regime are kept silent. Human rights are violated with impunity, and ordinary citizens are unable to defend themselves in court against oppressive Tiraspol bodies. Schools in which the language of education is Romanian are on Tiraspol's

"blacklist" and do not receive any financing from the local budget. These schools are also forced to overcome artificially created obstacles like licensing renewals to avoid closure. A school in Grigoriopol has already been shut down, and a school in Tiraspol is only a few steps from closure.

In June 2002, the Moldovan Parliament adopted a long awaited civil code. The civil code in use until this time was the 1964 code of the Moldavian Soviet Socialist Republic. In approving the new code, the country fulfilled one of its outstanding commitments to the International Monetary Fund and the World Bank. By January 1, 2003, the government was required to submit proposals to Parliament on harmonizing existing legislation with the new code. Governmental acts that contradict the code must be canceled and then renewed.

The Constitutional Court made two rulings in 2002 that overturned laws passed by Parliament. First, it rejected a law making Russian the second official language in the country, along with Romanian. Second, it struck down a law on early local elections on the grounds that Parliament had restricted the right of citizens to elect their representatives and to participate in local governance. The Supreme Court, in contrast, issued a ruling in favor of the government that threatened Moldova's relationship with its largest foreign investor, the Spanish energy company Union Fenosa. Specifically, the Supreme Court ruled in favor of the country's Audit Chamber, which had called for the Office of the Prosecutor-General to file a lawsuit against the Spanish company for undervaluing the electrodistribution assets it had purchased for $25.3 million. In filing the case, the Audit Chamber sought to reverse the privatization deal and make it null and void. Ultimately, Moldova avoided a more serious international scandal when the Supreme Court declined a request from the Audit Chamber to actually abrogate the contract with Union Fenosa. The Farmaco Company, a U.S.-Romanian joint venture, and Air Moldova, a firm with significant German backing, have already been "renationalized."

The defense of human rights in Moldova also suffered setbacks in 2002. In June, Alexei Potanga, the director of the Moldovan Human Rights Center, warned of the government's intentions to dismiss the country's human rights ombudsman for his annual report on the situation in Moldova. In late September, Parliament indeed fired Constantin Lazar, the ombudsman, allegedly for taking an extended leave from work. Lazar contended that he had followed appropriate procedures for informing his supervisors about his absence. Members of the opposition CDPP, who voted against Lazar's dismissal, described the move as an act of revenge on the part of the CP for the ombudsman's insistence on registering the Basarabian Metropolitan Church and for his authorization of numerous petitions submitted to the European Court of Human Rights and the Moldovan Constitutional Court. It is interesting to note that the vote on Lazar's dismissal took place in

Parliament the same day that the Parliamentary Assembly of the Council of Europe adopted a resolution on human rights and the functioning of democratic institutions in Moldova.

CDPP deputy Vlad Cubreacov, who represented the Basarabian Metropolitan Church before the European Court of Human Rights in Strasbourg, was kidnapped on March 21. The Basarabian Church's victory before the court over its registration was a defeat for the Moldovan Metropolitan Church, which is part of the Russian Orthodox Church. Cubreacov was also one of the main organizers of the street protests that demanded the resignation of the president, the government, and Parliament and called for early parliamentary elections. Many observers believe that the Russian and Moldovan secret services were involved in the kidnapping. Others believe that Cubreacov's disappearance was the work of the regime in Transnistria. The kidnapping occurred just days before a gathering in Chisinau of thousands of protesters.

Oazu Nantoi, an expert on Tiraspol-Chisinau relations at the Public Policy Institute in Chisinau, feared that the kidnapping of Cubreacov—a member of Parliament, a member of PACE, and a prominent opposition leader—might provoke violent clashes that could destabilize the delicate situation in Chisinau and aid the self-declared leaders in Transnistria in their illegal activities, such as smuggling goods and illegal arms exports. The mysterious reappearance of Cubreacov in Transnistria after more than two months raised more questions than his actual kidnapping. To date, the police and the secret service have not been able to produce any conclusive evidence of what happened. The only insight Cubreacov could offer was that he was held captive by Russian speakers and was released on the east bank of the Nistru River—a region controlled largely by separatists.

Another kidnapping occurred in August when Piotr Dimitrov, deputy head of the department in charge of printing passports, disappeared. Previously, Dimitrov had been a police colonel. Although law enforcement officers detained three suspects, including the driver who transported the kidnappers, Dimitrov has not been found. Kidnapping is not common in Moldova, but there is some danger that these unsolved cases could encourage more violent efforts to settle scores by eliminating one's political or business opponents.

On March 14, the Parliamentary Assembly of the Council of Europe passed a resolution urging state institutions in Moldova to respect basic human rights. PACE specifically condemned efforts by Moldovan authorities to weaken the democratic opposition and to waive the parliamentary immunity of its leaders. PACE also expressed concern about the government's decision to introduce Russian as an official language and to make it a mandatory course in the Moldovan education system. Also in 2002, the Human Rights Center, the state's ombudsman institution, published a report that

provoked negative reactions from the Communist-controlled Parliament. The report states that "corruption, protectionism, economic crisis in general, promotion of incompetent persons to high-level posts—all worsen respect of human rights."

On March 27, the European Court of Human Rights unanimously rejected an appeal from the Moldovan government on registering the Basarabian Metropolitan Church. The Moldovan government had refused 11 times to register the church since it was reopened in 1992. The ECHR stated that the Republic of Moldova had violated freedom of conscience and the right of citizens to appeal. In May, the European court examined a case filed by the employees of the state-owned company TeleRadio-Moldova. Striking journalists from the organization accused the authorities of practicing censorship, limiting access to information, and preventing freedom of expression. Also in 2002, there were a few cases in which the opposition accused Moldovan security services of illegally tapping their telephone conversations and intercepting their personal correspondence. Under Moldova's penal code, such violations could result in one-year jail terms or fines of US$108–$195.

Finally, human trafficking that originates in Moldova is a major concern of regional law enforcement organizations and related Moldovan bodies. The government has approved amendments to the penal code, advertising law, and administrative code that could contribute to combating the sex business that flourishes not only in Moldova, but in southeastern Europe as a whole. Poverty in Moldova is considered the main cause of human trafficking.

Corruption

1997	1998	1999	2001	2002	2003
na	na	6.00	6.00	6.25	6.25

Although the government attempted to improve anticorruption legislation and even dismissed a few high officials in 2002, the overall situation in the country did not improve. The three main causes of this stasis are (1) the excessive regulation of public service and economic activities; (2) the low salaries of public officers; and (3) the public's lack of commitment to fighting corruption. Moldova is signatory to a variety of international conventions on corruption and money laundering, but its domestic legal framework for preventing and fighting corruption is flawed. Some experts believe that current legislation contains loopholes and contradictions that must be addressed. For example, the Law on Preventing and Fighting Money Laundering does not stipulate specific penalties. The Law on Fighting Corruption and Protectionism and the Law on Public Service are also vague, stating that public servants must submit declarations of their incomes but providing no mechanism for

implementation. The main state body authorized to fight corruption in Moldova is the Department for Fighting Organized Crime and Corruption, which is subordinated to the Ministry of Interior. However, this department has failed to combat corruption among high-ranking government officials owing to the immunity status accorded to members of Parliament, judges, prosecutors, investigators, and other government officials.

The State Anticorruption Council, headed by President Voronin, made a notorious accusation of corruption in February 2002. The council accused Deputy Prime Minister Andrei Cucu and Moldovan ambassador to the United States Ceslav Ciobanu of lobbying for the Ribnita Steel Mill, located in the breakaway Transnistrian region. The metallurgical plant, which contributes more than 50 percent of the Transnistrian budget but nothing to the central government's budget, was under investigation in the United States for dumping steel on the U.S. market. When the United States raised its dumping fines to 233 percent, the two Moldovan officials were accused of lobbying for export taxes as low as 10 percent. Although Cucu and Ciobanu denied the accusations and even claimed to be victims of Communist repression, they were dismissed from government service. Also dismissed on charges of corruption in 2002 was Anatol Cuptov, the minister of transportation and communications. Cuptov was accused of misappropriating public funds, engaging in illegal activities while working for the local government of Balti, and abusing his power in dealing with problems related to the Giurgiulesti oil terminal, located on the Danube. Had he been found guilty, Cuptov could have been sentenced to 10 to 25 years in jail. Instead, the government appointed him head of the Giurgiulesti terminal in December.

In June 2002, the opposition CDPP asked the prosecutor-general of Moldova to investigate the Russian Lukoil Company, which donated five million Moldovan lei (around US$370,000) to the firm Metal Market for reconstruction of the Pushkin Museum in Chisinau. Opposition leader Iurie Rosca, who filed the inquiry, believes the transaction was actually a hidden bribe to President Voronin, given to him through his son Oleg Voronin, the director of Metal Market. Rosca stated that the bribe, if proven, would explain why Parliament amended oil import legislation in 2001 to constrain free competition (that is, favoring Lukoil) and awarded Lukoil chairman Vagit Alekperov a state medal.

The Moldovan Department of Statistics believes that 30 percent of the country's GDP is in the gray economy and that approximately $400 million in shadow capital is transferred annually through commercial banks. Some independent experts believe the gray economy could account for even as much as 50 or 60 percent of GDP. The country's Audit Chamber has suggested that Moldovan businesses owe some $80 million to the state budget in unpaid taxes. Even if the figures are conflicting, it is clear that the underground economy in Moldova is fertile ground for corruption. To address

the problem, the National Bank has adopted a set of recommendations that instruct commercial banks to monitor and report customers who are involved in illegal transactions.

Another serious problem that hinders economic and social progress in Moldova is Transnistria—referred to as an economic "black hole" both in Chisinau and in the international press. Those who use the territory to smuggle narcotics, cigarettes, alcohol, and oil products refer to the region more affectionately as a "tax haven." The main Transnistrian firm authorized to conduct trade abroad is Sherif, a private company that is exempt from many kinds of duties. Vladimir Smirnov, the son of Transnistrian leader Igor Smirnov, heads the company. The younger Smirnov is also in charge of the Transnistrian Customs Office. According to estimates by Moldovan intelligence, Sherif's annual turnover is $4 billion. Transnistria's annual budget is less than $90 million, and the budget of the entire Republic of Moldova is only around $300 million.

This landlocked breakaway region has also become a haven for arms traffickers. In February 2002, the International Action Network on Small Arms published an investigative report revealing that the main business in the separatist Soviet-style region is the production and trafficking of arms. The report states that, according to the secret service of Moldova, international terrorist groups receive their supplies of arms, munitions, and nonconventional materials (chemical, radioactive, and even nuclear substances) from Transnistria. It is thought that al-Qaeda, Hamas, Hizbollah, al-Fatah, and other terrorist groups are among the purchasers of arms and munitions produced in the breakaway region. Guerrilla fighters in Abkhazia, Chechnya, and the Balkans have all fired BM-21 rockets, SPG-9 grenade launchers, RPG-7 antitank rocket launchers, and AK- 6.62 and AK-5.45 rifles produced in this region.

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Poland

Capital: Warsaw
Polity: Presidential-parliamentary democracy
Economy: Mixed capitalist
Population: 38,600,000
GDP per cap at PPP: $9,051
Private sector as % of GDP: 75
Ethnic Groups: Polish (98 percent), German (1 percent), Ukrainian and Byelorussian (1 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	1.50	1.25	1.25	1.25	1.25	1.50
Civil Society	1.25	1.25	1.25	1.25	1.25	1.25
Independent Media	1.50	1.50	1.50	1.50	1.50	1.75
Governance	1.75	1.75	1.75	1.75	2.00	2.00
Democratization Scores	**1.50**	**↑1.45**	**↑1.44**	**1.44**	**↓1.50**	**↓1.63**
Constitutional, Legislative, and Judicial Framework	1.50	1.50	1.50	1.50	1.50	1.50
Corruption	na	na	2.25	2.25	2.25	2.50
Rule of Law Scores	**na**	**na**	**1.88**	**1.88**	**1.88**	**↓2.00**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

INTRODUCTION

Poland continues to make steady progress in its transition from communism. Since 1989, social, political, and economic institutions have experienced dramatic transformations. Democratic institutions have successfully taken root at the national, regional, and local levels. The economy, which had been rigidly controlled by the central government, now looks more like the market economies of the West, with a flourishing private sector, free trade flows, and increasing interdependence with other market economies in the region.

In recent years, the process of integration with the European Union (EU) has helped both to solidify positive changes and to generate momentum for additional reforms. Poland's successful political and economic integration with the West is likely to continue in the coming years as it nears full EU membership, which is set to occur in 2004. Poland's progress and status was recognized at the EU's Copenhagen Summit in December 2002, when it, along with nine other countries from the former Soviet bloc, was invited to join in 2004.

Poland's government, led by the post-Communists of the Democratic Left Alliance (SLD), moved vigorously in 2002 to ensure that the process of EU integration remained on track. And in its most recent report on Poland's progress toward accession, the European Commission noted that in recent years, Poland "has made considerable progress in further consolidating and deepening the stability of its institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities." In the coming years before full, formal integration occurs, continued improvements in the realms of democratization, the rule of law, and economic liberalization can be expected.

In spite of the important progress on the EU front, 2002 was a difficult year for Poland in many respects. Unemployment continued to grow and stabilized at alarmingly high levels (approximately 18 percent). Economic growth stagnated at just 1 percent (gross domestic product year on year), a fact that was particularly jolting because many Poles had become accustomed to the relatively high growth rates of the second half of the 1990s. Unsurprisingly, poor economic performance made life difficult for mainstream political parties, including the ruling SLD, which saw its popularity decline while support for nationalist and populist parties grew substantially.

The center-left SLD maintained a substantial lead over its nearest rivals but saw its popularity decline for most of the year. Nevertheless, the mainstream parties of the center Right, the Civic Platform (PO) and Law and Justice Party (PiS), failed to capitalize on the SLD's declining fortunes in nationwide local elections in October 2002. The SLD achieved victories in small and medium-size towns and cities but lost to center-right parties in many larger municipalities such as Warsaw, Lodz, Wroclaw, and Gdansk.

The waning popularity of the SLD and the general incoherence of the mainstream center Right created a situation in which populist and nationalist parties were able to build on their surprisingly successful showing in the parliamentary elections of September 2001. The populist and Euro-skeptic Samoobrona (Farmers Self-Defense) and the League of Polish Families (LPR) remained strong throughout most of the year and performed well in the 2002 local elections. The uncivil behavior of these parties in the Parliament during the past year raised concerns about the strength of Poland's democratic culture. In particular, Farmers Self-Defense leaders at times brought a carnival atmosphere to parliamentary proceedings as they shouted insults, publicly berated leading government officials, and ignored rules of conduct. It remains to be seen whether their inclusion in the ruling coalitions of many regional government bodies following the local elections will temper their disruptive and even antidemocratic behavior.

Ahead of the October 2002 vote, the government instituted a series of procedural changes for local elections. These changes, which in principle should benefit larger political parties (most notably the SLD), were implemented successfully, and the electoral process for mayors and town and county councils went relatively smoothly. The most discouraging aspect of the elections was the relatively low voter turnout, which was 45 percent in the first round and just 35 percent in the runoff phase.

One of the challenges to emerge from the elections was the awkward nature of potential local ruling coalitions. The SLD received the largest share of the vote in most of the 16 regions but in a number of districts had to form governing coalitions with Farmers Self-Defense or the LPR. This could prove difficult, as these populist parties have attempted to undermine the SLD's authority in the national Parliament in recent months. The most notable case was their attempt to remove the SLD's parliamentary Speaker in early October over plans to privatize a power distribution company.

In spite of several high-profile instances of uneven and politically motivated enforcement of laws and continuing funding problems, Poland's progress regarding the rule of law was generally positive in 2002. This process was driven in large measure by the process of European integration. In particular, Poland made a series of improvements that moved it closer to accepted EU norms, including enhanced training for public offi-

cials, greater transparency and public access to information, and better regulation of cross-border traffic.

While economic growth was poor and unemployment alarmingly high, Poland remained firmly on a path to liberalization and integration into the global economy. Foreign investors continued to view Poland as a stable, attractive market economy, and Polish-based companies remained competitive. Tariffs and quotas were reduced in line with World Trade Organization guidelines and, with a few notable exceptions for sensitive agricultural products, were virtually eliminated with current EU member states.

Although Poland's general economic liberalization continued, a number of developments raised concerns. First, the process of privatization of large state-owned enterprises became increasingly politicized, as the government delayed or canceled a number of pending share offerings and also intervened in the appointment process to boards of several prominent state companies. Second, the government openly threatened the independence of the Central Bank in an attempt to influence interest rate and exchange rate policies. Third, the appointment of a controversial new finance minister and subsequent government backsliding on commitments to entitlement reform and sound fiscal management left Poland's pubic finances looking increasingly problematic.

In the spring, the conflict between the government and the Central Bank highlighted political differences among key SLD leadership factions. In an attempt to deflect criticism over the country's poor economic performance, Prime Minister Leszek Miller and members of his inner circle chose to blame the Central Bank for slow growth and poor export performance. They claimed that interest rates were too high and that the currency was overvalued, which dampened growth and hurt exporters. While this tactic temporarily allowed the government to shift the blame for economic stagnation, it also raised serious fears among investors and EU policy makers who worried that the independence of the bank was being compromised. As these fears grew, President Aleksander Kwasniewski pushed back against Miller's approach and made a series of moves that improved investor sentiment. By midsummer 2002, the controversy was back, as the well-regarded finance minister, Marek Belka, resigned and was replaced by the controversial Grzegorz Kolodko. Investors and European leaders grew concerned once again. In the end, however, Kolodko made a series of statements that dampened fears at least temporarily, and Poland remained on track for EU accession.

The SLD's greatest achievement in 2002 was its push for EU integration—a policy that has remained constant in all of Poland's post-Communist governments. Following limited progress during the last year of the previous government, President Kwasniewski and key SLD leaders, including Prime Minister Miller, moved negotiations onto a fast track in 2002 and closed a series of difficult negotiations in politically sensitive areas, includ-

ing landownership, regional aid, and agriculture. The agriculture chapter was easily the most problematic, and the SLD took a considerable political risk when it forced Polish farmers to accept much lower levels of EU subsidies than they had hoped for. This bargain put severe strains on the governing coalition, which includes the SLD and the Peasants Party (PSL). The PSL was marginalized and on a number of occasions sent signals suggesting it might leave the government if it failed to win greater agricultural concessions from the EU. In the end, the SLD managed to hold the coalition together, even as it finalized EU accession on terms that were perceived by many Polish farmers to be unacceptable.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
1.50	1.25	1.25	1.25	1.25	1.50

Poland's electoral system has been evolving since the country held its first semifree democratic elections in 1989. While many of the rules have been adjusted over time, the core democratic institutions at the national level remain very stable. The rules of the political game at the local level have changed dramatically in recent years, as the number of country/state districts has been pared down and the voting rules for town and city elective office have been altered. In spite of the relative fluidity of the situation, the electoral system is generally stable.

Poland has a multiparty parliamentary system that is founded on the principles of proportional representation. The threshold for inclusion in the Parliament is 5 percent for individual parties and 8 percent for coalitions of parties that choose to run together. In the early elections following the end of communism, there were no thresholds, and over 20 parties were included in the Parliament. The introduction of thresholds was driven by a desire to bring more coherence to the party scene and, of course, to force smaller parties to work together more effectively under the banners of the larger parties. There are currently six main parties seated in the Parliament.

The most powerful political office is that of prime minister. Although the president plays a more ceremonial role, over the past decade the office of the presidency has been associated with a good deal of de facto power. For historical as well as technical reasons driven by the evolving nature of the Constitution, Poland's previous president, Lech Walesa, was somewhat more powerful than the president of a typical parliamentary democracy. The current president, Aleksander Kwasniewski, has played a prominent role in for-

eign affairs and demonstrated a good deal of de facto authority in dealing with Russia, NATO, and a range of foreign investors. Kwasniewski began a second term in December 2000. His first term began in 1995. Both elections were considered free and fair.

The Democratic Left Alliance—the reformed Communists—is the dominant party at both national and local levels. In the current Parliament, the SLD rules in coalition with the much smaller Peasants Party. In the September 2001 parliamentary elections, the SLD, along with the Union of Labor (UP), its electoral alliance partner, captured 41 percent of the popular vote and 216 of 460 seats, thus giving it a clear victory over its closest competitors. Second place went to the center-right Civic Platform, which managed only a disappointing 13 percent of the popular vote. As in previous national elections, independent observers declared the 2001 vote free and fair.

The opposition is made up of four main parties—the Civic Platform, the Law and Justice Party, Farmers Self-Defense, and the League of Polish Families. Although its popularity has declined over the past year, the center-left SLD remains the strongest political force in Poland. The two mainstream center-right opposition parties, PO and PiS, have not worked particularly well together, and neither has managed to gain enough ground to credibly threaten the authority of the SLD in the Parliament.

The mainstream center-right opposition is fragmented and relatively weak. This reflects the aftermath of the implosion of the previous ruling party, Solidarity Electoral Action (AWS), which saw its popularity plummet in 1999. Between 1999 and the parliamentary elections of 2001, the popularity of AWS went from approximately 30 percent to less than 5 percent. Both AWS and its former coalition partner, the Freedom Union (UW), failed to meet the 5 percent threshold for inclusion in the Parliament. PO and PiS contain some remnants of these former governing parties but have failed to project a coherent or effective agenda and to capitalize on the declining popularity of the SLD. This has been a jarring experience for many supporters of the mainstream center Right, who feel they should have taken advantage of the government's failure to reverse Poland's poor economic growth and high unemployment.

There are no significant barriers to political party organization, and new parties emerge on the political scene frequently. The most notable recent cases of this phenomenon are Farmers Self-Defense and the LPR, which made it into the Parliament with populist and anti-EU messages. Often, both have been obstructionist parties rather than constructive members of the opposition. Although Farmers Self-Defense and its firebrand leader, Andrzej Lepper, have a history of challenging the political system and institutions in Poland, the SLD has at times formed a strategic alliance with them on certain issues in Parliament. In early 2002, they cooperated on two important legislative items that the SLD considered critically important.

First, with the help of Farmers Self-Defense, the SLD disabled the so-called Lustration Law. The law was considered timid by regional standards and required only that persons in public posts reveal whether they had collaborated with the Communist-era secret police. Many prominent SLD politicians had (perhaps inaccurately) answered no to this basic question and following the changes would no longer be held accountable for earlier misstatements.

Second, Farmers Self-Defense backed the SLD's position on changing the rules ahead of the 2002 local elections. Under the new rules, regional and local leaders were selected by a majority d'Hondt method, a system of voting according to party lists that typically favors larger parties such as the SLD. Farmers Self-Defense supported the move because it felt the d'Hondt method would hurt the chances of the PSL, its competitor, for rural votes at the local level. The positive outcomes for the SLD and Farmers Self-Defense in local elections were due, in part, to these rule changes.

The cozy relationship between the SLD and Farmers Self-Defense evaporated over time, as the populist leanings of Lepper came to the forefront. He sharply criticized the government's agricultural policies and questioned its bargaining positions with the European Union on a range of issues, including landownership and farm subsidies. In October 2002, Farmers Self-Defense and the LPR led a movement to oust parliamentary Speaker Marek Borowski, a leading SLD figure. This soured relations between the two parties even further.

The conflicts with Farmers Self-Defense highlight what is perhaps the most potentially destabilizing political dynamic in Poland—agricultural policy. According to the 2001 census, approximately 38 percent of Poland's population is rural, and many farming sectors are underdeveloped and struggling. In short, much of the rural population feels that it has been a relative loser in the post-Communist transition and views the West as a threat. In particular, it fears direct competition with the EU's highly subsidized farmers.

The main political voice of rural interests has traditionally been the PSL, but with the emergence of Farmers Self-Defense this is changing. Both parties are loath to associate themselves with the SLD's agenda on European integration, and this puts the PSL in a particularly difficult position. It wants to maintain the privileges of being in the government (cabinet posts, influence in government agencies, and so forth) but fears that its rural constituency may be abandoning the party.

In spite of its dominance of the political arena, the SLD has experienced unambiguous internal strains, most notable of which was the power struggle between President Kwasniewski and Prime Minister Miller over the choice of the new finance minister in July 2002. Finance Minister Belka, the government's first and most well-regarded choice resigned owing to "exhaustion," which was no doubt compounded by pressures from the government

to water down his agenda regarding fiscal austerity and reform. Belka had previously served as the president's chief economic adviser and was widely considered a Kwasniewski ally.

Despite the political show of support, markets reacted very badly to Finance Minister Kolodko, Belka's replacement, as the zloty lost value against major currencies and risk premiums for Polish sovereign debt increased. Following a rocky start, Kolodko made a series of market-friendly statements and managed to calm markets, at least temporarily. Many investors had questioned Kolodko's positions and earlier statements on sensitive issues such as spending priorities, entitlement reform, and the independence of the Central Bank. Some also feared that Kolodko and Central Bank head Leszek Balcerowicz would not get along well, as they had a history of antagonizing each other. To date, that relationship has gone fairly smoothly.

Kolodko's surprisingly unconfrontational approach mirrored a larger public relations policy shift by the SLD that began in the middle of the summer. Since the beginning of 2002, the percentage of those having a "negative" opinion of the government had risen from 40 to 70 percent. In this environment, and with local elections on the horizon in October, the SLD stopped blaming the previous (AWS) government and the Central Bank for all of Poland's economic troubles and projected a more feel-good message. While they made note of the current difficulties, they focused much of their pulic commentary on positive stories such as the prospects for economic recovery and EU accession. They also dismissed the ministers of culture and justice, who had both grown unpopular.

The SLD maintained its position as the leading party in Poland in local elections held on October 27. The leadership had little time to celebrate, however, as it faced the prospect of a weakened national coalition partner, the PSL, and the need to form coalitions with populists and nationalists in regional government councils. While the PSL and the SLD papered over their differences following a divisive run-up to the local elections, which included an attempt by PSL members to oust the SLD's parliamentary Speaker, the future of their partnership is uncertain. At best, their quarrel will be remembered as a temporary setback and the coalition will remain viable. At worst, it could signal the beginning of the ascendancy of Farmers Self-Defense as the main and legitimate political representative of rural interests. In addition, the SLD won a disappointingly low number of mayoral races, which were direct elections for the first time.

While the SLD's electoral dominance was clear, it decided to form coalitions in all but 1 of the 14 regions where it led in the voting with groups that are instinctively anti-EU and have been extremely critical of the SLD at the national level. The center-right alliance of the PO and the PiS won the largest share in just 2 of the 16 regions—Krakow and Gdansk. On balance,

the election results were relatively good for all of the main parties. The SLD will face problems with coalition partners at the regional level, but it reinforced its position as the leading national party. The PSL survived. The populists made an impressive showing and will now need to demonstrate that they are capable of behaving themselves in regional councils (something they have had trouble doing in the national Parliament).

Civil Society

1997	1998	1999	2001	2002	2003
1.25	1.25	1.25	1.25	1.25	1.25

The Polish nongovernmental organization (NGO) sector spent most of the year in limbo, as new legislation regulating the sector was under discussion in the Parliament but was not passed. The legislation, if approved, would come as a major boost to the sector, as it would provide additional tax-based mechanisms for financing NGOs. While waiting for this potentially very good news, the sector battled against the perception among international donors that Poland was nearing the end of its transition and therefore would not need to rely on international aid and training to the same degee as it did in the 1990s. One of the key challenges in the coming years will be to develop reliable domestic sources of revenue.

While the proposed legislation is a positive development, it has led to increasing insecurity among a range of groups that have relied on international (primarily U.S. and EU) aid for much of the past decade. At this stage, some of the NGOs with the best prospects are those that have been able either to put down strong roots in local communities or to leverage their experience with transition in Poland into opportunities to provide assistance for nascent civil society groups in countries farther to the east. Western donors have rewarded many such NGOs with ongoing support, with the aim of promoting civil society in countries that have worse conditions than Poland currently does but have a similar Communist legacy. For example, Polish NGOs have been involved in activities such as local media training in republics of the former Soviet Union, where media freedom is still actively curtailed.

In February 2002, the government submitted to the Parliament a new draft Law on NGOs and Volunteerism. The proposed legislation is related to associations, foundations, and churches that conduct activity for the public benefit. The document is based in large part on a proposal drafted by a group representing Polish NGOs and is widely seen as a positive development for the sector. One key aspect of the law is that it sets out rules governing cooperation between NGOs and municipalities, allowing NGOs to carry out "public assignments" and to be paid for these services. The law also

permits individuals to transfer 1 percent of their annual income tax directly to a chosen NGO.

Following several months of internal discussion, the first public parliamentary reading of the draft took place on June 21. The law enjoys wide public and media support, and the key question at this point is whether the government will have the political will to move forward and pass it. Given the difficult state of public finances, this is less likely now than when the legislation was first proposed. Advocates of the new law will continue to point out that the revenue effects for the government will be positive in the medium term, as NGOs are likely to be more cost-effective providers of a range of local public services. The NGO community is hoping that the government remains cognizant of this and passes the law in early 2003.

The NGO sector in Poland has made significant progress since 1989. There are more than 50,000 foundations and associations, and approximately one-quarter of all Poles volunteer for NGOs in some fashion. Between 90,000 and 100,000 citizens work full-time in the NGO sector. A survey of over 2,000 Polish NGOs conducted by the independent, nonprofit association KLON/JAWOR found that government funds accounted for one-third of NGO budget revenues; 25 percent came from the private sector; foreign assistance accounted for some 18 percent of funding (in the past two years, the proportion of foreign funding has decreased); and membership fees and donations from individuals made up most of the rest.

According to the Academy for Development of Philanthropy in Poland, grants and donations to NGOs are tax-exempt, and tax exemptions are offered for corporate donors (up to 10 percent of revenue). Cooperation between local governments and NGOs has been constrained by the absence of established guidelines and measures for standards of service. The new NGO law, if passed in something close to its current form, would help to resolve these difficulties.

The current regulatory environment for NGOs is generally considered fair and open, although there are some obstacles to effective NGO development. One problematic aspect of the current law relates to the registration process. Specifically, there are minimum capital requirements for the registration of a nonprofit organization that create an artificial barrier to entry. In addition, the rates for registration have risen in recent years and made it difficult for smaller groups in less affluent (often rural) areas to establish new organizations. By 2001, the fee was more than 1,500 zlotys (approximately US$400).

One disturbing development in 2002 was the government's underutilization of EU funding targeted to domestic NGOs. The Supreme Chamber of Control (NIK), the government's watchdog research group, reported that the government was doing a poor job of pursuing and transferring grants from the EU's Phare program to Polish NGOs. However, this

is not a new problem, as the government has not had the administrative capacity to deal with EU aid in a number of areas.

In spite of its delays on the legislative front, the SLD made several public demonstrations of support for the NGO community in 2002. For example, in July, Wlodzimierz Cimoszewicz, the minister of foreign affairs, participated in a conference in Warsaw on social diplomacy, in which he highlighted the role of Polish NGOs in the country's foreign policy. He said the Polish NGOs complemented the government's diplomatic activity, particularly in the areas of social contacts and civil dialogue, and highlighted the positive work being done to "export" Polish democratic know-how to the East, where civil society is less well developed. Cimoszewicz also oversaw the creation of the NGO/MFA Council.

Poland has the most vibrant and politically diverse trade union movement in post-Communist Europe. The two largest unions are the All-Poland Alliance of Trade Unions (OPZZ, with approximately 1.5 million members) and Solidarity (with approximately 0.9 million members). There are also many small, specialist trade unions (such as the railway engineers union). The strength of the Polish trade union movement is a product of its unique history. In most Communist countries, the principal trade unions were supported by and at least tacitly affiliated with the government. Poland had "official" state-sanctioned unions such as the OPZZ, but it also had a broad-based and credible independent union—Solidarity—that opposed the Communists. Following the collapse of communism, both types of unions remained viable and came to play a critical role in the largely successful reform of Poland's economy.

OPZZ has strong ties to the SLD, and Solidarity has been directly affiliated in some manner with each of the center-right governments in Poland. With the crushing defeat of AWS in the 2001 general elections, Solidarity lost a good deal of access and influence. However, the group remains an important social force and along with OPZZ will continue to influence the process of industrial reform (particularly in heavy industry) and labor regulation.

Poland has a wide range of interest groups that participate actively and freely in the political process. These include trade unions, NGOs, civic associations, and religious organizations. Labor and church-affiliated groups are perhaps the most influential, affecting the political process at the local, regional, and national levels. Public policy institutes—typically sponsored by the private sector, political parties, interest groups, or the national government—also play an important role in the political arena. Several have a direct effect on public policy, and many current and former government officials and policy makers have or have had affiliations with these organizations. To cite two recent examples, independent research groups have directly influenced the government's approach to small and medium-size enterprise reform and to entitlement reform.

Poland's education system is now generally free of political influence and propaganda. This is, needless to say, a dramatic change from the Communist-era system. The primary and secondary education system, which is almost entirely public, is also free of any overbearing influence from the Catholic Church. The system of colleges and universities is still predominantly public—all of the large universities are state affiliated, and the quality of education remains high. However, there has been a substantial growth in the private sector market for higher education. For example, several of the top schools for business administration are privately financed and run.

Independent Media

1997	1998	1999	2001	2002	2003
1.50	1.50	1.50	1.50	1.50	1.75

Poland enjoys a generally high degree of media freedom and independence. In the earliest days of the transition, censorship and government control of the media were outlawed. The 1997 Constitution, in particular, stipulates that "the Republic of Poland shall ensure freedom of the press and other means of social communication" (Article 14). While the overal conditions for the media are clearly among the best in the transition countries, these freedoms are not enjoyed equally by print and broadcasting media.

The environment for print journalism is by most accounts the best among the postsocialist transition countries. There are a number of credibly independent, high- quality newspapers and magazines, and much of the politicization of non-editorial reporting that one witnesses in the region has been avoided in Poland. On the other hand, state-run television and radio is regarded as much less independent, and partisan politicians still exert a good deal of influence and control over the regulation and, by extension, content of these media outlets.

The combined circulation of the main national daily papers is approximately 4 million. The two most important "quality" dailies are *Gazeta Wyborcza* (circulation approximately 600,000, or 16 percent of the market) and *Rzeczpospolita* (6 percent). Other dailies with a relatively large circulation are *Super Express*, *Zycie*, *Przeglad Sportowy*, *Nasz Dziennik*, and *Trybuna*. The most important weeklies are *Polityka*, *Wprost*, and *Newsweek Polska*, which each have a circulation of approximately 200,000. There are also 46 regional daily newspapers in Poland, as well as several English-language newspapers, including the *Warsaw Business Journal* and the *Warsaw Voice*.

Media distribution is dominated by two firms: the state-owned Ruch, which has a 50 percent market share, and the privately owned Kolporter, which controls approximately 40 percent of the market. Print media are almost entirely privately held. *Gazeta Wyborcza* is owned by Agora S.A., a

large media holding company. *Rzeczpospolita* is controlled by the Orkla group, a Norwegian company.

The new Freedom of Information Law that Poland enacted in July 2001 is generally regarded as an important step toward government openness and accountability. Since the law came into effect, journalists have had improved access to a range of official public documents. However, the law has not been a complete success, for a number of journalists have complained that public officials too often are able to refuse access to requested information on the grounds of "personal data protection."

Articles of the penal code inherited from the Communist era provide from six months to ten years in prison for anyone who publicly "insults, ridicules, or derides" the Polish nation, the state, or its principal organs. A significant number of libel lawsuits are brought against journalists each year. The penalties are up to three years in jail for libeling the president, two years for a member of Parliament or the government, and one year for other public officials. This has led to a climate in which journalists often refrain from criticizing politicians, particularly if they are from smaller publications with less clout and money with which to fight their cases. The larger newspapers are more open in their criticism of officials, but even here there is some restraint.

There are several journalists and editors associations, including the Polish Journalists Association, Journalists of the Republic of Poland, and the Association of Local Press Publishers. To date, however, these groups have not been able to form an effective or cohesive lobbying organization. These associations also have codes of ethics and work to police their own members. Most have adopted the Charter of Media Ethics, a short, seven-point document that entitles them to membership in a group called the Council of Media Ethics. There is also the Press Freedom Monitoring Center, which monitors violations of journalists' rights.

Broadcast media do not enjoy the same degree of freedom as print media. This is due in part to the role of the National Council of Radio Broadcasting and Television (KRRiTV). According to the Constitution (Article 213), "The National Council of Radio Broadcasting and Television shall safeguard the freedom of speech, the right to information, as well as safeguard the public interest regarding radio broadcasting and television. The National Council of Radio Broadcasting and Television shall issue regulations and, in individual cases, adopt resolutions." The council has nine members, of which four are appointed by the Sejm (lower chamber of Parliament), two by the Senat (upper chamber of Parliament), and three by the president. This arrangement has led to a politicization of the council, which is able to influence the tone (and even the content) of political coverage on public television and tightly manage the allocation of licenses.

Public television (TVP) manages and runs 2 nationwide channels (TVP1 and TVP2), 12 regional channels, and 1 satellite channel (Polonia 1) for the Polish community abroad. The third most popular station, after TVP1 and TVP2, is the private Polsat. Each of these three stations has approximately a 20–25 percent market share. Another private station, TVN, also has grown in recent years. Most of the funding for these stations comes from advertisements, although public television also receives small subscriber fees from many households.

Cable and satellite stations are a major presence as well. Out of 12.5 million households in Poland, approximately 4 million subscribe to some form of cable TV and around 2.5 million have their own satellite dish. There are 4 main nationwide radio broadcasters: Public Radio, Radio Zet (private), RMF-FM (private), and Radio Maria (private, Catholic). There are also approximately 200 regional radio stations. Poland scores well in media freedom rankings. Freedom House's 2002 *Survey of Press Freedom* described the system as "Free."

In April 2002, *Rzeczpospolita* published the results of its own investigation into the alleged influence of the SLD on public television. The paper found that since the SLD came to power the previous autumn, mainstream opposition parties had rarely been seen on or given access to public TV. In the study, the newspaper produced rather startling data based on content analysis of programming that showed that the government was given almost all of the attention on state TV. Under the previous AWS government, the then opposition SLD was given significant airtime. The report also suggested that political stories presented by the state broadcaster were increasingly being presented from the government's point of view.

Also in April, KRRiTV produced a highly controversial draft amendment to the Law on Radio and TV. The draft radically increased the scope of KRRiTV's authority and raised fears that the ruling SLD would further politicize public broadcast media. The draft also proposed limits on the concentration of capital in the media sector. For example, it would have banned newspapers from investing in television stations. Although the final form of the legislation, which was passed in the fall, was a compromise version, the tone and substance of the original proposal raised serious concerns among press freedom advocates. The proposed legislation would have increased the degree of the current government's control over a more powerful national regulatory body. Many feared that this would have politicized public broadcast media even further.

One component of the draft law was designed to limit capital concentration in the media market. Although the proposal sounded reasonable to many observers, others believed this was in fact an attempt to limit the power of Agora, a major media holding company managed by a number of prominent former Solidarity activists. Agora, the publisher of *Gazeta Wyborcza*,

was seeking to expand into a range of radio and TV markets, and the legislation, in its original form, would have prevented this. Even the U.S. government voiced concerns privately to the SLD leadership.

Following outcry and strong resistance from the major media groups, the government finally moved toward a compromise. In June, Prime Minister Miller met with representatives from the largest TV and radio stations and announced that the government would consider new amendments that were more favorable to the major media groups. In July, the government altered its approach to the draft law and placated its most vocal and powerful opponents, including Agora. Agora will now be able to invest in television channels such as Polsat that reach the entire country. However, less powerful independent radio stations such as Radio Zet and RMF-FM were disappointed with the outcome, because they most likely will be banned from buying certain local stations that they had hoped to acquire.

Governance

1997	1998	1999	2001	2002	2003
1.75	1.75	1.75	1.75	2.00	2.00

Poland's government system is very stable. In spite of recent concerns about a decline in "civility" in the Parliament, the institutions and conduct of government are typically carried out in a professional and responsible manner. The national government has adequate resources to carry out its core functions; however, in some instances, local governments have experienced revenue problems that have made it difficult to carry out basic activities such as maintaining public infrastructure. These problems have been particularly acute in areas where larger state-owned enterprises (SOEs) formerly provided a wide range of public services such as electricity, recreational facilities, day care, and hospitals. Local governments have been saddled with a variety of social welfare and community development roles formerly handled by SOEs, and in many cases there is simply not an adequate local revenue base to support the maintenance of important services.

Poland's political institutions function on three basic levels: national, regional, and local. Below the national, parliamentary level of government, Poland has 16 regions (*vojvods*), which have independently elected councils. Below the *vojvods* are local village, town, and city government councils. In addition to these elective councils, mayors are elected at the local level. In October 2002, Poland held its first round of local and regional elections according to a new set of laws that were passed by the Parliament in the summer. Independent observers judged this process as free and fair.

In terms of the formal rules of the local revenue process, the existing rules for financing local government units, which came into effect in 1998, were in force through 2002. According to these simple rules, local and regional governments were to receive 43 billion zlotys from the state budget in 2002. In reality, though, the revenue game at the local and regional levels is quite complicated and opaque. Local governments levy taxes independently of the central government. However, these government institutions are also typically reliant on direct and indirect payments from the central government, including several ministries.

In July 2001, Poland passed a Freedom of Information Law that has improved the openness and transparency of the government substantially. In spite of this positive development, though, there are still problems with adherence to the law. In particular, there have been allegations that government officials too often resort to "personal privacy" language in the law to avoid disclosing information.

Poland's civil service suffers from problems common to most postsocialist countries in the region. According to the European Commission, "The long-standing disincentives to a civil service career (perceived poor status, profile, and rewards) remain and will need to be addressed in the years ahead to ensure the recruitment and retention of a body of independent, experienced officials." In 2002, the government amended the Law on Civil Service, which was meant to create a high-quality, depoliticized, stable core group of civil servants—similar to what is found in Western democracies—who are selected through a competitive process. The amendment, however, allows for the filling of posts reserved for civil servants by non–civil servants for a period of four years. This move enabled the SLD to get a much needed infusion of new civil servants, but it also led to opposition claims that the selection process would now be increasingly politicized.

Rule of Law

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
1.50	1.50	1.50	1.50	1.50	1.50

Poland's Constitution (1997) provides for a judiciary that is independent from the legislative and executive branches. In recent years, the Constitutional Court has emphasized frequently that judicial power is not only considered independent, but is also viewed as a separate entity from other branches of government. A constitutional tribunal and a state tribunal are charged with interpreting and enforcing the rules set forth in the Constitution.

One notable example of judicial enforcement of the Constitution in 2002 involved the Finance Ministry's proposal for an amnesty for tax evaders. Finance Minister Kolodko introduced a program that would have enabled persons who had not paid income tax in previous years to make a onetime partial payment of 12 percent in return for an amnesty for their previous nonpayment. This was an important part of Kolodko's plans for containing fiscal deficits, and the SLD was fully behind the effort. In October, however, the Constitutional Court annulled the new law, saying it violated the Constitution. This put a great deal of pressure on the government during the final weeks of budget negotiations in the Parliament and was a good indication that the Court was willing to disagree with the legislature on key issues of public policy. Politicians now generally respect the rulings of the Constitutional Court.

Judges in Poland are required to be independent and may not join political parties or trade unions or perform public functions that would call into question their independence. They are appointed by the president, following their nomination by the National Judicial Council. Judges must meet a list of formal requirments and cannot be dismissed or arbitrarily removed.

There were a number of developments during the period covered by this report that suggested things are improving with respect to the rule of law in Poland. In February 2002, a government decree went into effect that facilitated the process of commenting on and complaining about government and public service activities. Individual citizens may submit complaints verbally, on paper, and also by fax, telex, or e-mail. Beginning in July, following a ruling by the Constitutional Court, new, simpler application forms were introduced to provide individuals more equal access to the justice system. On July 30, Poland closed the justice chapter of EU negotiations, which obliged it to fully implement the acquis communautaire in the fields of justice and interior affairs. Finally, in August, laws went into effect that will allow Poland to sign a protocol to the European Convention on Human Rights, which will broaden the scope of protections. In October 2002, the EU commented that "Poland has established a track record of providing appropriate international and constitutional legal safeguards for human rights and protection of minorities." Poland also served as the chair of the UN Commission on Human Rights in 2002.

Poland's legal architecture has become increasingly sound. There is a credible system of checks and balances, there is no widespread official abuse of the criminal code, basic human rights are guaranteed, and minority and religious rights are generally respected. Nevertheless, it is also fair to say that Poland does not yet possess a true "legal culture." For example, there is a general tolerance among the public for violations of certain rules and codes, which in part is a legacy of communism, wherein there was a certain

social solidarity associated with violating the system's rules. Unfortunately, this general skepticism has also been reinforced by a number of inadequacies in the current system.

A basic problem is that the Polish judicial system does not enjoy the public's trust. According to one survey, the main reasons for this distrust are bad law, corruption, fear of criminals, lack of "goodwill" on behalf of the prosecutor's office, insufficient personnel, underinvestment, and low professional qualifications. Indeed, as much as 71 percent of the population is of the opinion that the Polish judicial system is in need of a profound change.

A variety of conditions makes the legal system extremely frustrating both for citizens and for employees of the legal institutions. One of the most basic problems is that the system is overburdened, and there are lengthy waiting periods for access to the court system. Virtually all Polish courts are overburdened, from the Supreme Court down to local courts, and the number of cases investigated annually by a court averages 7,000. Of these, approximately 1,500 are delayed cases.

The average length of legal proceedings is seven months, compared to three months in 1993. According to the Ministry of Justice, it takes several months in district courts for a case to enter the cause list for trial (in Warsaw it is 20 months). Particularly controversial trials, such as the prosecution of former high-ranking Communist officials, typically take years. Poland has already lost a number of cases in the Strasbourg Human Rights Tribunal for the violation of individuals' rights to judgment in a reasonable period of time. Another predictable problem is remuneration for judges, who are not highly paid and do not have adequate administrative support.

In 2002, two events typified some of the problems with Poland's judiciary. First, the Parliament changed a law stating that if a political party fails to correctly settle and disclose its campaign finances, it will lose 100 percent of its budget grants for three years. In the new version, the party will lose just 10 percent of the grant. Most parties supported this move, as they all seem to have difficulty explaining how they finance their campaigns. Second, the standards for parole and bail for businessmen suspected of criminal activity were shown to be far from uniform. Those with closer ties to the government received much lower bail limits, which enabled them to leave the country rather than face prosecution.

Another problem is the current state of the prison system. In recent years, the situation has deteriorated, as budget allocations have not risen fast enough to meet the growing prison population. The number of detainees rose from 54,367 to 81,250 between 1997 and 2002.

Corruption

1997	1998	1999	2001	2002	2003
na	na	2.25	2.25	2.25	2.50

In its 2002 report on accession, the European Commission noted that "corruption remains a source of serious concern" in Poland. The issue, according to the report, is "fully in the public spotlight." Indeed, in recent years public officials at varying levels of government have been implicated in corruption scandals, and in several cases there have been clear violations of conflict-of-interest provisions. Further, the SLD-led government continues to prop up several inefficient state industrial sectors that have traditionally been sources of unreported funding for politicians and political campaigns. In Transparency International's annual Corruption Perceptions Index, Poland ranked 45th out of 102 countries in 2002.

Likewise, according to the Council of Europe's Group of States Against Corruption (GRECO), of which Poland is a member, "The corruption phenomenon [in Poland] is endangering the functioning of many public spheres." Specifically, in an evaluation released in March 2002, GRECO notes that "while acknowledging the lucidity and the efforts made by the Polish authorities" in the area of anticorruption, there are "still a large number of measures which could be taken and implemented to put in place a comprehensive approach to this problem and an efficient prevention, detection, investigation, prosecution and punishment of corrupt practices in the country." The recommendations of GRECO's evaluation team included establishing a National Advisory Council on corruption, strengthening cooperation with NGOs, offering training programs for judges and public officials, and adopting codes of conduct for staff in public administration.

Nevertheless, systemic corruption is not of a magnitude that it fundamentally distorts the political or legal environment. In February 2002, Poland signed an agreement with Germany to fight organized crime. Poland is also an active participant in international regimes such as the UN (Palermo Convention) and Europol. In 2002, Poland also passed the necessary acts in Parliament that allowed it to ratify the Strasbourg Convention on Corruption. Among these was the adoption of an official anticorruption strategy.

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Romania

Capital: Bucharest
Polity: Presidential-parliamentary democracy
Economy: Capitalist-statist
Population: 22,400,000
GDP per cap at PPP: $6,423
Private sector as % of GDP: 65
Ethnic Groups: Romanian (90 percent), Hungarian (7 percent), other, including German and Roma (3 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	3.25	3.25	2.75	3.00	3.00	2.75
Civil Society	3.75	3.75	3.00	3.00	3.00	2.75
Independent Media	4.25	4.00	3.50	3.50	3.50	3.75
Governance	4.25	4.00	3.50	3.75	3.75	3.75
Democratization Scores	**3.95**	**↑3.85**	**↑↑3.19**	**↓3.31**	**3.31**	**↑3.25**
Constitutional, Legislative, and Judicial Framework	4.25	4.25	4.25	4.25	4.25	4.25
Corruption	na	na	4.25	4.50	4.75	4.50
Rule of Law Scores	**na**	**na**	**4.25**	**↓4.38**	**↓4.50**	**↑4.38**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

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INTRODUCTION

The year 2002 proved to be a milestone for Romania. In November, the country was invited to join NATO, and in December it received confirmation that it is slated for European Union (EU) membership in 2007. This is a long way from where the country started a mere 12 years ago.

Saddled with one of the harshest dictatorships in the Communist world, Romania had few hopes early on of catching up with its more liberal neighbors. Although well endowed with natural resources, the country had been mismanaged by a harsh command-and-control system that suppressed political rights, civil liberties, and economic initiative. The 1989 revolution to bring down dictator Nicolae Ceausescu ushered in a new era, but not the radical change for which many had hoped. Indeed, in the early 1990s it seemed that Romania was one of the few former Communist countries that was hesitant in its pro-Western orientation.

Having firmly chosen the side of freedom and open markets, Romania is now in possession of a young and growing democracy. Basic rights and liberties are generally secure, and governments of both the Right and the Left have gained and lost power. However, much work remains to be done to consolidate these hard-won gains.

For example, democracy in Romania today is somewhat weakened by the absence of a meaningful and constructive political opposition. Although there were no national elections in 2002, the ruling Social Democratic Party (PSD) used the lull to consolidate its power. The PSD now enjoys control over the central state apparatus, and the opposition is increasingly weak and fragmented. In addition, at the local level there has been an unprecedented political migration of local officials from the opposition to the ruling party.

A constitutional reform process, under discussion for several years, was finally begun in 2002 with help from civil society and various interest groups. Indeed, civil society was especially active in 2002 and influenced the adoption of several pieces of key legislation, such as the Law on Freedom of Information. At the same time, though, the government's proposal for a Law on State Secrets and Classified Information diminished any improvements achieved by allowing the public greater access to information.

In spite of the remarkable investigative work done by some daily newspapers, the media has seen its power decrease. In particular, the media's financial dependence on the state makes it increasingly beholden to political

actors and vulnerable to corruption. Also, the government made several attempts in 2002 to restrict press freedom by proposing restrictive legislation regarding state secrets and the right of individuals to reply to information presented about them in the press.

Last but not least, corruption remained a major issue in 2002. Transparency International, for example, ranked Romania 72nd out of 102 countries monitored—one of the weakest showings of any former Communist country. Even though alarming corruption levels dampened investor enthusiasm, the economy was nevertheless quite strong in 2002. Inflation was stabilized at around 20 percent (though still among the highest levels in the region), and growth reached 4.5 percent.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
3.25	3.25	2.75	3.00	3.00	2.75

Romania's electoral system is generally stable. Constitutional provisions on elections are respected, and international observers have considered all elections since 1989 free and fair. The system is also open to the rise and fall of governments from different sides of the political spectrum, and in both 1996 and 2000, incumbents lost power and made room for new leaderships. Further contributing to stability is the fact that ethnic minorities are represented in the country's political life, with 18 seats in the Chamber of Deputies, the lower house of Parliament, set aside for representatives of minority groups.

Nevertheless, the current electoral system, under which elections at all levels of government take place in the same year, fails to stimulate genuine political debates and competition. Instead, it focuses on the popularity and charisma of candidates. The absence of a centralized election commission also makes it difficult for the country to benefit from the knowledge and experience gained with each balloting. This not only creates administrative deficiencies, but also affects the interpretation of existing legislation. The establishment of a permanent body to manage and monitor elections and settle disputes is a prerequisite for building a strong, functioning electoral system.

The Constitution, the Law on Elections to the Chamber of Deputies and the Senate, and the Law on the Election of the President of Romania regulate the country's electoral system. Although these two laws have been amended since their passage in 1992, the electoral system remains largely unchanged. Senators, deputies, and the president are elected to four-year

terms according to a system of universal, equal, and direct suffrage by secret ballot. Romanian citizens aged 18 or older are eligible to vote. Although political parties may nominate presidential candidates, the Constitution prohibits the president from belonging to a political party or simultaneously holding any other public or private office.

The number of inhabitants in a single constituency determines the number of deputies who represent the locale in Parliament. Each constituency enjoys 1 deputy per 70,000 residents and 1 senator per 160,000 residents. Additional seats are allocated in the Chamber of Deputies for ethnic minorities. In the 2000 elections, the total number of seats awarded in the Chamber of Deputies was 345, including 18 for national minorities. Presidential candidates must secure votes equal to a majority of registered voters in order to win in the first round. As a result, runoffs are almost always certain. The candidate securing the most votes in the second round is the winner. Presidential candidates may receive nominations from political parties or run as independent candidates. To run, a candidate must collect 300,000 signatures.

Many nongovernmental organizations (NGOs) and voters have argued that the current electoral system, which is based on proportional representation, encourages individuals to buy slots on party lists and ultimately makes members of Parliament unaccountable to their constituencies. However, efforts to change the system have produced few results. For example, despite polls showing that a majority of Romanians support changes to the current system, a coalition of NGOs known as Civic Initiative for Responsibility of Political Acts has failed to gather the 250,000 signatures needed to submit a new draft electoral code to Parliament for debate. The group has proposed replacing the current electoral system with a mixed system based on both direct and party list voting. The proposal also seeks to decrease the number of members of Parliament, make party financing more transparent, allow campaign contributions, and establish a permanent election commission.

In recent years, Romania has discouraged the hyperpluralism exhibited in the early years of transition, when more than 250 political parties were registered. In the 2000 elections, approximately 20,000 candidates and 80 parties competed for seats in Parliament. An emergency ordinance enacted that year raised the electoral threshold from 3 percent to 5 percent for political parties, independent candidates, and associations. A graduated scale was adopted for coalitions and alliances: 8 percent for groupings with two members, 9 percent for those with three members, and 10 percent for those with four or more members.

Romania's electoral system is multiparty based and represents the full political spectrum. However, representation in Parliament is no longer balanced, because parties representing the Right failed to pass the electoral threshold in the 2000 elections. The absence of a center-right party in Par-

liament skews debate and ultimately leaves Romania without a viable opposition. The National Liberal Party (PNL) and the nationalist Greater Romania Party (PRM) have been known to flirt with the ruling party, either overtly or behind closed doors, and the Democratic Party (PD), with less than 9 percent of the seats in Parliament, hardly constitutes a strong opposition.

The problem is even more acute at the municipal level. In the 2000 elections, the Social Democratic Party took only 1,050 mayoral mandates, or 35.55 percent of the total. However, within two short years it succeeded in taking control of the majority of local leadership posts through a process known as *pesederizare,* which provides incentives or puts pressure on mayors to switch parties and join the PSD. Almost all presidents of county councils now belong to the PSD; only 3 or 4 county council presidents have maintained their initial political affiliation. More than 600 mayors have joined the PSD as well.

Since the fall of Ceausescu in 1989, right-leaning parties represented by a coalition known as the Democratic Convention have led the government in only 4 of the intervening 12 years. Over time, this coalition has disintegrated amid political bickering and infighting and engendered a profound crisis of confidence among its supporters. Even the National Peasant Christian Democratic Party (PNTCD), the coalition's strongest member, proved unable to pass the threshold for securing parliamentary representation in 2000. As a result, Romania's political spectrum now consists only of the left-wing PSD; the ultranationalist PRM; the center-left PNL, the center-left PD, and the Democratic Union of Hungarians in Romania (UDMR). The PSD, the main actor in Romanian politics, currently leads the country in a coalition with the small Humanist Party (PUR). Although the coalition enjoys a majority in neither house of Parliament, it has been able to secure parliamentary majorities by working with other parties, particularly the UDMR.

Political parties in Romania are clientelistic and based more on personalities than ideologies. The largest and best structured is the ruling PSD, which has inherited many of the former Communist Party cadres. The PSD is entrenched in the provinces and attracts new clients through both appropriate and illicit means. Slightly to the PSD's right—though still left of center—is the PD, which consistently draws 10 percent at the polls. Traian Basescu, the party's leader and the mayor of Bucharest, is very popular. Although Basescu is outspoken, confident, and deeply populist, the party lacks a strategic direction, strong local leaders, powerful voices in Parliament, and the ability to organize effective public campaigns. Contributing to the PD's difficulties is the fact that the PSD, in the name of "achieving social-democratic unity," has launched an offensive aimed at undermining the PD's unity and attracting its members to the PSD's ranks.

The PNL, which bills itself as a "social liberal" group, appeals more to the center right of Romania's political spectrum and has no serious com-

petitors. On the far right is the PRM. The PNTCD, the central party in the former ruling coalition, now finds itself in deep turmoil and has split into two factions, each competing for the exclusive right to use the "Christian Democratic" label. The UDMR, which represents Romania's most important ethnic minority—the Hungarians—supports the PSD but is not part of the ruling coalition.

Although there are no barriers to political organization, a new draft Law on Political Parties seeks to raise the number of signatures required to form a new party. It also contains provisions that would dissolve parties failing to secure a minimum of 50,000 votes in two successive election cycles. The new law, if promulgated, is expected to favor the development of fewer but stronger parties.

The last elections for both Parliament and the presidency took place on November 26, 2000. According to the Organization of Security and Cooperation in Europe (OSCE), "The 2000 polls further demonstrated that democratic elections are firmly entrenched in Romania. Important features of the legal and administrative framework promote an election process that is accountable, transparent, free, fair, and equal." The PSD secured a decisive victory in voting that produced the following results:

2000 Parliamentary Election Results (seats per party)

PARTY	SENATE	CHAMBER OF DEPUTIES
Social Democratic Party	65	155
Greater Romania Party	37	84
National Liberal Party	13	30
Democratic Party	13	31
Democratic Union of Hungarians in Romania	12	27

In voting for the presidency, PSD candidate Ion Iliescu defeated ultranationalist Corneliu Vadim Tudor in the second round with 66.7 percent of the vote. Voter turnout was 57.5 percent. Although the OSCE declared the vote free and fair, it made a series of recommendations for improving the legislative framework that governs elections and overall transparency in the election process. The OSCE also called for the establishment of a permanent central election authority.

Voter turnout has been in decline since 1990, when Romania held its first post-Communist elections. Turnout was 86.2 percent in 1990 and only 65.3 in 2000. At the local level, voter turnout has been even lower, starting at 72 percent in 1990 and declining to 46.9 percent in 2000. Women remain under-represented in the country's political life, holding only 11 per-

cent of the seats in the Chamber of Deputies and 9 percent in the Senate. However, 5 out of 27 cabinet ministers are women.

Civil Society

1997	1998	1999	2001	2002	2003
3.75	3.75	3.00	3.00	3.00	2.75

In 2002, civil society in Romania proved quite active. Groups mobilized repeatedly to promote changes to bills or decisions issued by public institutions that they considered unconstitutional or infringing on human rights. Among the most important efforts was the Constitutional Forum, a joint initiative of the Chamber of Deputies and a coalition of NGOs whose main goal was to consult citizens on proposed constitutional reforms. Another notable endeavor was a campaign organized by the Pro Democracy Association to urge revisions to the electoral code. Unfortunately, this initiative failed to gather the number of signatures required to submit its proposals to Parliament as draft legislation. The most significant success for civil society in 2002 was the adoption of the Law on Freedom of Information, which had been under discussion for three years. Eight large NGOs, including the Civil Society Development Foundation (FDSC), Transparency International, FreeEx (a program of the Media Monitoring Agency), and the Apador Helsinki Committee, organized the campaign to push for the law's introduction and to urge its passage.

According to the FDSC, Romanian NGOs are active in a number of areas, particularly culture and recreation, education and research, social services, and international affairs. There are also groups engaged in health care, law and advocacy, development and housing, environmental protection, philanthropy and voluntarism, business and professional issues, and religion. Although most NGOs are found in urban areas, in rural parts of the country the number of groups grew from 10 percent of the total in 1998 to approximately 14 percent in 2001. The FDSC also reports that approximately 25,200 NGOs have come into existence over the last 12 years; however, it considers only 10 percent of these as truly active. A report issued by the FDSC in 2002 suggested that the private sector is not sufficiently involved in philanthropic activities and fails to provide effective support to NGO initiatives.

According to the Society of Feminist Studies, 59 women's groups are registered and active in Romania. Of these, the most important groups are the Romanian Association of Women Journalists, which advocates for women's involvement in public life; the Association of Women of Romania, which promotes the importance of women as wives, mothers, and actors in the country's social, economic, and political life; the National Union of Women in Roma-

nia, whose mission is to provide aid to women in need; and the National Union for Women Rights in Romania, whose mission is to promote respect for human rights in general and women's rights in particular.

Ethnic minorities are increasingly represented in civil society. In March 2002, the Committee of Ministers of the Council of Europe concluded that Romania, which is a party to the Council of Europe's Framework Convention for the Protection of National Minorities, had made commendable efforts in supporting national minorities and their cultures. Moreover, the Department for Inter-Ethnic Relations of the Romanian government has provided financing for the publication of textbooks in minority languages. At present there are 102 groups dealing with minority issues. Of these, 60 promote the rights of Hungarians, the country's largest minority. The new and private Sapientia Hungarian University of Transylvania successfully completed its first academic year in 2001–2002 with 450 students attending classes.

The rights of the Roma, the country's second largest minority, are addressed in the National Strategy for Improving Conditions of the Roma. The Roma Party and NGOs protecting Roma rights such as the Roma Center for Public Policies–AVEN AMENTZA, Romani Criss, or the Association of Roma Women in Romania contributed to the development of the strategy. Local Roma offices have been set up in every country, and nearly 400 Roma experts have been hired to carry out the action plan for 2001–2004. Also in 2002, Romanian courts ruled for the first time against employers and newspapers that publish discriminatory job vacancies restricted to non-Roma applicants.

The FDSC's 2000 *Directory of Civil Society* lists 124 NGOs registered as religious groups. Of these, 18 were located in Bucharest. According to the latest census, which was carried out in March 2002, there are 15 recognized religions and cults in Romania. All other groups are legally recognized as religious associations or foundations. Most religious groups are involved in charitable activities.

Article 37(2) of the Constitution, which regulates freedom of association, outlaws political parties and other organizations that promote antidemocratic principles or threaten Romanian sovereignty and independence. It also prohibits secret associations. An emergency ordinance issued in March 2002 banned fascist, racist, and xenophobic organizations and symbols associated with individuals who have committed crimes against humanity.

In 2001, Parliament ratified a new legal framework for foundations and associations, replacing a law that dated to 1924. Although the new ordinance seeks to facilitate registration, its requirement that a group show proof of initial assets (in-kind or in cash) worth at least 100 times the minimum gross salary in the country is prohibitive for many groups. Foundations whose exclusive goal is fund-raising for other associations or foundations must show

assets worth at least 200 times the minimum gross salary. Foundations may engage directly or indirectly in commercial activities related to its statutory goals. The main achievement of the new law was its introduction, in line with EU norms, of public benefit organizations that have access to public procurement opportunities.

International organizations and donors such as the European Union, the United Nations, and the Open Society Institute provide the bulk of funding for Romanian NGOs. Groups receiving such support are usually financially viable in the short term. However, the long-term viability of most groups is uncertain, particularly since Western donors are scaling back their contributions and encouraging Romanian NGOs to take more initiative in raising funds.

Nonprofit organizations are not taxed for work carried out in pursuit of their statutory purposes. However, they are taxed like for-profit enterprises if they engage in commercial activities. The tax benefits for donors are insignificant. Specifically, Romanian law provides for tax reductions equal to the amount given and limits contributions to 10 percent, 8 percent, or 5 percent of one's annual income depending on the cause for which the money is given. Unfortunately, this does not provide sufficient incentives to boost giving. By law, foundations must publish an annual report and a balance sheet. Apart from public tax authorities, no other regulatory body oversees the NGO sector.

Current legislation provides for two forms of partnership between NGOs and the government: direct funding, as through grants and subsidies, or social contracting. Direct funding is available for work in areas such as sports, the provision of assistance to the disabled, and human rights. Through social contracting, government authorities essentially hire NGOs to carry out assistance programs. For the government, social contracting ensures the delivery of high-quality social services, often at lower prices and with less bureaucracy. For NGOs, it secures much needed funds and enables groups to fulfill the missions for which they were created. However, in these situations NGOs exercise much less decision-making ability and function more as passive service providers. Funding opportunities like these are announced in specialized publications such as the *Grants Guide*, a monthly publication produced by the FDSC, and the weekly electronic newsletter *Volunteer*.

Excessive media coverage of negative NGO activities has shaken public confidence in the work of civil society. For example, media outlets often cover stories about poor or illicit management of international funds and political scandals involving groups set up by public officials to avoid payment of taxes. However, some groups are showing that they can work successfully and effectively, even in partnership with the government. In 2002, for example, the Estuar Foundation, an NGO providing social services for persons with mental health problems, established a community center in

partnership with a district mayoralty in Bucharest. Similarly, Procter & Gamble donated 5 percent of its sales of baby diapers in Romania to a joint program run by the Romanian Save the Children Foundation and the Ministry of Education. The money was used to purchase computers for Romanian schools. The government is also relatively open to policy advocacy by civil society, and some ministries have prepared legislation in consultation with NGO representatives. However, there are still many cases in which political interests have prevailed over public interests and produced less effective results.

Article 37 of the Constitution guarantees freedom of association in trade unions and outlaws any interference by political parties or the government in their activities. However, in the 2000 elections, many trade unions exchanged votes for political representation on the PSD's party lists. In 2002, the involvement of trade unions in politics was the focus of parliamentary inquiries.

In 2002, there was significant interaction between trade unions and the government. For example, following a request from unions, the Ministry of Labor and Social Solidarity signed the European Social Security Code. Also in 2002, the Alpha Workers Confederation, the Democratic Confederation of Syndicates, the National Syndicate Confederation, and the National Union Bloc initiated public awareness campaigns about the rights of workers and unions enshrined in the International Labor Organization conventions that Romania has ratified. Trade union experts also designed a civic education manual for high school students that was introduced on a trial basis in the 2002–2003 school year.

Official government data suggest that only 2,610,000, or 58 percent, of the country's 4,500,000 registered workers are unionized. However, the total number of workers is likely much higher—and therefore the percentage of unionized workers much lower—owing to the size of Romania's shadow economy. Approximately 225,000 farmers (representing 5 percent of all unionized workers) and 120,000 workers in small business (2–3 percent) belong to professional associations.

The current government has announced that the adoption of a bill regulating the work of lobbyists is a high priority. Several government decisions already contain provisions on lobbying and interest group participation in politics. For example, bills that might have a significant impact on the business environment in Romania are forwarded to business associations and NGOs for comment. In 2002, NGOs were by far the most proactive and reactive actors on policy issues related to the proposed constitutional reforms.

There are a few effective think tanks in Romania, such as the Institute for Public Policies and the Romanian Academic Society. Generally, though, while groups like these produce solid research and analysis of public policies, they are not strong enough to affect actual policy-making processes.

Instead, political interests usually prevail. In addition, some NGOs and think tanks are attracted to policy debates only when they are assured of boosting their public image or come under international pressure to act.

Romania's educational system is free of political propaganda. Private schools exist at all levels, but most are institutions of higher education. Some private schools have yet to complete the accreditation process with the state. According to UNESCO, nearly 60 percent of the country's academic institutions are private. However, more than 70 percent of students are enrolled in public schools.

Independent Media

1997	1998	1999	2001	2002	2003
4.25	4.00	3.50	3.50	3.50	3.75

Romania's legislative framework for independent media, partly inherited from the Communist period, fails to meet European standards. In particular, punishments for insult and libel remain in the criminal code despite heavy international and European pressures to remove them. Moreover, in 2002 there were several controversial legislative initiatives on regulating journalistic activities. The defense minister became embroiled in a media scandal in 2002 when he stated publicly that journalists "ought to be careful, life is precious and easily lost." He later contended that he was only joking.

The Law on the Right of Reply, introduced in 2002, gives individuals the right to respond in writing to information presented about them in the press. Critics of the law charge that it gives disproportionate power to plaintiffs and thereby discourages the media from presenting critical opinions. Ultimately, the law further enshrines threats against press freedom contained in Article 205 (on insults) and Article 206 (on libel) of the criminal code. Parliament also approved in 2002 the Law on State Secrets and Classified Information, which the media and human rights organizations criticized strongly for provisions that they believe allow government administrations, state-owned enterprises, the military, and other public institutions to avoid public oversight and scrutiny. The law's provisions undermine the Freedom of Information Act, which Parliament adopted in February 2002. Finally, in June 2002 Parliament adopted the Law on Audiovisuals, which seeks to align Romanian policies on the issuance of broadcast licenses with European laws. However, critics charged that the law allows the government to retain strict political control over such licenses and gives the National Audiovisual Council the power to withdraw licenses from broadcasters for so-called transgressions that have been poorly defined.

In several instances in 2002, the ruling party interfered with freedom of the press and curtailed journalists' rights. One such case involved the dismissal of the director of Romanian State Radio on procedural grounds even

though the state broadcaster had enjoyed a successful year both in terms of its finances and in terms of the size of its audience. Every member of the board, which had been appointed under the previous government, was also replaced. Another instance of blatant political interference with freedom of expression and judicial independence was the so-called Armageddon case, in which an individual was arrested and detained for 24 hours for sending an anonymous e-mail that was critical of the prime minister to a list of approximately 100 prominent personalities. The e-mail, which accused the prime minister of amassing a personal fortune by dishonest means, was eventually linked to an adviser in the previous presidential administration. In further interference, the prime minister finished the year by publicly admonishing the owner of Antena 1 TV, one of Romania's largest private television stations, for being too critical of the government. The station's owner is also the head of the PUR, the ruling PSD's minority partner.

Taken together, these incidents suggest that the government's tolerance of media criticism is limited and that its leaders are all too ready to curb press freedoms. A recent report by the FreeEx program of the Media Monitoring Agency provides additional support for the notion that freedom of the press in Romania is under threat. The report suggests that both public and private media are biased in favor of the government, mainly because they all rely on the government's assistance, advertising revenues, and goodwill to survive. Such dependence curbs critical reporting about the government.

According to the Media Monitoring Agency, 90 percent of the population gets its information through television. Only 18–20 percent of the public reads newspapers. Nevertheless, approximately 1,500 periodicals compete for readers in Romania today. There are also 308 radio stations and 120 television stations throughout the country. Most television and radio stations in the country are private. The only state-owned periodical is the *Official Gazette*, which publishes the text of laws and acts. A law adopted in 2002 transferred oversight for the Rompres National News Agency from the Ministry of Public Information to Parliament. However, the law stipulates that Rompres is an autonomous public institution and that the "content and structure of its services [are] protected from any interference by public authorities, as well as from influence by social-political groups, trade unions, or other pressure groups."

According to the Audit Bureau's figures for September 2002, Romanian periodicals enjoyed the following average number of readers per edition: *Libertatea*, 841,000; *Evenimentul Zilei*, 789,000; *Pro Sport*, 645,000; *Gazeta Sporturilor*, 523,000; *Adevarul*, 451,000; and *Romania Libera*, 404,000. Foreign investors are becoming dominant forces in the print media market. Already, the Swiss company Ringier has acquired both *Libertatea* and *Pro Sport*. In addition, Bertelsmann/Gruner & Jahr owns *Evenimentul Zilei*, and the German group WAZ owns *Romania Libera*.

In terms of urban viewership, only the public broadcaster Romania 1 has almost full national coverage. The public Romania 2 reaches around 70 percent of the population. The private commercial channels ProTV and Antena 1 have a combined audience that is nearly equal to that of Romania 1. At 63 percent of the market, Romanian State Radio enjoys the highest listenership in the country, followed by the private stations Radio Europa FM (13 percent), Radio Pro FM (8.7 percent), and Radio Contact (6.6 percent).

Media outlets are subject to the same tax regulations as other private companies. The absence of any financial incentives or economic protections makes Romanian media vulnerable to political and economic interests, especially since most advertising contracts still come from state-owned enterprises. In addition, during the period covered by this report, some press outlets were even accused of blackmailing officials and private concerns to secure good advertising contracts.

At around US$7 per capita annually, advertising expenditures in Romania are modest. There is a significant imbalance between the low amount of available advertising dollars and the relatively high number of media channels in the country. To cover costs, many media outlets engage in blackmail, take "gifts" from state-owned companies or public institutions, or accept sponsorship from business moguls who usually have close ties to particular political parties. Some media owners are willing to lose money because they can trade news coverage for benefits in other areas of business.

Although the press in Romania are theoretically free, the criminal code inherited from the Communist regime contains articles and provisions that threaten freedom of speech. According to the Ministry of Justice, there are 300 to 400 open cases against journalists, most of them based on provisions in the code that address insults and libel. In 2002, the government issued Emergency Ordinance 58, which effectively amended the articles in question by reducing the penalty for insult from a maximum of two years in prison to a fine and the penalty for libel from a maximum of three years in prison to two years. The punishment for insult or defamation of a civil servant was reduced from a maximum of seven years in prison to four years. A provision of the code that had imposed up to five years' imprisonment for any "offense against authority" was withdrawn as well. Despite these improvements, critics denounced the ordinance for failing to eliminate altogether the provisions on libel and insults. The National Audiovisual Council also has regulations on "irresponsible journalism."

Lawsuits against journalists and media outlets are the most common form of harassment. In 2002, journalists from the newspaper *Ziarul de Vrancea* had more than 130 cases filed against them for producing articles critical of a local government official. The journalists complained that in addition to the lawsuits, they were victims of a "bullying and intimidation" campaign.

The main journalistic associations are the Romanian Press Club (CRP), the Romanian Journalists Society, the Romanian Journalists Union, and the Association for the Protection and Promotion of Freedom of Expression. There also is a Romanian Association of Women Journalists. In 2002, a new federation bringing together around 40 media associations was created to counterbalance the influence of the CRP, which is dominated by media owners.

According to a survey carried out by the firm GFK-Romania in October 2002, only 13 percent of Romanians use the Internet. More than 50 percent have never used the Internet, and more than 30 percent have never even heard of it. Half of those who reported accessing the Internet do so in Internet cafés; another 25 percent access the Web from their offices, and 20 percent do so from home. There are no restrictions on Internet access to private citizens.

Governance

1997	1998	1999	2001	2002	2003
4.25	4.00	3.50	3.75	3.75	3.75

Romania is a semipresidential republic in which the government exercises executive power. Although the president only has formal jurisdiction over national security and foreign affairs, he also wields control over the secret services and all other matters of state security. Added to the considerable influence of the bully pulpit, the president's actual powers are therefore quite significant. The resultant ambiguity between governmental and presidential authority creates problems that should be addressed in proposals to revise the Constitution.

Romania's bicameral Parliament consists of the Senate and the Chamber of Deputies. Parliament elaborates and adopts judicial norms with which all other normative acts must comply. Only Parliament may amend the Constitution. Both chambers are responsible for debating, amending, and adopting laws. Proposed constitutional reforms call for the creation of a unicameral Parliament—a change that, if approved, would speed up legislative processes.

Since the 2000 elections, Parliament has promulgated approximately 683 legislative initiatives; it has rejected only 37. Although these numbers suggest a significant amount of activity, they mask the fact that the Chamber of Deputies has a limited capacity to scrutinize legislation. One-third of the aforementioned laws were put forth by the executive as emergency ordinances that enter into force immediately. Since Parliament approves most of these ordinances in their initial form or only with minor amendments, there is serious concern about the failings of democratic debate and consultation.

The Constitution regulates the transparency with which various governmental bodies operate. The government's ability to share information

with the public has increased as agencies and departments have created their own Web sites and public relations offices. However, in practice individual civil servants still decide what to disclose, and their tendency to keep information secret often prevails.

Most draft laws are published on the Internet and in the *Official Gazette* after promulgation. However, it is still difficult to follow in real time the process of amending and adopting laws. The public is entitled to attend plenum sessions in Parliament but may not attend the meetings of specialized committees without an invitation. In practice, it is extremely difficult to attend parliamentary deliberations, and the war on terror has given authorities an excuse to curb public access even further.

In 2001, Parliament approved the Law on Access to Public Information (544/2001) under considerable pressure from domestic and international NGOs. Adoption of the law was contentious, because it compels reluctant public institutions to make available to the public any requested documents that are not considered classified information. Almost immediately after passing the law, though, Parliament also passed the Law on State Secrets and Classified Information, which essentially lets bureaucrats and politicians determine arbitrarily what actually constitutes classified information.

In addition to constitutional provisions concerning local public administration, a series of laws regulates this sector, namely the Law on Local Elections (70/1991), the Law on Administrative Jurisdiction (29/1991), the Law on Local Taxes (27/1994), the Law on Local Autonomy (199/1997), the Law on Local Public Finance (189/1998), the Law on Civil Service (188/1999), and the Law on Local Public Administration (215/2001). To all these, one might add ordinances, governmental decisions, the orders of ministers and prefects, and the decisions of local and county councils. Mayors are chosen in direct elections, while local councillors are selected in voting for party lists. International observers have found Romania's local elections generally to be free and fair.

By law, local governments may introduce local taxes and earmark the revenue for specific purposes. In theory, then, the central government encourages such action so that communities can become more self-reliant. However, this often fails to happen in practice. In fact, there have been instances in which county prefects have sued local councils for trying to introduce new taxes. Some government ministers have reprimanded local councils for levying "unreasonable taxes on the already impoverished population." The media often scorn such local initiatives as well.

Nevertheless, Parliament was expected to amend the Law on Local Taxes in 2002 to give local governments even more authority to levy taxes. However, passage had not been completed by year's end. The Law on Local Public Finance is likely to be replaced in 2003 to make Romania's system of revenue sharing more transparent. The Law on Local Public Administration

provides for local autonomy, the decentralization of public services, and citizen consultation on issues of public interest. A process of decentralizing responsibilities to local governments has begun, but further measures are necessary. In particular, local capacities to fulfill decentralized responsibilities are limited. Systems for managing human resources are underdeveloped, training is limited, and turnover among local civil servants is high.

The 1999 Law on Civil Service (and its amendments) provides the legal framework for the selection and functions of civil servants. Additional legislation addressing such issues as disciplinary committees, performance evaluations, and the management of recruitment exams has also been passed. Further reforms are needed to deal with fundamental issues like remuneration, career structure, and accountability.

In 2002, Parliament approved the establishment of the National Institute for Administration, which is subordinated to the Ministry of Public Administration. The institute will provide intensive training for new recruits as well as continuous education for existing civil servants. The institute will also be responsible for managing a network of eight regional centers that will provide training for local officials and civil servants. It was charged with preparing and implementing a national training strategy for the 2002–2003 academic year.

Although civil servants enjoy protection from inappropriate firings, political interference remains an important factor in recruitment and promotion. The Romanian central administration is still characterized by inflated staffs owing to clientelism and nepotism. In October 2002, for example, it was made public that the annual budget for the government's General Secretariat, with only 550 employees, was 1,000 billion Romanian leu (ROL). The Senate's budget, by contrast, was a mere 600 billion ROL for 1,057 employees.

Rule of Law

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
4.25	4.25	4.25	4.25	4.25	4.25

The separation of power among the legislative, executive, and judicial branches of government is one of the most important features of political organization contained in the Romanian Constitution. Article 58 (1) stipulates that Parliament is the supreme representative body and the sole legislative authority of the country, while the president and the government hold executive power. However, despite demands from NATO and the EU for

stronger checks and balances, successive governments continue to legislate through emergency ordinances.

A parliamentary commission established to consider constitutional reforms has suggested the following changes: separating, and therefore streamlining, the legislative prerogatives of the Chamber of Deputies and the Senate; guaranteeing private ownership of property (to date it is only "protected" by law); introducing an ombudsman's office for human rights; codifying certain areas of Romanian sovereignty in advance of accession to the EU; transforming the Supreme Court of Justice into a court of cassation; and sanctioning a variety of fundamental rights of Romanian citizens. In addition to the parliamentary commission, the Constitutional Forum has been established to bring together political leaders, public policy specialists, political analysts, NGOs, trade unions, journalists, and others to facilitate open debate and discussion during the amendment process.

The Constitutional Court has two main areas of competence. It examines laws before their promulgation by the president, and it evaluates laws already in force when their constitutionality is challenged before ordinary courts. The Constitutional Court confirms the election of the president of Romania and validates his term in office. It is the only institution that can declare a political party unconstitutional or illegal. The Court's rulings are published in the *Official Gazette* and are enforceable. In 10 years, the Constitutional Court has received over 3,700 complaints and has issued 2,700 decisions. Challenges to the constitutionality of laws account for 80 percent of the Court's activity.

One of the most recent examples of judicial enforcement of the Constitution is the Law on State Secrets and Classified Information, which both chambers of Parliament passed in a form that threatened fundamental freedoms. The Constitutional Court declared the law unconstitutional owing to a point of procedure associated with the way in which Parliament approved it. Parliament then made minor amendments and passed it a second time. The president promulgated the law in 2002.

Other controversial laws persist. The executive's Emergency Ordinance 58/2002 issued in April eliminated imprisonment as a penalty for insult and reduced the length of detention applicable in cases of libel. Article 238 of the criminal code, which deals with offense to public officials, was also abrogated via the emergency ordinance. However, the actual offenses of insult and libel remain preserved in the criminal code. Following a regional conference on freedom of expression organized by the Council of Europe in 2002, it was decided that Romania would receive advice and assistance from Europe on removing insult and libel from the code.

In summer 2002, Parliament approved a law granting pardons and subsequent release to thousands of inmates serving prison terms of up to five years. The decision was intended to deal with Romania's acute problem of prison overcrowding. Prior to the law's passage, the ratio of up to 10 de-

tainees per staff member put Romania far beyond accepted European standards of 2 inmates for each staff member.

According to the code of criminal procedure, only prosecutors may authorize searches. Both prosecutors and magistrates may issue warrants. In recent years, human rights organizations such as the Romanian Helsinki Committee have investigated several cases of abuses committed by the police and have reported the use of excessive disciplinary measures. At the same time, these organizations have acknowledged some positive steps such as the lessening of subjective attitudes and arbitrariness in the treatment of prisoners and detainees by penitentiary staff.

Over 9 percent of prison detainees are being held in pretrial detention. Although no data are available on the length of pretrial detentions, the legal limit is rather high—half of the maximum period of imprisonment for a given crime. The Romanian Helsinki Committee has reported cases in which the number of days detainees have spent in confinement before a trial's closure are not deducted from their final prison term. Although Romanian law authorizes detention without a warrant for a maximum of 24 hours, police may extend that period for an additional 24 hours to establish a suspect's identity.

In August 2002, Parliament adopted the new Law on the Status of the Policemen, which now recognizes policemen as civilian public servants. The law also transfers responsibility for dealing with crimes committed by policemen to civilian courts and prosecutors. The intention of the new law is to improve respect for human rights and fundamental freedoms by decreasing discrimination and arbitrariness in the work of the police.

By and large, Romania has been eager to bring its guarantees for human rights in line with international standards. The Constitution guarantees, and the state generally guarantees in practice, a broad range of civil, political, economic, social, and cultural rights. Romania is also a signatory to the European Convention for the Protection of Human Rights and Fundamental Freedoms.

In January 2002, the government approved an ordinance on preventing and punishing all forms of discrimination. In April, it signed an agreement with the World Organization of Intellectual Property to provide increased protection for intellectual property rights and to institute training in this area in Romanian law schools. As of August 2002, individuals and groups who feel they are being discriminated against on the basis of gender, age, religion, ethnicity, or other criteria may notify the new National Council Against Discrimination. The council has a director's college of seven persons, and its president is named by the prime minister for a period of seven years.

One area that remains particularly contentious is that of property rights. In its current form, the Romanian Constitution protects private property. However, the addition of explicit guarantees for property rights is among the constitutional reforms under consideration. Although legislation has been passed to return buildings and land, church property remains a controver-

sial issue. Moreover, the state has engaged in the sale of confiscated property to existing tenants and has proposed to compensate original owners by offering them titles or shares for bankrupt state-owned enterprises—a move that has infuriated the former owners. Numerous individuals have sued the state before the European Court of Human Rights in Strasbourg over the arbitrary enforcement of existing property laws.

The Constitution guarantees freedom of religion. According to the March 2002 census, Romania has 15 recognized religions. The Orthodox Church remains predominant, with 86.7 percent of the population claiming to be adherents. While not widespread, there have been sporadic cases in which the Orthodox Church or individual priests have used their predominant position to restrict or impede the activity of other churches—particularly small or nontraditional groups.

In its 2002 regular report, the European Commission concluded that judicial reform had been limited during the reporting period. The report particularly noted that "the involvement of the executive in judicial affairs has not been substantially reduced, the courts remain over-burdened, the General Prosecutor retained an extensive right to introduce extraordinary appeals, and the combination of a lack of resources and an inadequate human resources policy means that the judicial system is severely strained." Likewise, the Open Society Institute in its 2002 report on the Romanian judicial system stated that the Ministry of Justice continues to have "a useless and centralized authority over the courts, intervening in the selection, promotion, and assessment of judges' performance, a problem arising from possible political interference." Finally, in its annual report for 2002, Amnesty International stated that the ruling "PSD has given instructions to magistrates on how to deal with certain cases and disposed biased dismissals and appointments in the judicial system."

According to an order issued by the Ministry of Justice in 2002, judges and prosecutors are now promoted on a merit basis following open competitions. However, the selection of the 17 members of the Superior Council of Magistracy, which appoints prosecutors and magistrates, still lacks transparency. In particular, the minister of justice easily can exercise influence over the council. Likewise, the National Institute of Magistracy, the entry point for young judges and prosecutors, is subject to potential political influence owing to a legal provision stipulating that individuals who have been magistrates, general inspectors, or legal councillors in the Ministry of Justice may be appointed as judges or prosecutors without having to pass a competitive examination.

According to the civil procedure code, legal aid is granted to persons who cannot afford the legal costs of a civil case. Moreover, mandatory legal aid is provided in criminal cases to all minors and during hearings for cases in which the punishment exceeds five years' imprisonment or in cases where

defendants are not able to defend themselves. Such legal assistance is organized by the country's various bar associations, and payment is provided by the Ministry of Justice. However, the quality of representation is often low.

Enforcement of judicial decisions is the responsibility of private bailiffs and is carried out effectively in most cases. Nevertheless, the Open Society Institute in its 2002 report on Romania's judicial system noted that "although Romania has made some progress this year toward obtaining legal independence, the justice system remains 'unprofessional.'"

Corruption

1997	1998	1999	2001	2002	2003
na	na	4.25	4.50	4.75	4.50

Corruption remains a serious problem in Romania. Official EU reports single it out. Foreign ambassadors make speeches about it. And the media write about it. Yet when anticorruption measures are taken, usually to great fanfare, they seem to have little practical effect. If anything, observers report that the situation is worsening, and the sustained political will to make substantial improvements appears to be weak.

Existing anticorruption legislation includes Law 78/2000 on preventing, detecting, and punishing acts of corruption, Law 115/1996 on the obligation of public officials to declare their personal wealth, Law 21/1999 on the prevention and punishment of money laundering, Law 115/1999 on ministerial responsibility, and various other standing orders and statuses of conduct. During the period covered by this report, several corruption scandals erupted in the Romanian press about senior government officials, including Prime Minister Adrian Nastase, Senate Speaker Nicolae Vacaroiu, and others. In large part, these cases involved alleged violations of "conflict of interest" provisions in Romanian law. The problem, however, is that "conflict of interest" is not properly defined or regulated in a single piece of legislation. Instead, it is addressed in a series of provisions in separate laws that often are not properly enforced.

For example, Law 78/2000 forbids persons holding public office "to make use of their positions, responsibilities, or duties in order to obtain, for themselves or for others, money, goods, or any other unjustified advantages." Unfortunately, the law fails to properly define corruption and to distinguish between petty and more serious forms of corruption. This often leads to punitive sanctions for petty corruption and lenient punishments for acts of grand corruption.

Law 188/1999 forbids civil servants to take outside employment in any organization engaged in for-profit activities. However, it is not properly enforced. In addition, Article 57 of the law allows civil servants to

undertake activities in private trading companies provided there is no connection with their public duties. In 2002, the government issued Ordinance 5/2002, which forbids elected officials and civil servants from serving as managers, administrators, or board members or in other prominent positions in private companies. The ordinance applies to the president, ministers, vice ministers, magistrates, and directors of agencies and national commissions.

Law 115/1996 obliges public officials to declare their personal wealth. The president, members of Parliament, cabinet members, state secretaries, magistrates, county and local councillors, mayors, prefects, and other persons in senior government positions must submit declarations of their wealth each year they acquire new assets. At the end of their public service, they must submit a declaration on the assets they possess to date. Declarations must include real estate and securities, cars, farming machines, boats, yachts, hard-currency bank deposits, and other assets that could generate net revenues of over ROL 100 million per year (about US$3,000).

In October 2002, Prime Minister Nastase declared that "there are obviously cases of corruption [in Romania], still they have to be proved." He reported that as of that date, there were 115 open corruption cases in Romanian courts. Under pressure from Western authorities, Romania has expanded its legal framework for fighting corruption in recent years. For example, in addition to passing the Freedom of Information Act, Parliament has ratified the Council of Europe's Civil Law Convention on Corruption (April 2002), its Criminal Law Convention on Corruption (July 2002), and the Convention on Laundering, Search, Seizure, and Confiscation of the Proceeds from Crime (August 2002). Recently, the government also has set up the National Committee for Preventing Criminality as the main body for integrating, coordinating, and monitoring public policies to prevent crime.

Four additional types of control and oversight instruments can be used to prevent corruption: the ombudsman's office, the court of audit, the government's Department of Control, and parliamentary oversight. Even though the ombudsman does not have direct competencies in fighting corruption, persons holding this position may track corruption or corruption-related cases brought to their attention by the public. The court of audit also has no direct responsibilities in the area of corruption. However, it has access to financial documents that may contain evidence of corrupt offenses. The court reports annually to Parliament and in principle is independent of executive pressure. The government's Department of Control is under the authority of the prime minister and has oversight responsibility for public institutions and authorities subordinated to the government. Theoretically, it could be a very useful tool for fighting corruption, but there are no reported cases of it being used in that way.

Finally, parliamentary oversight, while important, lacks effectiveness. For instance, the Committee for Petitions and the Inquiry of Abuses and Corruption may not interfere in the work of other institutions and must notify them about irregularities reported by Romanian citizens. The number of reported cases increases each year, yet few are ever resolved. The committee's competence is limited to investigative measures that may result only in recommendations for action; there is no real cooperation between it and investigative authorities such as prosecutors.

Since 1996, in an effort to meet the criteria for EU and NATO membership, successive Romanian governments have made fighting a "war against corruption" a top priority. In 2002, the government even adopted a national anticorruption strategy and established the National Anticorruption Prosecutor's Office (PNA). With regional branches housed with the country's 15 courts of appeal, the new body is intended to address serious cases involving more than US$100,000 and high-ranking officials. Though not yet fully staffed, the PNA eventually will include 75 prosecutors, 150 judicial police officers, 35 financial experts, 50 auxiliaries, and 10 administrative positions. The president appoints the PNA's chief prosecutor; the minister of justice appoints the remaining prosecutors. This gives the ministry considerable powers and influence, which at times could compromise the effectiveness of its investigations and ultimately undermine the PNA's independence.

Another development in 2002 intended to help fight corruption was the passage of the Law on Public Procurement (468/2002). As of March, information about the public procurement process was available on-line at www.e-licitatie.ro. At the close of the year, public institutions declared that they had saved approximately 24 percent by contracting for services or purchasing products through the system.

Although these electronic procurement procedures should be welcomed as valuable tools in the fight against corruption, the system does have problems that need addressing. In particular, it actually seems more prone to corruption than before, because no independently appointed body exists to supervise the operation. Several media reports have raised questions about the fact that a good number of the winning bidders thus far have been companies close to the ruling party.

There is no reliable statistic data about the magnitude of official corruption. Nevertheless, surveys conducted on this issue reveal that the public perceives corruption to be widespread. In a survey carried out by the Soros Foundation in November 2002, for example, the majority of respondents said they believed corruption in Romania had increased under the current government. Only 9 percent said that it had decreased. In addition, Romanians reported that they are skeptical about measures undertaken by the government to prevent and punish corruption: 39 percent were con-

vinced that nothing would change in the next year, while 23 percent believed that corruption would increase. The public's signal is clear: 79 percent of the respondents noted that the high level of corruption in the country has become the principal cause of uncertainty and discontent in their lives.

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Russia

Capital: Moscow
Polity: Presidential-parliamentary democracy
Economy: Capitalist-statist
Population: 143,500,000
GDP per cap at PPP: $8,377
Private sector as % of GDP: 70
Ethnic Groups: Russian (82 percent), Tatar (4 percent), Ukrainian (3 percent), other (11 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	3.50	3.50	4.00	4.25	4.50	4.75
Civil Society	3.75	4.00	3.75	4.00	4.00	4.25
Independent Media	3.75	4.25	4.75	5.25	5.50	5.50
Governance	4.00	4.50	4.50	5.00	5.25	5.00
Democratization Scores	**3.80**	**↓↓4.10**	**↓4.25**	**↓↓4.63**	**↓4.81**	**↓4.88**
Constitutional, Legislative, and Judicial Framework	4.00	4.25	4.25	4.50	4.75	4.50
Corruption	na	na	6.25	6.25	6.00	5.75
Rule of Law Scores	**na**	**na**	**5.25**	**↓5.38**	**5.38**	**↑↑5.13**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

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INTRODUCTION

As the Russian Federation embarks upon its second decade of post-Soviet independence, there is widespread concern in the West about the country's lack of commitment to democratic consolidation. Although Russia is an electoral democracy in which the citizenry possesses formal political rights, such as the right to vote and to compete in elections, real power is found not in the competing branches of government or the interplay of political parties but in the proximity of groups to the executive. Civil liberties are even less secure. According to the official U.S. view, as expressed in the Russian Democracy Act of 2002, "The capability of Russian democratic forces and the civil society to organize and defend democratic gains without international support is uncertain." Overall, the country still lags behind its Central and Eastern European neighbors in terms of democratization, economic liberalization, and establishment of the rule of law.

President Vladimir Putin shares former president Boris Yeltsin's predilection for balancing factions of the political and economic elite by playing them off each other. As a result, political parties remain the Achilles' heel of Russia's democratization efforts. Rather than vibrant groupings that unite individuals around common beliefs and platforms, parties are poorly developed, leader-centric affairs. Although elections take place at regular intervals and widespread fraud is not the norm, elite manipulation and irregularities abound, especially in the provinces. According to polling data by the WPS Monitoring Agency, only 14 percent of Russians think that Russia is a democratic state. Fifty-four percent say the country is not a democracy, and 60 percent believe that their votes will not change anything.

Putin remains atop the Russian power structure even though his administration has failed to solve any of the country's economic and social problems, the pervasiveness of crime and corruption in particular. Instead, Putin has established as hallmarks of his presidency his unrelenting position vis-à-vis Chechnya, a consistent erosion of press freedoms, and a reluctance (or inability) to embrace a reform process capable of challenging the stranglehold of the oligarchs over the Russian economy. Hence, coming to grips with the so-called Putin factor is crucial for understanding the nature and dynamics of the Russian political system. In a recent portrait of the enigmatic leader, Russia expert Dale Herspring captured the essence of Putin by describing him as a patriot devoted to re-creating the Russian state and a

nonideological bureaucrat interested primarily in incremental problem solving, though still flexible enough to seize opportunities.

Although the U.S. Commerce Department announced its recognition of Russia as a market economy in June 2002, the move was less a reflection of Russia's development of internationally accepted principles of transparency, accountability, and the rule of law and more a statement of America's political support. Despite the declaration, important U.S. economic players remain unwilling to invest their funds in the Russian economy. Corruption is rife in all phases of life, and Western concepts of "conflict of interest" have yet to take root. Politicians often combine executive power with a direct or indirect interest in businesses affected by that power. Governors and regional oligarchs continue to abuse the electoral process. Adding to Russia's economic woes is the government's failure to undertake crucial reforms in the country's energy sector. The same is true of the moribund banking sector, which continues to function mainly as a conduit for channeling public money into favored firms. Many experts feel that if the banking sector is not seriously overhauled, most Russian banks will not survive if the country enters the World Trade Organization (WTO).

The Wall Street Journal and the Washington-based Heritage Foundation rate Russia as having one of the world's least free economies, ranking it 135th out of 156 countries in their 2003 Index of World Economic Freedom. Nevertheless, with few signs of economic prosperity outside of Moscow, President Putin's popularity rating remains high. Although the Russian public distinguishes sharply between the era of President Boris Yeltsin and the post-Yeltsin era, the evolving rules of the political game today contain the same system-threatening confrontations characteristic under Yeltsin.

The increased political role being played by former KGB officers in government is a potential threat to democracy, and the erosion of the rights of individuals, particularly their ability to critique government actions, is troublesome. For example, following the bloody resolution of the October 2002 Chechen hostage siege in Moscow, which led to the deaths of more than 120 people, the Russian Parliament passed amendments to the Law on the Mass Media that many analysts felt would endanger the meager level of press freedom that now exists. Although President Putin vetoed the legislation, the speed with which authorities sought to limit media freedom serves as a sober reminder of the chasm that remains between Western conceptions of free speech and other rights and what is practiced in contemporary Russia.

Ultimately, it is puzzling that in a country in which the media has been severely constrained and human rights abuses are widespread, the former spy chief leading the country has yet to suffer politically. For many Russians, Putin's strong-handed pragmatism remains a stabilizing political force that is preferable to the political turbulence characteristic of the Gorbachev and Yeltsin eras. The previously fractious legislature and the underdeveloped

judiciary exert little control over the executive, and the country's substantial Communist and liberal opposition groupings have yet to figure out how to successfully transform the social and economic deprivation of the post-Communist era into political capital. Some argue that Putin-style stability comes at the expense of true political competition and use the term ***monopolized democracy*** to describe Russia today.

Consequently, Yeltsin's handpicked successor remains a popular ruler despite a sputtering economy characterized by corruption, elite oligarchic domination, social crises that cross generational lines, and a bloody drawn-out war in Chechnya that increasingly impacts the lives of average citizens. Indeed, as of October 2002, 77 percent of Russians approved of Putin as national leader and only 19 percent did not. The president's popularity is as much attributable to the lack of viable alternatives as it is to his performance, and the sober assessment of a May 2002 article in *Rossiiskaya Gazeta* seems to explain the contradiction best: "People do not see any other figures in whom they can place their hopes for a better life." In fact, 48 percent of Russians polled in November 2002 by the All-Russian Public Opinion Research Center approved of extending the presidential term from four to seven years; 41 percent were against. Although under existing legislation Putin is limited to two terms in office, about 46 percent of those polled felt that the president should have the right to run for three or four terms in a row.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
3.50	3.50	4.00	4.25	4.50	4.75

A lingering result of the 1993 Yeltsin Constitution, the political landscape of the Russian Federation is still dominated by the executive. Opposition forces continue to abide by this set of rules, at least as much as the government does, and this seems to explain the continued stability of the Russian political process. However, stability does not necessarily denote democratic consolidation, and this was evident in two high-profile electoral fiascos in 2002 in Nizhny Novgorod and the Siberian region of Krasnoyarsk.

The gubernatorial election in Krasnoyarsk devolved into a battle among the three main "court" groups—the Yeltsin-era "family," the "old St. Petersburgers," and the "new St. Petersburgers"—each with its own candidate. Simultaneously, a battle raged between Interros and Rusal, two large oligarch-based financial-industrial groups. Sympathizers of all sides employed ballot-stuffing and ballot-spoiling techniques, as well as direct falsification

during vote counting, such that declaring a clear winner was all but impossible. In the end, President Putin resolved the situation by appointing one candidate as acting governor, though the precise legal grounds upon which this took place were questionable. Similarly, in Nizhny Novgorod, Russia's third largest city, close voting in mayoral elections devolved into chaos when candidates accused each other of vote fraud and turned to local courts and the election commission to halt the count and annul the results, respectively. There were also claims that candidates deliberately spoiled ballot papers and paid bribes for votes.

According to the International Election Observation Mission, sponsored by the Organization for Security and Cooperation in Europe (OSCE), a lack of discipline and ethics among the participants, exacerbated by the Russian civil code's failure to provide sufficient and timely penalties, allows electoral offenses to continue in campaigns. And 2002 was certainly a year in which dirty electoral tricks proliferated, leading to serious talk of reform of the election laws. Numerous articles in the press alleged that the election scandals in Krasnoyarsk and Nizhny Novgorod represented the latest attempts to discredit the election process. A 2002 study sponsored by the Russian Academy of Sciences found that two-thirds of Russians regard their electoral system as window dressing.

In a number of important votes in the regions, gross improprieties predominated, including smear campaigns, legal challenges against candidates, and the use of so-called dirty resources. The term *dirty resources* refers to the ability of individuals to manipulate the public administrative process in their favor. In elections, for example, this can mean obstructing the registration of potential rivals. Although the Supreme Court overturned the registration of "doubles" (candidates of the same name) in a gubernatorial race in late August, the practice was revived in time for the December 2002 legislative elections in St. Petersburg, in which nine pairs of candidates with identical names were registered.

Recent changes in election laws do carry the promise of improving the situation. Under the new laws, only courts will be able to disqualify candidates for campaign violations and, in any case, no later than five days before the election. There will also be a finite number of reasons for which a candidate can be excluded. Nevertheless, it is not surprising that barely a decade after the fall of communism, voter turnout has plunged. Of those who do vote, many select the "against all candidates" option when they fill out their ballot papers.

The dubious electoral campaigns in 2002 highlighted another fundamental problem of the post-Communist era in Russia: the power of political clans and oligarchs. Having spent the past decade appropriating and dividing up Russia's wealth, especially its abundant minerals and fossil fuels, the oligarchs represent a powerful political and economic force. Although they

typically have closed ranks during elections, the regional votes in 2002 indicated that the oligarchs have split into two predominant groups. One group is led by Vladimir Potanin, chairman of Interros and the controlling investor in two reputable national newspapers, *Izvestiya* and *Komsomolskaya Pravda*. The other is led by Oleg Deripaska, the head of Russian Aluminum, and Roman Abramovich, governor of Chukotka and the former head of Sibneft. These two groups have already clashed, and new conflicts could have unexpected consequences for the 2003 elections to the Duma, the lower house of Parliament. For example, government critics allege the existence of a multimillion-dollar Kremlin "slush fund" to finance favored candidates in state Duma and local elections. The fund is presumably furnished by oligarchs, who reap greater benefits from the administration in return.

The subordination in 2001 of Vladimir Gusinsky and Boris Berezovsky, the country's two most prominent oligarchs, was viewed as the initial phase of the presidential administration's uphill battle to rein in the power magnates. In response, the oligarchs changed their strategy and opted for lower profiles. For example, Abramovich became governor of the autonomous *okrug* (district) of Chukotka and crafted a public image of hardworking practicality. This stands in sharp contrast with the prevailing image of oligarchs as corrupt individuals who make billions by stealing and laundering state resources and foreign loans. It remains to be seen, though, whether the oligarchs can actually be reformed.

The Russian political scene is dysfunctional at many levels. Characterized by a strong imbalance of power that favors the executive, Russia has become a kind of monarchy in which the president stands above politics and is not accountable for his decisions. Of course, authoritarianism, benevolent or otherwise, is always problematic, and the long-term implications for Russian democracy of the current superpresidentialism are disconcerting. In particular, while the decision of post-Soviet Russian presidents to refrain from party membership provides them room to maneuver and manipulate, it does so at the expense of democratic consolidation and political stability. It was not surprising that Boris Yeltsin, Putin's wily and unpredictable predecessor, avoided party membership. But Putin's political machinations once suggested that he was prepared to create his own presidential party. In 2001, he went so far as to orchestrate the merger of the second and third largest vote getters into a single pro-Kremlin party. Since then, though, Putin has avoided direct association with the new party, asserting that "it still has to earn the right to be called a party of power."

Article 3 of the Constitution provides for free elections, and Article 13 guarantees a multiparty system. Election rules differ among regions and are subject to revision. At the end of 2002, legislation pending before the Duma sought to amend the Law on Presidential Elections. If approved, the law would retain the existing two-round system, under which a sec-

ond-round runoff is held if no candidate garners 50 percent of the first-round vote. In addition, political parties receiving 5 percent of the vote in federal legislative elections could nominate presidential candidates without gathering the necessary two million signatures. The maximum candidates may spend on their campaign would rise from 30 million rubles to 150 million rubles (US$5 million).

In national legislative elections, voters make two selections each—one for a candidate in their local electoral district (there are 225 of these mandates) and one for a political party or alliance (another 225 seats divided among parties and alliances reaching 5 percent of the vote). Of the 26 parties listed on the last ballot in December 1999, 6 passed the electoral threshold, garnering a total of 81.37 percent of the party list vote (the corresponding figures for 1995 were 4 parties and 50.49 percent).

Although voter participation in the last presidential and parliamentary elections topped 60 percent, membership in political parties remains low. Large parties, including the Communist Party of the Russian Federation (CPRF), Yabloko, and the Liberal Democratic Party (LDPR), function at the national and subnational levels. The CPRF is the largest, claiming hundreds of thousands of members. Other parties range from a few hundred members to several thousand. Personalities play a major role, and many parties are formed around a single individual or group of individuals.

Russia's 89 regions hold two seats each in the Federation Council, the upper house of Parliament. Regional legislatures name one member, and regional executive branches appoint the other. Critics argue that the appointment of Federation Council members restricts citizen input in national politics. Believing that only two-thirds of the deputies in the upper house carry out their functions in earnest, Federation Council head Sergei Mironov plans to introduce a bill on direct, popular elections to the body. On a positive note, the Federation Council has opened an office in Moscow where members of the general public can meet with their deputies, file complaints, and offer suggestions.

An enduring problem in Russia is that women have a limited role in the political process, particularly at the national level. Women account for 10–12 percent of membership in political parties, and only 34 women (7.7 percent) were elected to the Duma in 1999. This was down from 11 percent in 1995. Although President Putin has lamented the low numbers of women in public life, women occupy only 10 percent of all positions in his administration. Novosibirsk governor Viktor Tolokonskii has proposed preparing legislation that would create a quota system for female legislators at the oblast level in party list voting. The Rostov-based women's group Soglasie has called for a gender quota of 70 percent on party lists for regional and national elections. Group activists claim that about 53 percent of the Russian electorate is female.

For much of the past decade, the Kremlin has discouraged the development of political parties and associations, hoping to create a legislative system based on a few large, permanent, and loyal parties. Although today Russia has nearly 200 parties of every imaginable type, few are expected to survive a stringent process of reregistration that the Duma approved in 2001 with Kremlin backing. To register under the new law, a party must have more than 10,000 members, branches in at least 50 percent of federation units, and a minimum of 100 members in each branch. If a group does not meet these criteria, it can be abolished by a decision of the Supreme Court. The law also mandates state financing of parties that receive more than 3 percent of the vote in the preceding election, limits private contributions to political parties to 3,000 rubles (US$100) a year per individual, and bans contributions by foreigners and international organizations.

National political parties do not figure prominently in the political institutions of Russia's provinces. Provincial politicians either shun party labels or easily exchange and discard them. More than three-fourths of winning candidates in regional legislatures are not even affiliated with national parties, despite recent efforts by national parties to forge regional groupings. The fact that few regional and local legislatures have adopted electoral systems based on proportional representation inhibits provincial party development.

To participate in elections, political parties, political organizations, and political movements must register with the government. Article 13 of the Constitution prohibits activity by parties that advocate the violent overthrow of the state, support the dismantling of the Russian Federation, carry arms, or incite social, racial, national, or religious strife. On these grounds, the Justice Ministry has refused to register parties and movements whose activities allegedly violate the Russian Constitution. Ministry officials say that the law forbids them from registering any political party that is religious in nature. It is not clear where this leaves the Islamic Party of Russia, which transformed itself from a political organization into a national party at its third party congress in Moscow on April 27, 2002. The party has 63 regional branches and claims a membership of 1.5 million people. In mid-2002, the Russian Christian-Democratic Party (RKhDP) embarked on its own challenge to the ban on religious parties when the Justice Ministry refused to register it. RKhDP leaders do not consider the party religious and have vowed to take their case to the Constitutional Court. Central Electoral Commission chairman Aleksandr Veshnyakov anticipates that about 30 parties will compete for seats in the December 2003 state Duma elections; only 18 parties had registered their regional branches as of mid-December 2002.

In a further effort to reduce the number of parties, the Duma voted in 2002 on amendments to the Law on Elections that would raise from 5 to 7 percent the minimum amount of votes necessary for parties to gain party list

seats in Duma elections. If the bill passes in its final reading, the new threshold would take effect during the 2007 parliamentary elections (unless the next Duma is dissolved early). These changes were pushed by the new pro-Kremlin Unified Russia Party.

In February 2002, Moscow mayor Yurii Luzhkov's Fatherland Party, the All-Russia movement, and the Unity Party all held party congresses at which delegates agreed to dissolve their respective political organizations and form Unified Russia—presumably a newer, more improved "party of power." Interior Minister Boris Gryzlov was named head of the new party's Higher Council, but the Law on Political Parties forbids top state officials from working in the executive bodies of political organizations. This new centrist, pro-Kremlin alliance controls approximately 240 of the Duma's 450 seats, presumably allowing Putin to dominate Parliament and push through many of the government's bills. However, Unified Russia got off to a rocky start with a disastrous advertising campaign that cost hundreds of thousands of dollars and alienated state employees.

The summer stumblings of Unified Russia might explain the rapid registration in September of the Party of Life. Led by the head of the Federation Council, it appears to exist primarily as a party in waiting in case Unified Russia falters. Also on the center-right horizon is the People's Party, which is striving to get closer to the ruling circle. Further to the right is Alexander Dugin's Eurasia movement, which officially has transformed itself into a political party. Supportive of the president, Eurasia's objective is "the establishment in Russia of a political system based on Eurasian ideology" and the creation of a new state structure modeled after the Commonwealth of Independent States.

Opposition to President Putin and Unified Russia is fragmented. Although the leaders of Russia's liberal political parties and groups met at the fourth All-Russia Democratic Conference in Moscow in October 2002, the prospect of uniting the country's democratic forces into a serious electoral force remains elusory. The leaders of the Union of Right Forces (SPS) and Yabloko, the two parties that spearheaded the conference, have appeared more interested in using a potential alliance to woo each other's voters than to coalesce around a common political agenda. Nevertheless, one positive sign was that the two parties agreed to support a single list of candidates in the December 2002 elections to the St. Petersburg legislature.

A number of new parties with potential electoral impact appeared in 2002, several of which split off from established parties. The Union of People for Education and Science (SLON) is led by two former high-profile members of Yabloko and already has 50 regional groups. Disregard for the intellectual potential of Russia is the main grievance that SLON has against the present regime. SLON plans to maintain close relations with Yabloko. A group of lawmakers who split off from the SPS formed another new elec-

toral force called Liberal Russia. Already, though, the new party has been tarnished by its involvement with Boris Berezovsky, the self-exiled oligarch, and the assassination in September of Vladimir Golovlev, one of its top members. Moreover, since the country already has two main parties that appeal to the liberal electorate, there appears to be little political space in which Liberal Russia can maneuver.

Russia's substantial left opposition still grapples with its inability to counter the domination of political power by political elites and oligarchs. Stripped of its Duma committee chairmanships in 2002, the CPRF appears marginalized at the national level but still commands significant support as the country's largest opposition force. In October 2002, the CPRF organized demonstrations in Moscow and other Russian cities to protest sales of agricultural land and reforms to communal services and utilities. A bill prohibiting national referendums in the 12 months prior to federal elections was passed in September 2002, likely in response to the CPRF's efforts to collect signatures in support of a referendum on land sales and other issues. Accusations that the CPRF has pursued closer ties with Boris Berezovsky could cause further diminution of the party's prestige. Although high-ranking CPRF members have denied that the party is pursuing an alliance with Berezovsky, the Political Council of Liberal Russia, of which Berezovsky was a founding member and major funder, voted in October to expel the oligarch for his links with the Communists.

The People's Patriotic Union of Russia, a Communist-led umbrella movement formed in 1996, suffered the loss of state Duma Speaker Gennadii Seleznev's Rossiya movement, which received official registration in 2002 as the Party of Russia's Rebirth. Seleznev believes that the center-left niche in Russia still has great potential, even though other Communist allies have tried and failed to form alternatives to the CPRF. The new left-wing People's Patriotic Party, which elected former defense minister Igor Rodionov as its head and claims to have 70 branches throughout Russia, is expected to be more radical than the CPRF. The Unified Socialist Party was established at a founding congress in March 2002, with delegates representing the Socialist Party, the Spiritual Heritage movement, and other organizations in attendance. Socialist Party head Ivan Rybkin was elected chairman of the party.

Civil Society

1997	1998	1999	2001	2002	2003
3.75	4.00	3.75	4.00	4.00	4.25

When communism fell in Russia, the absence of a developed civil society was cited as perhaps the greatest obstacle to democratization. The good news is that Russia's nongovernmental sector has developed substantially

over the past decade, and today approximately 300,000 nongovernmental organizations (NGOs) are registered with the Ministry of Justice. However, civil society still has not reached Western levels and standards, and its ability to affect government decision making is limited.

President Putin's approach to NGOs has largely been one of establishing dialogue with groups and then attempting to coopt them. Groups critical of Putin's policies are simply marginalized. Although the government sponsored an unprecedented gathering of NGOs called Civic Forum in 2001, it has made few substantive efforts to include NGOs in the policy-making process. One notable exception is the Citizens Coalition. Following Putin's call for public disclosures of budget practices at the local level, a group of NGOs in Yaroslavl oblast formed the Citizens Coalition project and began to establish partnerships with municipal districts to promote transparency and openness in local budgeting. As part of this effort, the Citizens Coalition has organized seminars and master classes on budget analysis and the use of public hearings in local legislatures. The group is supported in part by the British Westminster Foundation for Democracy.

Russia's diverse community of NGOs addresses issues ranging from health care and social services to the environment and human rights. More than 70,000 organizations are involved in charitable work, and approximately 2.5 million Russians participate in NGOs. Women make up the majority of volunteers and staff members. More than 30 million Russians actually receive assistance from NGOs.

While there is a significant amount of volunteerism in the country, philanthropy is still underdeveloped. Philanthropic groups that do not have close ties to the state typically lack sufficient funds to carry out their work. There are, however, notable exceptions. The YUKOS Foundation, which was established by the Russian oil giant YUKOS, has contributed $1 million to the U.S.-based Eurasia Foundation to promote community and private sector development in rural Russia. The Russia Donors' Forum is a coalition of private and public grant makers, both international and domestic, that distributes financial resources to groups and individuals for the express purpose of benefiting society. The coalition now includes Russian donor organizations that are active in economic reform, human and civil rights, legal reform, the environment, health, education, and culture. The Vladimir Potanin Charity Foundation provides grants for young teachers and has stipend programs for students.

Article 30 of the Russian Constitution guarantees NGOs the freedom to choose their activities. Individuals have the right to participate in and form associations, including trade unions. The civil code of the Russian Federation, the Law on Public Associations, the Law on Charitable Organizations and Charitable Activity, and the Law on Nonprofit Organizations all contain provisions on organizations and associations. Article 51 of the civil

code requires all legal entities to register with the federal Ministry of Justice. An organization must submit its legal documents to the Justice Ministry within three months of its founding meeting. Regional and local associations register through local Justice Ministries. Inter-regional groups register in the locality in which their permanent governing body is based.

Article 52 of the 1995 Law on Public Associations required all registered public associations to reregister. Public associations that failed to do so by the established deadline were subject to closure. Reregistration proved fairly easy at first, but over time regional authorities began to abuse the process by putting pressure on groups to change their activities and mandates. There have been numerous attempts to outlaw organizations that monitor the conduct of governmental institutions, and human rights groups such as Glasnost, the Union of the Committees of Soldiers' Mothers of Russia, and the Disability Center for the Social Rehabilitation of Children have been the most vulnerable to harassment. In what appears to have been a politically motivated case, the group Unified Europe found itself the target of an inspection by prosecutors in the Orel oblast after it successfully pursued 18 local legal cases involving political repression.

Although there have been positive developments in the NGO sector, more time is needed for it to become sustainable. In particular, the organizational capacity of NGOs remains uneven. Groups that receive Western funding generally try to emulate the administrative practices of Western NGOs and do so with varied success. Some organizations are advanced in these areas, but many are just beginning to address such issues. Without adequate skills and information, organizations find it difficult to survive over the long term. Groups that do not have access to Western funding generally are poorly managed and, in many cases, have no desire to emulate international standards. Russian NGOs as a whole began discussing matters such as the proper role and functions of a board of directors only a few years ago. The core of experienced trainers and practitioners is growing, though their ability and willingness to act as mentors vary widely. Some do work quite effectively; others use their connections simply to increase their own status. Meanwhile, the Russian public remains mostly distrustful of NGOs.

Russia's current economic climate hampers the financial viability of most NGOs. Very few organizations can achieve financial sustainability with local resources alone. Changes to the tax code that took effect in July 2002 place limits on grant making by requiring donors and recipients to register and by limiting eligibility for tax-free status to those groups working in the areas of science, culture, sports, and the environment. In violation of Russian law, a value-added tax has been applied retroactively to services provided by NGOs. The consequences of these changes will be evident in 2003, when NGOs file their first annual tax reports under the new code. Thus, economic constraints and the absence of significant in-

centives in current tax laws are now considered the greatest impediments to the long-term growth of Russia's NGO sector.

One area of civil society that has rebounded in the post-Communist period is religion. A country that once was aggressively atheist, Russia is now looking increasingly to religion to instill values. In the past decade, Russia has become home to 18,000 parishes, 460 monasteries, 5 theological academies, 23 seminaries, 21 theological schools, and 2 Orthodox universities. More than two-thirds of respondents to a survey in 2002 by the All-Russia Center for the Study of Public Opinion claimed to be adherents to one or another religious creed. Fifty-eight percent of respondents declared themselves Orthodox believers, 31 percent atheists, and 5 percent Muslims; less than 2 percent said they belonged to non-Orthodox Christian faiths. There are an estimated 600,000 to 1 million Jews in the country.

Groups with extremist views appear to be on the rise in Russia. In particular, it would seem that anti-Semitism has grown among Russian youths, along with a more general rise in xenophobia. According to the Moscow Helsinki Group, Roma, Mesketian Turks, Jews, and individuals from the Caucasus are most frequently targeted. Experts attribute the growth to a general rise in hate crimes and to better monitoring of the situation. In many regions, local administrations remain anti-Semitic, and state-run local television outlets appear unwilling to expose the problem properly.

In 2002, just as the country was reeling from a number of high-visibility hate crimes, a controversial new bill on extremist crimes was pushed through the legislature with lightning speed. Critics of the law contend that the bill's vagueness makes it a potential weapon against any kind of political activity. One of the most controversial sections is the ban on "inciting any social animosity," which activists fear could be used to crack down on trade unions or other kinds of social activity and protest. The bill also imposes tight restrictions on Internet service providers that activists feel could be used to censor many forms of political expression. Likewise, activists are concerned with the law's definition of extremism, which includes "any attempt to humiliate human dignity." On a positive note, in October 2002 the Moscow city government approved a program for the period from 2002 to 2004 that is intended to "develop tolerance and prevent extremism." The $8.1 million program contains more than 180 activities to promote interethnic and interconfessional harmony.

One area of serious concern is the inability of activists to convince the government to address the environment in a meaningful way. According to a government survey from the year 2000, 120 cities in Russia have air quality that is at least five times more toxic than acceptable levels. President Putin abolished the State Committee for Environmental Protection in 2000 and replaced it with the Russian Ministry for Natural Resources, which has neither the means nor the objectivity to analyze industrial contracts and

monitor some 300,000 businesses a year. The ministry's other activities, such as issuing licenses for oil drilling and the mining of precious materials, make it an inappropriate choice for ecological protection. Although Putin announced to journalists in August 2002 that the Kremlin was drafting a new federal Law on Environmental Protection that "will expound a system of measures and responsibilities for causing harm to the environment," Russia's ecological outlook remains grim. According to the Russian affiliate of Greenpeace, "It is impossible to build up a democratic society in Russia while ignoring ecological problems."

Since the collapse of communism, few resources have been devoted to the education sector. While President Putin has called for the modernization of Russian schools, the necessary funding has yet to materialize. For example, half of all Russian schools lack basic services such as central heating, and only a quarter of schools have computers. Russia has 68,000 secondary schools, two-thirds of which are located in villages. Most children still attend state schools. The number of new nonstate schools grew from 368 in 1993 to 607 by 1999. In 2000 and 2001, approximately a third of all students in Russia's institutions of higher education paid fees. Most prestigious institutions of higher education accept bribes from members of organized crime groups to enroll their children or give them better grades. A Russian educational system that once prided itself on free access to a quality, comprehensive education on the basis of merit is now mired in the same level of corruption that thrives in so many other spheres of Russian life—from parking a car to setting up a new business.

Article 30 of the Constitution guarantees the right "to create trade unions to protect one's interests." Although approximately 60 percent of Russian workers belong to a trade union, this number actually represents a sharp decline since the Soviet era. The drop in membership is the result of both the proliferation of nonunionized jobs in the private sector and the inability of unions to perform the same functions they did under communism. The majority of workers belong to unions affiliated with the Federation of Independent Trade Unions of Russia (FNPR), the successor organization to Communist-era unions and by far the largest labor confederation in Russia. The fact that many FNPR officials have long-standing ties to enterprise managers puts independent unions at a disadvantage.

In February 2002, a new labor code came into force requiring all employers, irrespective of the type or nature of their ownership, to comply with labor laws. The new code also applies to foreign nationals working in Russia, unless otherwise stipulated in a federal law or international treaty. Employees now have the right to refuse to perform tasks that are not stipulated in their employment agreements or that pose an immediate danger to their health or life. The new code also provides for the protection of personal information, contains detailed regulations on health and safety in the

workplace, and obliges employers to compensate employees for delays in the payment of salaries and other employment-related compensation.

Independent Media

1997	1998	1999	2001	2002	2003
3.75	4.25	4.75	5.25	5.50	5.50

The connection between the media and government remains tight in Russia, and media outlets that offer alternative viewpoints face substantial legal and financial obstacles. State media are under pressure to reflect government positions, while private outlets typically represent the political biases and business interests of their investors. Journalists and media owners that are critical of the Putin regime often come under intense scrutiny and are subject to specious audits, complicated legal battles, and even beatings and arrests. The state has also forced the cancellation of important programs and tried to wrest ownership of media outlets by coercive measures. As a result of all these measures, self-censorship is a significant problem among the country's media.

Oleg Poptsov, the president of TV-Tsentr, has identified several disturbing trends in the Russian media. First, the cohesiveness of the Russian media as a professional community has been destroyed in recent years. Second, mass media outlets have become overly commercialized. Nevertheless, Russians remain great consumers of the media. Approximately 97 percent of all Russian households have televisions, and 24 percent have two or more sets. Three television stations reach a national audience. The government stations Russian Public Television (ORT) and Russian Television (RTR) reach 99 percent and 96 percent, respectively, of the country's total viewing audience; the privately owned NTV reaches 72 percent. The state Duma approved a bill in November 2001 that limits TV and radio advertising during educational, religious, and children's programs. Advertisements may not last longer than 20 percent of total airtime. In 2002, Russia's advertising market was expected to grow by more than 50 percent and significantly exceed spending levels seen before the 1998 economic crisis.

In 2001, the federal government gave itself the power to cancel any agreements or deals that would result in the "illegal estrangement of technical means and objects from federal ownership." The state has retained control over all broadcasting and relay stations for television and radio signals by consolidating them under the management of a single government corporation, the Russian Television and Radio Broadcasting Network (VGRTK). The VGRTK oversees the federal signal distribution center in Moscow and its regional subdivisions.

In January 2002, President Putin rejected an amendment to the Law on the Mass Media that would have allowed foreigners to retain co-ownership

of Russian television companies if they were among the proprietors prior to August 2001. The law, approved in August 2001, does not allow for foreign ownership in Russian television companies that broadcast to over 50 percent of the country's territory or reach an audience that exceeds 50 percent of the population. Critics argue that Putin's veto of the amendment deprives Russian television companies of the ability to attract substantial foreign investment and leaves them at the mercy of semistate energy companies when looking for investors.

Less than 20 percent of Russians have used a computer, and only 8 percent have surfed the Internet. Only 7.2 percent of Russians have computers at home (up from 5 percent in 2001), with the highest concentration, 27.5 percent, in Moscow. Only 2 percent of rural households have computers. According to the Education Ministry, 10.3 percent of schools are connected to the Internet; independent analysts suggest that figure is much lower, probably closer to 3 percent. Ever optimistic, the Education Ministry announced in 2002 that 31 percent of all schools will be connected to the Internet by mid-2003. According to the postal services department of the Communications Ministry, there are currently some 6,600 public-access Internet outlets in post offices across Russia. The number of regular Internet users in Russia was projected to climb to 8 million in 2002, up from 4.3 million at the end of 2001.

There are dozens of Russian-language news sites on the Internet, as well as over 180 sites representing the country's political parties and movements. President Putin has also ordered all government agencies to launch Web sites and to update them on a daily basis. In June 2002, as part of the state project Electronic Russia, the government announced the launch of a new version of its official portal. The new site emphasizes interactive communication between officials and the public by allowing citizens to send letters, complaints, and suggestions concerning the government's functioning. Meanwhile, e-commerce in Russia has slowed, with 30 to 40 new Internet sites offering goods and services appearing each month, compared to a growth rate of 150 such sites during 2000.

The increased use of the Internet has not been lost on Russia's security organs. Civic groups across Russia have made great strides in organizing, networking, and raising funds through their savvy use of e-mail. Whether the authorities have the resources to monitor the burgeoning flow of information is unclear, but many environmental and political activists have become concerned and now eschew e-mail for sensitive communications in favor of faxes and face-to-face meetings. Of course, technology cuts more than one way, and a spokesman for the Federal Security Service claimed in 2002 that the number of hacker attacks on his agency's Web site might exceed one million for the entire year—twice the level of 2001.

The vast majority of Russia's newspapers and magazines have been privatized, and big business has replaced the state as the principal controller of print media. Today, a handful of Russia's most powerful financiers are in command of the major national newspapers. Owing to the absence of financial support from central authorities, Russia's local and regional press outlets have fallen upon hard times. In addition, worsening economic conditions have caused many Russians to stop buying newspapers and magazines altogether. Nevertheless, most media outlets that are technically private, especially in the provinces, rely on some form of state sponsorship or patronage in the guise of reduced prices or tax benefits. As of 2002, more than 2,000 newspapers were receiving direct federal subsidies. There seems to be a tacit agreement between the Kremlin and big business that while national channels must remain under Kremlin control, regional outlets may enjoy some level of business involvement. The Central Electoral Commission announced in 2002 that it would push for amendments to Russia's Law on the Mass Media that would suspend the work of media outlets that fail to provide objective reporting during election campaigns.

Court rulings on libel and defamation have been used to curtail the freedom of journalists to criticize public figures. Libel is a criminal offense under the 1992 Law on the Mass Media and the 1991 Law on the Protection of Citizens' Honor, Dignity, and Business Reputation, and many government officials and politicians have attempted to utilize this legal mechanism to their benefit. For example, in 2002 a court in Ulyanovsk upheld the sentencing of *Simbirskie Izvestiya* editor Yuliya Shelamydova to a year of corrective labor and a large fine for an article she published about Ulyanovsk oblast governor Vladimir Shamanov's entourage.

Accreditation procedures and technical regulations have also been used to circumscribe press freedom. In November 2002, for example, officers in the Federal Security Service searched the offices of the weekly newspaper *Versiya* and confiscated property and personal effects from some newspaper staffers. The paper's editor charged that the raid was intended to intimidate journalists and prevent the publication of an issue devoted to the seizure of a Moscow theater by Chechen terrorists. In October 2002, President Putin canceled an August 1991 decree that guaranteed the legal and operational status of the Moscow bureau of Radio Free Europe/Radio Liberty (RFE/RL). The Russian Foreign Ministry argued that Putin's decree is purely a technical measure designed to give equal status to all foreign media outlets in Russia and does not constitute a reaction to RFE/RL policies and reporting. One ray of hope in 2002 was President Putin's veto of harsh amendments to the Law on the Mass Media that both houses of Parliament passed in response to the Moscow theater crisis. At the close of 2002, the Duma, the TV and Radio Broadcasting and Mass Communications Ministry, representatives of the press, and the Industrial Commit-

tee of the Mass Media were working on a code of ethics for media behavior during public emergencies.

A number of organizations, many at the regional level, aim to defend journalistic freedom and integrity. The most prestigious is the Glasnost Foundation, whose activities often meet with government interference. The Union of Journalists of Russia is the main professional group representing media professionals. In July 2002, leaders of Russia's media community created a new corporate organization that will be tasked with lobbying for the interests of the media sector. Eduard Sagalaev, head of the National Association of Broadcasters, will organize the new body. The Russian public generally views its journalists as front men for media tycoons. Moreover, business firms and other self-interested parties can procure almost any story they want on Russian television with a bribe. As one editor has lamented, "Journalists are also often to blame...they themselves have destroyed their image as defenders of liberties." Under current law, authorities can fine media outlets only 5,000 rubles (US$166) for accepting bribes; the outlets, however, can collect up to $5,000 for a single article of so-called black PR.

There are, of course, many independent and hardworking journalists in Russia. For example, in March 2002 journalist Anna Politkovskaya received a prominent award for producing balanced reporting in *Novaya Gazeta* on the Chechen war. She did so despite official harassment, threats, and arrest for expressing views that are not popular with ordinary people or the government.

Freedom House's annual *Survey of Press Freedom* has rated Russia "Partly Free" since 1992.

Governance

1997	1998	1999	2001	2002	2003
4.00	4.50	4.50	5.00	5.25	5.00

The Russian Federation is a multiethnic state with a complex federal system that comprises 89 component parts: 21 non-Russian republics, 1 autonomous *oblast* (province), 10 autonomous *okrugs* (districts), 55 predominantly Russian oblasts and *krais*, and 2 cities (Moscow and St. Petersburg) with special representative status. Although these regions are equal in standing under Article 5 of the Constitution, this is not the case in practice. The respective powers of the federal government and the regions are laid out in Articles 71–73 of the Constitution, but these provisions carry less weight than the series of bilateral power-sharing treaties signed by the federal government with many of its 89 components. In November 2002, the Duma Regional Policy Committee held a hearing on a draft bill to alter the administrative borders of the Russian region. Depu-

ties and experts at the hearing represented two main schools of thought. Some supported the government's efforts to merge certain regions, while others backed the so-called ethnic republics and called for expanding the independence of federation subjects.

In 2000, the State Council and seven federal superdistricts were created. The State Council provides regional governors direct access to President Putin once every three months, but this consultative body's policy impact has been minimal thus far. The utility of the seven superdistricts, the heads of which are presidential appointees, remains difficult to assess because the federal ministries do not appear to be interested in coordinating activities with them. The presidential representatives for the federal districts are supposed to make sure that federal agencies, such as the security services and the tax service, operate effectively and impartially in the regions and do not get ordered around by local governors. After a decade of divergence, they are also meant to steer regional laws into conformity with federal laws. However, the presidential envoys appear to have widely different views of their own responsibilities. Given the diversity of economic and social conditions in the various districts, though, it makes sense that the envoys who are tasked to oversee them would perform different functions. Regional governors understandably have been irritated to find a new layer of bureaucracy around them.

Republic presidents and the governors of krais and oblasts are popularly elected. Electoral laws vary from region to region, and the elections themselves are problematic affairs. In June 2002, federal Duma deputies approved a bill that provides for the election of one-half of all deputies in regional legislatures according to party lists. The law was the product of a conciliation commission that was formed after the Federation Council rejected the bill earlier in the year. Regardless of the electoral formula, regional leaders have significant influence over local legislatures and often are able to dictate how elections are run. Voting irregularities, campaign violations, and low voter turnout frequently undermine truly democratic results.

The process of harmonizing federal and regional laws picked up steam in 2002 when a number of entities renounced power-sharing treaties between republican and federal authorities. By midyear, 25 out of 42 power-sharing treaties had been canceled. The Constitutional Court ruled in July 2002 that the Law on General Principles for Organizing Legislative and Executive Organs of Power in the Subjects of the Federation allows governors to seek third and, in some cases, fourth terms. However, legislation that would empower the president to dismiss governors and regional leaders who violate federal laws also has been introduced. Under this bill, the government could appeal to the president to impose external rule if, for example, budget resources were used improperly or if a region's outstanding debt exceeded 30 percent of its budget revenues. Theoretically, all governors could be dismissed if the latter stipulation were strictly enforced. The

federal center already has two grounds for dismissing regional leaders: commission of a serious crime or failure to enforce a federal law.

The stability of the system of governance in Russia is as much a function of its continuity with past structures as a reflection of a well-designed system of public administration. However, there was a concerted effort in 2002 to introduce significant reforms at the lower levels of government. Governments in cities and rural districts are responsible for managing their own budgets and for raising some revenues from taxes on municipally owned business. Compared to the administrations at the republic and oblast levels, though, municipal governments are very weak, and less than a quarter of their revenues comes from sources they control. Legislation intended to deal with this problem is pending. Current reform efforts are aimed primarily at reorganizing interbudgetary relations and redistributing revenues and expenditures according to a clearer division of responsibilities among the municipal, regional, and federal levels of government.

There is much anticipation surrounding the work of the presidential commission to delineate responsibilities among the various levels of government. The intention of a planned Law on Local Self-Government is to give more power to federal authorities and less to regional elites. Mayors will become mere managers, and regional governors will have to deal mainly with economic, rather than political, issues. Although the commission has not introduced final legislation, two draft bills have been prepared. One deals with the division of powers between federal and regional authorities. The second addresses the responsibilities of regional and local self-government organs. President Putin has emphasized that the guiding principle of the legislation is to give government bodies responsibility for activities only for which they control the requisite funding. He also has stated that once the bills are approved, all treaties on power sharing between the federation and its constituents will be invalid. In October 2002, President Putin called for immediate work to begin on local self-government reforms so that "everything will be ready" for a new system to be implemented in 2005.

The intransigence of bureaucratic structures in Russia's regions also complicates matters. Each region has its own legislature, and the laws in many regions conflict with federal legislation. Mayors often have squelched laws they disapprove of simply by refusing to sign them. The Sverdlovsk Oblast Court ruled in August 2002 that provisions of the oblast Law on Local Self-Government that gives mayors the right to not enact certain local laws contradicts federal legislation; the oblast Duma now must amend the law to require mayors to sign legislation within a certain time frame.

There were 1.14 million state officials in Russia in 2002, or 8 officials for every 1,000 citizens. About one-third of all state officials are in federal service, with the rest at the regional and local levels. Just 1.3 percent of the country's high-ranking bureaucrats are women. In a World Bank study of

government wages in 17 industrialized nations, many of them in Europe, Russia came in second to last. Many of the most effective state workers have left government service for better-paying jobs in the private sector, especially in Moscow. Efficiency and effectiveness in government are also significant problems. There is excessive paperwork, and enormous time and resources are wasted on basic tasks. State institutions provide many public services such as education, health care, road maintenance, cultural activities, and law and order, but these services are of poor quality owing to a lack of competition and, accordingly, a lack of consumer choice. Citizens do not have equal access to public services, and increased social expenditures have had few positive effects.

RULE OF LAW

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
4.00	4.25	4.25	4.50	4.75	4.50

The Russian Constitution meets international standards in its provisions for human and civil rights. Article 2 defines the individual and his or her rights and freedoms as "the supreme value" of the state. Subsequent articles guarantee freedom of movement, conscience, belief, expression, association, and assembly. Article 46 guarantees judicial protection and affirms the individual's right, "if all available means of legal protection inside the state have been exhausted," to appeal to international bodies. Article 15 states that generally recognized principles and norms of international law, and the international treaties to which Russia is a party, are constituent parts of its legal system and take primacy over domestic laws. In 1998, for example, Russia ratified the European Convention on Human Rights, which gives Russian citizens the right to file appeals with the European Court of Human Rights in Strasbourg. However, according to a report in 2001 by the International Helsinki Federation, Russian authorities pursue a policy of deliberate harassment and intimidation ranging from arbitrary identity checks to eviction, illegal detention, torture, and murder.

Russia's Parliament remains weak relative to the presidency and the government, and in some respects its role has been constrained even further under Putin. In the past, the Duma was able to influence intragovernmental disputes by maintaining direct relations with individual government ministries and agencies, which in turn used these relations to lobby on behalf of their departmental interests. This practice was banned in April 2000, though, when government departments were ordered to deal with the Duma only

through the government's official representative to the body. The balance of legislative and executive power shifted even further in favor of the presidential administration in 2002, when Putin successfully marginalized the political Left and consolidated the center into a pro-presidential majority.

In general, the Duma is a well-oiled machine that issues bills at an incredible pace. In contrast with the 2001 spring session of Parliament, which failed to pass important bills on time, the 2002 Duma proved much more disciplined. The newspaper *Vremya MN* reported in late June that the Duma was passing laws at such a frantic pace that, in the words of Yabloko leader Grigorii Yavlinsky, "even members of specific committees lack the time to understand the contents of laws, much less the deputies who vote on them."

The judicial branch in Russia is even weaker than the legislative branch. Russian voters approved the current Constitution by referendum on December 12, 1993, and Article 1 defines the country as "a democratic, federative, rule-of-law state with a republican form of government." The Constitution also gives the president unusually strong powers, including the right to issue legally binding decrees and directives, to appoint senior members of the judicial and executive branches, and, in certain circumstances, to dissolve the lower house of Parliament. Presidential decrees and directives, like other laws, may be appealed to the Constitutional Court. By law, 70 is the retirement age for judges on the Constitutional Court.

In assessing the role of the Constitutional Court over the past decade, its chairman, Marat Baglai, has called it "a judicial organ that does not allow state power to go beyond the borders of the constitutional framework" and that serves as "an effective mechanism for the defense of the rights and freedoms of citizens." However, the Court does not have the right to select issues for consideration on its own initiative, and the range of bodies that may submit issues to it is limited. The biggest problem the Court faces is that it lacks the power to enforce decisions. Indeed, the ability of the judiciary as a whole to interpret and enforce the Constitution is weak, because the powers of the Constitutional Court itself are restricted.

In general, Constitutional Court rulings do not constitute a source of legislation under the Russian legal system. Moscow mayor Yurii Luzhkov has been able to ignore numerous rulings by the Constitutional Court that say his administration is violating constitutional guarantees of freedom of movement by retaining the Soviet-era system of *propiski* (residence permits). While the *propiska* system appears to Western audiences as a clear violation of fundamental constitutional law, 68 percent of Russians believe that citizens of the Russian Federation should have to register at their place of residence; only 23 percent think the system should be abolished. Luzhkov maintains that Moscow and other large Russian cities must have a mandatory residence registration system in order to ensure security and prevent terrorist acts. However, Luzhkov's long-standing adherence to rigid Soviet-

style administrative measures has not increased security in the capital; instead it has led to civil rights violations and corruption. Moscow's residence permit rules are used to discriminate against all nonresidents, particularly those from the North Caucasus, but it does not prevent criminals from penetrating Moscow. The law simply compels them to pay large bribes to corrupt officials for permission to remain in the capital.

In 2002, the legislature approved a bill that establishes new procedures for persons seeking Russian citizenship. Persons are eligible to apply for citizenship if they have lived in Russia for more than 5 years and have relatives in Russia. If they have no relatives, then they must live in Russia for 10 years before applying. Potential citizens must speak the Russian language and be familiar with the Russian Constitution. The Duma also adopted a law governing the status of all foreigners living and conducting business within the Russian Federation. It permits the government to establish a list of places that foreigners must obtain special permission to visit and forbids foreigners from moving or traveling outside of the regions for which they have permission to visit without first receiving state permission. The law, which came into force on November 1, 2002, stipulates that all nonresidents staying in Russia for more than three months must carry immigration cards. The law bans residence status for drug addicts, people who are HIV-positive, people with serious criminal records in their home countries, and people who were previously expelled from Russia.

The Russian Federation has a human rights ombudsman, but the office has no power to make or change law. The ombudsman can, however, propose changes to laws that he or she considers unjust. More than 20,000 people appeal to this office annually. Seventeen regions across the country now have their own ombudsmen. Unlike the federal ombudsman institution, regional ombudsmen have no foothold in the Constitution and derive their authority solely from Article 5 of the 1997 federal Law on Ombudsmen, which allows subjects of the federation to appoint ombudsmen from their own budgets. The powers of regional ombudsmen vary according to the legislation that established their office.

Although Russia's judicial system remains fundamentally flawed, a number of positive steps were taken in 2002 to remedy the deficiencies. On October 30, the Federation Council unanimously approved a new civil procedure code that regulates labor and family disputes, limits the role of prosecutors in civil disputes, and establishes strict deadlines for each phase of a civil dispute. If the president approves the legislation, as expected, the new code will take effect on February 1, 2003. Russia's new criminal procedure code came into force on July 1, 2002. The code aims to enhance the rights of suspects by requiring a court warrant for searches and arrests and by banning the return of cases for additional investigation—a practice that often resulted in long, illegal imprisonments. The code stipulates that the first

interrogation of a suspect must be held within 24 hours of detention and that the suspect has the right to a 2-hour consultation with an attorney in advance. The new code also attempts to give more power to defense attorneys by allowing them to conduct independent investigations of a case. By 2003, all of Russia's 89 regions will be able to hold jury trials for serious crimes; by 2004, the right to issue arrest and search warrants will shift from prosecutors to the courts.

Article 21 of the Constitution prohibits torture, violence, and "other brutal or humiliating treatment or punishment." Prison conditions remain extremely harsh, because the system lacks proper funding. Overcrowding is a particularly serious problem, and some prisoners are even forced to sleep in shifts because there are not enough beds. Activists assert that the most serious human rights violations in Russia tend to take place not in prison, but in the first few hours after a suspect is detained. The government reduced the prison population in 2002 by releasing 200,000 prisoners. According to the recent census, the country has 919,000 prisoners, including 130,000 in pretrial detention. Alternative forms of liability for minor offenses are also being introduced.

Article 48 of the Constitution guarantees an individual's right to qualified legal assistance and states that legal aid should be rendered free of charge as provided by law. The criminal code fleshes out this right by requiring courts to appoint a lawyer if a suspect cannot afford one. In many cases, however, defendants receive little in the way of useful legal assistance either because they are unable to afford good legal council or because the public defenders who are available are poorly trained. Lawyers in Russia deal annually with some 5.5 million queries from citizens; of these, 54 percent are handled on a pro bono basis.

Russia's judicial independence is threatened by a chronic lack of funding. Nevertheless, Dmitrii Kozak, the deputy chief of President Putin's staff, announced in September 2001 that Moscow refuses to use any foreign assistance to finance necessary reforms, the cost of which is estimated at $1.5 billion. Local courts have difficulty meeting their wage payroll costs, buying equipment, paying telephone bills, and undertaking building repairs. This in turn makes them easy targets for bribery and corruption.

Article 19 of the Constitution guarantees equality of rights and liberties "regardless of sex, race, nationality, language, origin, property and position, place of residence, attitude toward religion, convictions, membership [in] public associations, and other circumstances." However, the 1997 Law on Freedom of Conscience discriminates against all but a handful of religions. It also outlines a difficult registration process and creates openings for state interference in the activities of religious groups. A process of reregistering religious communities in Russia has resulted in the loss of legal status for more than 2,000 congregations (of the 16,000 that were previously registered).

Women face both domestic violence and discrimination in the workplace. The number of Russian women who reportedly die annually from domestic violence exceeds 15,000. Owing to the many obstacles to accurate reporting, the total is likely much higher. In addition, Russian women are barred from more than 500 professions such as coal mining or senior positions in the Russian navy.

In 2002, the Duma adopted a new arbitration procedure code as part of a larger effort to reform Russia's legal system. One of the bill's innovations is that it includes a mechanism for settling conflicts outside of courts with the assistance of a mediator. This provision is intended to speed up resolutions of disputes. Late in 2002, legislators also approved in its first reading a Law on Authors' Rights that would bring Russia into conformity with the Berne Convention for the Protection of Literary and Artistic Works, which Russia joined in 1995. If enacted, the law would redress a constant sore point between Russia and mainly Western countries regarding music and video pirating. The bill also would bring Russian laws on intellectual property rights into correspondence with World Trade Organization requirements. On another positive note, President Putin signed into law in 2002 an important measure allowing the sale of agricultural land, which is valued at an estimated $80–$100 trillion. However, the new law forbids the sale of arable land to foreigners or foreign-controlled companies.

Corruption

1997	1998	1999	2001	2002	2003
na	na	6.25	6.25	6.00	5.75

Corruption and extortion pervade life in Russia. Individuals pay bribes regularly to receive a bed for a hospital operation, to obtain a passport, or to register their residency. Likewise, businesspeople frequently pay bribes to conduct their affairs, while government officials routinely accept and even demand them. Corruption has the effect of imposing a de facto tax on citizens that both slows economic growth and deprives the authorities of legitimate revenues. The predominant winners are the bloated state bureaucracy and the oligarchs, who have received billions of dollars in illicit profits.

A study released in 2002 by the Moscow-based research foundation Computer Science for Democracy (INDEM) estimates that corruption costs Russian businesses $33 billion in bribes every year. Sixty percent of business owners and half of ordinary citizens surveyed for the study said that paying kickbacks was a "necessary" part of their lives. The report also notes that Russia's nominally free medical system actually cost patients some $600 million in 2001, with university admissions a close second at $520 million.

Ultimately, the amount of bribes paid each year in Russia nearly equals the $40 billion the Russian government takes in as legal revenue.

The concept of conflict of interest is not widely assimilated in Russia, and the boundaries between public and private sector activity are tenuous at best. Many civil servants receive two wages: their state pay and an unofficial salary for so-called services rendered. Although several decrees have been issued on income disclosure requirements, the reported incomes of civil servants are extremely low and therefore highly dubious. Little has been done with the information that has been disclosed. Politicians often combine executive power with direct or indirect interests in businesses that are affected by that power. Two high-level cases in 2002 were illustrative of the problem. First, atomic energy minister Yevgeny Adamov resigned under pressure when a Duma committee questioned whether a company he had established had profited from U.S. government contracts to improve the safety of Russia's nuclear plants. Second, railways minister Nikolai Aksyonenko was fired when the Duma Audit Chamber reported that, among other irregularities, his ministry had juggled freight rates to benefit companies owned by his son and nephew.

Late in 2002, the Duma passed in its first reading a draft Law on Anticorruption that, for the first time in post-Soviet Russia, legally defines the terms *corrupt act, corrupt relations,* and *bribery.* The draft law covers not only state officials, but also leaders of political parties and public organizations, financial executives, military personnel, and candidates for executive branch and legislative posts. The bill also establishes a special procedure for presenting tax declarations that covers all forms of income, property, and obligations. In addition, it stipulates that information provided by top federal bureaucrats is to be made public every year. Various versions of the bill have been stuck in the Duma since 1994 because of the strong resistance of corrupt bureaucrats. The law is unlikely to pass both houses of Parliament in its present form, since the Kremlin does not support this version of the bill.

Racketeering is punishable under Article 163 of the criminal code. The old Soviet underworld has been largely replaced by sophisticated political-criminal organizations, often staffed by police and former security professionals. Mafia organizations have close relations with officials at many levels of the government. A report released by the Moscow office of the World Bank in 2002 alleges that 40–50 percent of the Russian economy remains in the shadows and is controlled by illegal capital, with the largest concentration of illegal business found in the services sector. By comparison, in Italy, a developed Western economy with a large illegal sector, only 17 percent of the economy is in the shadows. The Russian government has taken some steps to counteract the high levels of illegal activity in Russia. Early in 2002, for example, the Audit Chamber made public its probe of the misappropriation of foreign loans given to the city of St. Petersburg to prepare for cel-

ebrations of its 300th anniversary. According to the investigation, city authorities misused millions of dollars of loans from the International Bank for Reconstruction and Development.

Progress was made in one crucial area in 2002: money laundering. In October, when Parliament adopted a Law on Money Laundering, the Paris-based Financial Action Task Force (FATF), an international body that monitors money laundering, removed Russia from its blacklist. The move marked the end of a long campaign by Russian officials seeking the FATF's recognition of its anti-money-laundering efforts. While the Office of the Prosecutor-General and the state Audit Chamber strive to curtail state corruption, their efforts meet with resistance from bureaucrats and businesses.

In the 2002 Corruption Perceptions Index of Transparency International, Russia ranked 79th out of 102 countries surveyed. In 2001, Russia ranked 82nd out of 99 countries. Although Russia's level of perceived corruption appeared to improve, Transparency International's 2002 Bribe Payers Index, which addresses the propensity of companies from top exporting countries to pay bribes in emerging markets, revealed consistently high levels of bribery by Russian firms. Corruption has a long history in Russia, but this bane of democratic society has increased exponentially and become much more cynical in form during the post-Communist period.

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Slovakia

Capital: Bratislava
Polity: Parliamentary democracy
Economy: Mixed capitalist
Population: 5,400,000
GDP per cap at PPP: $11,243
Private sector as % of GDP: 80
Ethnic Groups: Slovak (86 percent), Hungarian (11 percent), Roma (2 percent), other, including Czech (1 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	3.75	3.50	2.50	2.25	1.75	1.50
Civil Society	3.25	3.00	2.25	2.00	1.75	1.50
Independent Media	4.25	4.00	2.25	2.00	2.00	2.00
Governance	3.75	3.75	3.00	2.75	2.25	2.25
Democratization Scores	**3.80**	**↑3.65**	**↑↑2.50**	**↑↑2.25**	**↑↑1.94**	**↑1.81**
Constitutional, Legislative, and Judicial Framework	4.00	4.00	2.50	2.25	2.00	2.00
Corruption	na	na	3.75	3.75	3.25	3.25
Rule of Law Scores	**na**	**na**	**3.13**	**↑3.00**	**↑↑2.63**	**2.63**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

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INTRODUCTION

Slovakia's conclusion of accession negotiations with the European Union (EU) in 2002 indicated that it had largely developed political institutions and an economic system that are compatible with the EU's demanding norms. Although the country opened accession negotiations with the EU two years later than most other candidates, it found itself in 2002 among a select group of top candidates that had reached preliminary agreements with the EU in a large number of areas. As recently as 1998, the EU had officially viewed Slovakia as a country that did not meet the political criteria for membership. In an October 2002 evaluation report, however, the European Commission, the EU's executive arm, said that the republic had fulfilled the political criteria for joining. The report also gave positive marks to Slovakia's economic and social reforms.

The successful negotiations came during a period of democratic consolidation that began in 1998. As a sign of the country's political maturity, Slovakia made important progress during this time despite being ruled by a broad coalition of parties that often bickered over ideology and policy priorities. Disputes over which social problems should receive priority treatment often reduced the cabinet's efficiency. Cooperation between center-right and leftist parties was also complicated by pressures from various economic interests that tried to lobby the government through personal ties with party officials. In 2000 and 2001, these pressures led to several internal crises that threatened to tear the ruling coalition apart.

Against this backdrop, Slovakia's largely successful EU negotiations were the culmination of a process that began in the early 1990s, when the country emerged out of the former Czechoslovak Federation and started creating its own legislative, executive, and judicial institutions. The main practical objective was to create favorable conditions for joining multilateral organizations of Western democracies, most importantly the EU and NATO, thereby becoming more integrated into the West. In the political arena, this goal included establishing a system of parliamentary democracy with effective checks on power, instituting a strong rule of law, including protection of human and minority rights, and creating favorable conditions for civic participation.

However, there were many setbacks for democratization between 1994 and 1998. Led by autocratic Prime Minister Vladimir Meciar, the ruling

coalition fought with the opposition over the very rules of the political game. The process of building the institutions of the new state took place against the backdrop of the democratic opposition's efforts to preserve the degree of freedom and democracy achieved during the initial transition period following the collapse of the Communist regime in 1989. The country was bypassed for the first wave of both NATO enlargement and entry negotiations with the EU.

The turning point came with the change in power that followed the 1998 parliamentary elections, which brought to office the reformist coalition government of Mikulas Dzurinda. Bringing together pro-democracy parties of both the left and right, the coalition included the Slovak Democratic Coalition (SDK); the Party of the Democratic Left (SDL); the Party of Hungarian Coalition (SMK); the Party of Civic Understanding (SOP); and the Christian Democratic Movement (KDH). Among its reform accomplishments, the Dzurinda government, in 2001, got Parliament to approve several democratic constitutional reforms.

The key political event in Slovakia in 2002 was the September parliamentary elections, which saw four pro-integration parties form a new reformist government under Dzurinda that pledged to continue economic and social reforms. Meanwhile, Slovakia also received formal membership invitations from both the EU and NATO. While actual membership in each group is several years away, the prospect of eventual membership is of immense importance to Slovakia. In addition to enhancing the country's security, membership in these bodies promises to foster regional cooperation and create an even more favorable environment for continuing Slovakia's domestic political development.

With its industrialized market economy, the Slovak Republic became a full-fledged member of the Paris-based Organization for Economic Cooperation and Development in 2001. It has also been a member of the World Trade Organization since 1995. The private sector accounted for nearly 90 percent of Slovakia's gross domestic product (GDP) in 2002. During the year, the country continued to face a high unemployment rate, which reached 16.8 percent, and a fiscal deficit of 5.1 percent of GDP. On the positive side, GDP grew by 4.0 percent at a time when many other European economies faced sluggish growth rates.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
3.75	3.50	2.50	2.25	1.75	1.50

The Slovak Republic's electoral laws are conducive to free and fair elections, and in practice they are applied in a balanced and objective manner. Since 1990, the country has used a proportional system of parliamentary representation. The only significant (though temporary) change in electoral rules came in 1998, when the ruling coalition under Prime Minister Meciar pushed through an amendment to the electoral law that tightened the conditions for the participation of coalitions of two or more parties and introduced a single-election district for the entire country. In 1999, the Parliament controlled by the Dzurinda-led reformist coalition restored the original conditions pertaining to participation of party coalitions, though it left unchanged the single-election district.

Under Slovakia's proportional representation system, an individual party must gain at least 5 percent of the votes to win a seat in Parliament. Higher thresholds apply to coalitions formed by several parties: 7 percent for a coalition of two or three parties, and 10 percent for a coalition of four or more parties. Parties are increasingly building grassroots support bases. All parties currently represented in Parliament have networks and structures throughout the country.

In municipal, local, and regional elections, a modified form of the majority electoral system is used. Since 1990, when the law on municipal elections was passed, there have been no substantial changes in electoral rules. The only exception was an attempt by the Meciar administration in 1998 to introduce ethnic quotas, which would have required candidates' lists in municipal elections in a given municipality to mirror the ethnic makeup of that municipality. Before the change was implemented in an election, the Constitutional Court declared it unconstitutional. A possible source of political instability is the fact that the Constitution does not explicitly require any particular type of electoral system; changes to electoral rules require merely a simple majority in Parliament.

The referendum process has the potential to be an integral democratic mechanism in Slovakia. Since 1994, the country has held four referenda; however, none of them met the requirements to be binding. Three referenda failed to achieve the necessary 50 percent voter turnout. The proposed measures in these referenda involved disclosure of the origin of funds used in privatization (1994); privatization of large state enterprises (1998); and early parliamentary elections (2001). Meanwhile, a referendum on direct

presidential elections and Slovakia's accession to NATO held in 1997 was marred by irregularities allegedly caused by the Meciar administration.

According to the Slovak Constitution, the president must call a referendum if he is required to do so by a parliamentary resolution or if citizens collect and deliver a petition with at least 350,000 signatures. Referenda cannot be held on issues involving fundamental rights and freedoms, taxation, fund contributions, or the state budget. Slovakia will need to hold a referendum to ratify its accession to the EU.

The legal requirements for registering parties are not onerous. Under the Law on Political Parties, a party must submit to the Ministry of the Interior a petition signed by at least 1,000 citizens in order to be registered. If a political party aims to run in parliamentary elections, it must submit either a petition signed by at least 10,000 citizens or a list of at least 10,000 party members. Established parties that have an independent deputy caucus in Parliament (consisting of at least eight deputies) do not have to meet these requirements in order to participate in elections. As of December 31, 2002, there were 117 political parties registered in Slovakia. Since 1990, no party has been outlawed, although the law allows the government to ban parties that violate the law or that have created their official organs in an undemocratic manner.

Many parties in Slovakia have built mass membership bases. Former Prime Minister Meciar's Movement for a Democratic Slovakia (HZDS) is the largest party, with approximately 35,000 members. Several other parties have between 5,000 and 25,000 members. According to various estimates, about 5 percent of Slovaks belong to a party. Most parties have democratic mechanisms that provide for rotation of top officials.

Between 1998 and 2002, Slovakia experienced a series of significant changes to its party system. A substantial regrouping within the center-right segment of the political spectrum gave birth to a new mid-sized party, the Slovak Democratic and Christian Union (SDKU). This party was established in early 2000 by factions of the original SDK and has been headed from the outset by Prime Minister Dzurinda. In 2001, the Alliance of the New Citizen (ANO) was established; the chairman of this liberally oriented party is Pavol Rusko, founder and co-owner of Slovakia's largest private television station, TV Markiza. Important changes also occurred among left-of-center parties. In 1999, a new left-leaning party emerged called Smer (Direction); its leader is Robert Fico, former vice chairman of the post-Communist SDL.

In 2001 and 2002, several coalition and opposition parties experienced internal divisions, mostly owing to personality conflicts. After being elbowed out of the SDL, its former leaders, who had fruitlessly tried to transform the old-style Communist Party into a modern leftist party, formed the Social Democratic Alternative (SDA). Similarly, politicians who were pushed out of Meciar's HZDS founded the Movement for Democracy (HZD).

The most recent elections to the National Council of the Slovak Republic (Parliament) were held in September 2002. A total of seven parties—HZDS, SDKU, Smer, SMK, KDH, ANO, and the Communist Party of Slovakia (KSS)—overcame the 5 percent threshold necessary to win seats (see Table 1). The elections (as well as all previous parliamentary elections) were judged to be free and fair by the Organization for Security and Cooperation in Europe and other international and domestic monitoring groups. After the elections, four center-right parties—SDKU, SMK, KDH, and ANO—formed a coalition and created a new government led by SDKU chairman Dzurinda. It enjoys the support of 78 out of 150 deputies in Parliament. SDKU has the most cabinet seats, with 6, followed by the SMK, with 4 seats, the KDH, with 3, and the ANO, with 3.

Table 1. Results of 2002 Parliamentary Elections

PARTIES	VOTES (%)	SEATS IN PARLIAMENT
HZDS	19.50	36
SDKÚ	15.09	28
Smer	13.46	25
SMK	11.16	20
KDH	8.25	15
ANO	8.01	15
KSS	6.32	11
PSNS	3.65	-
SNS	3.32	-
HZD	3.28	-
SDA	1.79	-
SDL	1.36	-
Other parties (13 total)	4.80	-

Source: Statistical Office of the Slovak Republic, 2002

While the center-right democratic political forces face the prospect of further consolidation following the 2002 parliamentary elections, the position of the nationalist and authoritarian forces has considerably deteriorated owing to internal conflicts, fragmentation, and their poor electoral showing. Neither of the two extreme nationalistic parties—the Real Slovak National Party (PSNS) and the Slovak National Party (SNS)—won seats in Parliament. At the same time, the future prospects of moderate leftist forces (the SDL and SDÁ) are deteriorating significantly. In contrast, the position of the KSS, which is ideologically and politically linked to the pre-1989 Communist regime, has been strengthened. In

2002, the KSS won seats in Parliament for the first time since Slovakia became independent.

Certain ethnic minorities have become mobilized politically. Hungarians, the country's largest ethnic minority, formed the SMK, which is part of the ruling coalition. It has four cabinet seats, six state secretary posts, the post of parliamentary first vice chairman, and two chairmanships of parliamentary committees. By contrast, Slovakia's Roma (Gypsy) minority has shown little political unity. There are almost 20 Roma political parties registered in Slovakia. Of these, two participated in the 2002 parliamentary elections but performed poorly. Slovakia's ethnic Ruthenians, Ukrainians, Germans, and Poles have not established any parties. Their representatives operate within the nationwide parties.

The presidential election held in May 1999, Slovakia's first direct presidential vote, was free and fair. Ten candidates ran in the first round, with two advancing to the second round. In that round, Rudolf Schuster, whom the then ruling coalition supported, beat Vladimir Meciar, the opposition candidate. The main condition for participation in presidential elections is that a candidate have the support of 15 parliamentary deputies or submit a petition signed by 15,000 eligible voters.

Voter turnout in parliamentary elections in Slovakia is relatively high. (In 1990 the electoral turnout was 95.4 percent; in 1992, 84.4 percent; in 1994, 75.7 percent; in 1998, 84.2 percent; and in 2002, 70.1 percent.) Turnout for the 1999 presidential vote was 73.9 percent in the first round and 75.5 percent in the second round. Electoral turnout in municipal elections is traditionally lower: in 1990 it reached 63.8 percent; in 1994, 52.4 percent; in 1998, 53.8 percent; and in 2002, 49.5 percent. The lower prestige of municipal elections compared with other types of elections is related to less-intensive election campaigning at that level by political parties and voters' perceptions that local government bodies have limited roles in administering public affairs and solving social problems. The first elections to regional governmental bodies, held in December 2001, brought only 26 percent of eligible voters to polling stations. The low turnout may have been caused by citizens' lack of experience with newly established regional self-governments. The turnout of male and female voters is usually about the same.

Civil Society

1997	1998	1999	2001	2002	2003
3.25	3.00	2.25	2.00	1.75	1.50

Civil society in Slovakia is considered by most experts to be among the most dynamic in Central Europe. This view has been confirmed recently by several civil society surveys. For example, according to the U.S. Agency for

International Development's NGO Sustainability Index, which consists of indexes on legal environment, organizational capacity, financial viability, advocacy, service provision, infrastructure, and public image, Slovakia ranked first among the countries of Central and Eastern Europe in 2000 and 2001. Nevertheless, the difficulty NGOs face in attaining financial sustainability, and a weak legislative environment, are persisting problems.

Many Slovak civic organizations were very active prior to the 2002 parliamentary elections. Get-out-the-vote campaigns in different forms and targeted to different groups of people played a crucial role in consolidating Slovakia's democracy and helping to secure and strengthen its path to EU and NATO membership. Projects focused on voter mobilization and education, as well as vote monitoring.

In June 2002, the Ministry of the Interior listed 16,849 organizations that could be considered NGOs in a broad sense. Of these, 15,984 were civic associations (societies, clubs, associations, movements, trade unions, international NGOs, and sports clubs); 479 were foundations; 281, noninvestment funds (a special category of organization that collects money and spends it for a specific purpose); and 105, nonprofit organizations. According to the Statistical Office, NGOs employ approximately 1 percent of the working population and account for approximately 1 percent of the country's GDP. Opinion poll data on volunteerism and personal charity shows that Slovak citizens' involvement in volunteerism is systematically increasing, though donating money is far more popular than volunteering. At the same time, public opinion polls show that Slovak citizens appreciate the work of civil society organizations in mobilizing voters. For instance, according to a public opinion poll conducted by the Institute for Public Affairs in October 2002, as many as 63.5 percent of respondents considered the attempts to increase election turnout to be positive; 72.5 percent considered voter education efforts that year to be positive.

The majority of NGOs in Slovakia operate under legal norms adopted after the end of communism. The basic legislative framework for the work of NGOs is provided by the Constitution, which guarantees freedom of expression (Article 29), freedom of assembly (Article 28), and freedom of association (Articles 29 and 37), as well as by several laws. Registering an NGO is an easy process, and government regulations in this area do not restrict groups. The Ministry of the Interior both registers and supervises NGOs. NGOs enjoy favorable tax treatment and do not have to pay taxes on gifts and income. They have enjoyed increased access to information in recent years, mostly owing to the use of the Internet.

The Slovak Parliament adopted three major laws relating to NGOs in December 2001—the Law on Foundations, the Law on Nonprofit Organizations, and the so-called One-percent Law. The new Law on Foundations made the establishment of a foundation easier, in part by introducing an

obligatory endowment of at least Slovak korunas (SKK) 200,000 (US$4,880). Similarly, the law on nonprofit organizations has made the establishment of a nonprofit organization easier. Most importantly, the law on income taxes was amended to allow individual taxpayers in Slovakia to dedicate 1 percent of their paid tax to services provided by NGOs. During the first year this option was available, 4,035 NGOs received more than SKK 120,000,000 (US$2,930,000) from more than 300,000 taxpayers. A further amendment, approved in April 2002, allows corporate taxpayers to dedicate 1 percent of their taxes to civil society organizations beginning in January 2004.

The NGO sector in Slovakia has a well-developed infrastructure, training base, and research base. The Gremium of the Third Sector (G3S), a voluntary advocacy group of elected NGO leaders, works to develop partner relations with the central and local governments, the business sector, and international organizations. Together with various service organizations, the G3S also provides the NGO sector in Slovakia with literature on NGO management issues in the Slovak language. There are numerous consultants and trainers for the NGO sector who are helping not only less-developed organizations in Slovakia, but also civil society organizations in other post-Communist countries.

Financial assistance from Western democracies has been instrumental in developing a vibrant civil society in Slovakia since 1989. Very few Slovak NGOs are publicly subsidized. Despite the contributions from the one-percent law, the problem of sustaining the activities of NGOs is likely to become more acute in coming years as contributions from the West diminish. Increasingly, larger organizations with professional personnel try to raise revenues from their own activities, for example, by providing courses, counseling publications, and welfare activities and by selling products made by the physically or mentally handicapped. Foundations, unlike civic associations, are not allowed to engage in most business activities, though they can lease property, organize public collections, operate lotteries, and arrange cultural, educational, social, or sporting events.

The government bureaucracy is increasingly open to the nonprofit sector and often utilizes its expertise, in part because some key positions in the state administration are held by people who worked in NGOs before 1998. Media coverage of the NGO sector is predominantly positive, with the focus being on groups involved in the provision of social services. The election campaign in 2002, however, brought NGOs some negative coverage in the Slovak media, mainly concerning the very high amounts of money provided by donors for electoral activities. Generally speaking, though, the public image of NGOs is positive. The media often call on the expertise of independent research institutions in their news reports.

The only women's association prior to 1989 was the Slovak Union of Women, which changed its name to the Democratic Union of Women follow-

ing the collapse of communism. Later it was renamed the Union of Women in Slovakia (UZS). After 1989, many new women's organizations and initiatives were established, with their number currently estimated at more than 90. Most ethnic groups are reasonably well represented in the NGO sector, with the exception of the Roma. Out of almost 16,849 registered organizations in 2002, only 134 were Roma groups. Religious groups maintain a deeply rooted tradition of providing assistance to disadvantaged groups and today play the most significant and visible role in charitable activities. All major religious groups in Slovakia (Roman Catholic, Greek Catholic, Lutheran, Orthodox, and Calvinist) are very much involved in charitable activities.

Slovak trade unions are free. While in 1990 the Confederation of Trade Unions represented 2.4 million workers, by the end of 2002 its membership had shrunk to fewer than 600,000. Although the most dramatic reduction of the unions' membership base coincided with the first years of economic transition, the contraction has continued ever since. Farmers' groups and small business associations do not play significant roles in the economic and political life of the country. The Association of Employers' Unions and Associations, an umbrella organization, is the best-known representative of business interests. The Slovak Chamber of Commerce and Industry is another prominent body representing business.

Slovakia has several NGOs that focus on analytical research. These think tanks are increasingly influencing public policy in Slovakia. There is no political influence or state propaganda in Slovakia's education system. State schools dominate the education system at all levels.

Independent Media

1997	1998	1999	2001	2002	2003
4.25	4.00	2.25	2.00	2.00	2.00

Freedom of speech is anchored in the Slovak Constitution and is regulated by the press law of 1966, which is becoming increasingly obsolete and unsatisfactory. Article 26 of the Constitution outlaws censorship and guarantees freedom of speech and the right to information. It also stipulates that publications are not subject to prior authorization or approval, though radio and television stations must receive broadcasting licenses. As of the end of 2002, Parliament had yet to pass a new press law to replace the existing legislation, which does not cover all aspects of the current media environment. It is widely expected that adoption of new media legislation will be one of the new administration's top priorities.

In practice, the media in Slovakia are independent; however, certain media owners enjoy excessive influence, particularly those with political ambitions. For example, Pavol Rusko, founder and former co-owner of the

influential private TV Markiza, has begun to expand his media influence into the field of radio broadcasting by acquiring a stake in Radio Okey, into the print media by founding the weekly *Markiza* newspaper, and into the domain of Internet media as well. Having won a seat in the September 2002 parliamentary elections, Rusko was elected deputy speaker of Parliament. Although in 2002 he formally gave up ownership of TV Markiza, the station's news broadcasts during the election campaign often provided excessive coverage of Rusko's party, the Alliance of the New Citizen (ANO). The Council for Broadcasting and Retransmission said that TV Markiza violated the law by providing preferential treatment to the ANO.

Slovakia's public media outlets continue to lack full independence. Parliament appoints the directors of the state-run Slovak Television (STV) and Slovak Radio (SRO) and decides the makeup of their supervisory organs. Moreover, public media outlets suffer from severe funding problems, which further increases their dependence on the government. The majority of members of the supervisory Council of Slovak Public Television and the separate Broadcast Council are appointed by political parties.

According to the EU's Eurobarometer 2001 survey, 59 percent of Slovak citizens watch television news broadcasts every day (the EU average is 70 percent); 47 percent listen to radio news broadcasts every day (the EU average is 41 percent); and only 25 percent of Slovaks read newspapers every day (the EU average is 41 percent). The most trusted news medium in Slovakia is the radio. (See Table 2.)

The country's television market continues to be dominated by the private TV Markiza. In August 2002, its average market share was 47.7 per-

Table 2. Comparison of Slovak Electronic Media Usage and Access with EU Candidates

FORM OF MEDIA	SLOVAKIA	EU CANDIDATE AVERAGE	DIFFERENCE
Television set with teletext	65%	54%	+ 11
Video player/recorder	52%	39%	+ 13
Satellite dish	38%	28%	+ 10
Personal computer	29%	25%	+ 4
CD-ROM/CDI player	19%	20%	- 1
Internet	18%	18%	0
Decoder for reception of paid TV channels	13%	14%	- 1

Source: Eurobarometer 2001, Applicant Countries. European Commission, March 2002

cent. The two channels of the public STV had a combined market share of 18.7 percent, while TV Joj, a new private, nationwide TV station that is connected to the largest private station in the Czech Republic, TV Nova, had a share of 8.2 percent.

The most popular radio station continues to be the public SRO, whose first channel has a market share of 44 percent. The SRO is followed by a handful of private radio stations (Radio Okey, Fun Radio, RadioTwist, and Radio Expres), none of whose ratings exceed 10 percent, and by several Hungarian-language stations, whose combined ratings are around 10 percent.

The financial viability of the Slovak media is partly a function of the country's small and relatively weak media market. Print media suffer from the fact that most advertising is placed in the television market. Only 15 percent of all advertising money is channeled into print media. Furthermore, dailies in particular face declining readerships because Slovak readers are increasingly shifting their attention toward lifestyle weeklies and monthlies. As much as 80 percent of television advertising revenues go to TV Markiza.

Publishers face no requirements regarding transparency of ownership, and laws specifically regulating media concentration are limited. However, the Law on Economic Competition does contain general provisions on media concentration. The Law on Broadcasting and Retransmission also contains certain limitations on cross-ownership of print and electronic media. Since 1998, the distribution network for Slovak print media has been in private hands. A continuing concern is the concentration of distribution networks and certain media in the hands of only a few owners.

In a gain for press freedom, Parliament in June 2002 repealed criminal defamation statutes from the criminal code. The Constitutional Court had ruled in January that these two statutes were not legally binding. They were

Table 3. Average Paid Circulation of National Dailies, December 2002

TITLE	PRINTED	SOLD
Novy cas	189,329	149,354
Sme*	91,969	95,613
Pravda	86,879	64,518
Uj Szo	33,012	27,832
Narodna obroda	33,281	21,439
Hospodarske noviny	26,721	22,133
Rolnicke noviny	7,637	6,065

*Merged with the daily *Praca* in October 2002.

Source: Audit Bureau of Circulation of the Slovak Republic, 2002

last invoked by the Office of the President, which had filed a motion to launch a criminal prosecution of journalist Ales Kratky for alleged defamation of President Rudolf Schuster.

The largest professional association of journalists is the Slovak Syndicate of Journalists (SSN), which includes some 80 percent of all journalists in Slovakia. Most of the remaining journalists belong to the Slovak Association of Journalists. As of December 2002, the SSN had 2,700 members, 37.6 percent of whom were women. Publishers of periodicals are organized under the Association of Periodical Press Publishers (ZVPT), while operators of private television and radio stations are organized under the Association of Independent Radio and Television Stations. In October 2001, the SSN and the ZVPT jointly established the Slovak Press Council as a self-regulating body for journalists.

The pace of Internet penetration in Slovakia slowed in 2002. According to a survey conducted in June 2002 by Taylor Nelson Sofres, an agency that specializes in developments in the Internet market, 21.8 percent of Slovaks use the Internet at least once a month. This represents a year-on-year increase of 4.7 percent, down from a 7.8 percent year-on-year increase the previous year. The main reason for the recent slowdown is the flat growth in the number of Slovak households connected to the Web (less than 3 percent of all Slovak households are connected), as well as increases in the cost of establishing a home connection.

Freedom House's annual *Survey of Press Freedom* rated Slovakia "Partly Free" from 1993 to 1998 and "Free" from 1999 to 2002.

Governance

1997	1998	1999	2001	2002	2003
3.75	3.75	3.00	2.75	2.25	2.25

Slovakia's governmental system is sufficiently stable. One sign of this is the fact that the country has not held early parliamentary elections since 1994. That is, the two most recent administrations managed to stay in power until the end of their terms. In addition, relations between the government and President Rudolf Schuster have been largely cooperative. The president exercises his right to veto laws passed by Parliament in a way that does not exceed the constitutional framework and does not detract from the stability of the government.

Parliament and the president respect the verdicts of the Constitutional Court on the constitutionality of laws and regulations. Ministries and other organs of executive power have adequate administrative capacities to properly perform their functions. Members of Parliament also have sufficient resources to fulfill their basic functions properly. Laws on the civil service

and public service adopted in 2001 set the basic regulatory framework for staffing the institutions of public administration.

Parliament's plenary sessions are open to the public and are often broadcast on Slovak Television. Closed plenary sessions are held only if Parliament discusses issues involving state secrets, such as annual reports on the activities of the Slovak Intelligence Service. Transcripts of Parliament's deliberations are accessible to the public in print. Parliament's Web site contains an overview of the assembly's legislative activity, in addition to lists of all passed and rejected laws and detailed voting records.

After each session of the cabinet, the body's press department issues a detailed news release containing the session's entire agenda and a list of all adopted decisions. A press briefing with cabinet members is also held. In 2000, Parliament adopted the Law on Free Access to Information, which considerably improved procedures for the media and public to receive and disseminate information. The law requires all officials of state administrative and local government bodies to provide citizens with information to the extent stipulated by law. However, implementation of the law has been slow, largely owing to a lack of awareness on the part of many citizens of their rights to receive the information and of state officials about their obligations to provide the information.

In 2001, Parliament passed laws that created eight regional governments and transferred certain powers to them from the central government. The laws also established financing mechanisms for the new governmental bodies and procedures for regional elections. Taken as a whole, these measures created more favorable conditions for modernization and decentralization of public administration and boosted Slovakia's prospects for EU membership. The new legislation delegates more than 300 powers, competencies, and authorities to regional and local government bodies. Most delegated powers are in the field of education, social assistance, health care, culture, transportation, environmental protection, registration, and regional development. In December 2001, Slovakia held its first elections for eight regional governors and 401 regional assembly deputies. The campaigns and voting were free and fair.

One of the main objectives of public administration reforms is to loosen the government's centralized grip on the country's taxation and public expenditures systems. In 2002, the central government collected 87.2 percent of all tax revenues and distributed 78.5 percent of all public administration expenditures. In 2001, total municipal budgets amounted to SKK 32.7 billion (US$667.3 million) and total expenditures to SKK 30.6 billion (US$624.5 million), or 12.3 percent of state budget expenditures. The share of state budget revenues in total local revenues was 35.9 percent in 2001 (SKK 11.75 billion, or US$239.7 million total); of this, subsidies represented SKK 2.41 billion (US$49.2) and central government tax revenues SKK 9.34 billion (US$190.6 million).

The transfer of powers from the central government to local bodies is being accompanied by a transfer of employees (see Table 4). Nevertheless, a substantial number of regional and local employees, including teachers, are still paid directly by the central government.

Table 4. Change in the Number of State Administration Employees after the Introduction of Regional Self-Governing Bodies

	Employees of State Administration		Employees of Self-Governing Bodies		Total	
	NUMBER	%	NUMBER	%	NUMBER	%
Before 2002	287,817	84.7	52,100	15.3	339,917	100
After full implementation of law	125,971	37.1	213,938	62.9	339,917	100

Source: Draft Law on Transfer of Powers from the State Administration Organs to Communities and Higher Territorial Units, Ministry of the Interior, 2001

Another key goal of public administration reform is to rationalize the structure of state administration and improve the professionalism of civil servants. Current professional standards are satisfactory but could be improved through enhanced education and training programs. In 2001, Parliament adopted amendments to the Labor Code, the Law on Civil Service, and the Law on Public Service that resulted in a general recodification of Slovakia's labor law. The latter two acts in particular were favorably reviewed by the EU for their impact on the performance of state employees. In March 2002, a new Office for State Service opened. The office is responsible for setting qualifications for civil servants and appointing and recalling the heads of the ministry offices. In 2002, there were no known cases of government representatives exerting political pressure on civil and public servants.

RULE OF LAW

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
4.00	4.00	2.50	2.25	2.00	2.00

Slovakia has an effective system of checks and balances. The Slovak Constitution outlines the country's basic institutional structure and stipulates the powers of particular government organs. The supreme legislative body is the National Council of the Slovak Republic (Parliament). The supreme

executive body is the government. The head of state is the president, who is directly elected for a five-year term and has certain executive powers. A parliamentary standing order stipulates that parties with seats be represented proportionately in its committees. The president may veto laws, though bills passed repeatedly over a presidential veto become law. Members of the cabinet must approve certain presidential acts such as the granting of amnesties.

Parliament consists of 150 deputies elected for four-year terms. As an indication of parliament's professionalism, between the years 2000 and 2002 the Slovak Republic managed to close preliminarily 28 chapters of the *Acquis Communautaire* in its negotiations with the EU. Preliminary closure of each chapter required Parliament to pass a number of laws in conformity with EU legislation.

Parliament's standing order, which was introduced in 1996, enables it to approve laws by a so-called accelerated legislative procedure, which means that all three necessary readings take place during a single plenary session. This procedure gives the cabinet a means of speeding up the law-making process for urgent legislation. Between 1998 and 2002, Parliament passed 104 out of 532 laws using the accelerated procedure. However, it passed only 5 percent of all laws in 2002 by this method, and much of the legislation needed for EU accession was approved using normal procedures that allow for greater deliberation.

The Constitution of the Slovak Republic was adopted in September 1992, several months before the split of the former Czechoslovak Federation. Since 1992, the Constitution has been amended several times, including in 2001 when Parliament approved extensive amendments aimed at conforming Slovak laws to EU norms by, among other things, giving precedence to legally binding EU regulations over domestic legislation. The amendments also created a legal framework for Slovakia's membership in organizations of collective security, such as NATO, and gave human rights treaties precedence over Slovak laws. The amendments also revoked the president's power to grant an amnesty to a criminal suspect before a court issues its verdict, gave the president the right to appeal to the Constitutional Court to review the constitutionality of a referendum question, and increased the quorum necessary to override a presidential veto to a majority of all deputies from a majority of all deputies present. The president also gained the right to appoint judges on the advice of the Judicial Council of the Slovak Republic, a newly established body of judicial self-regulation. Finally, the amendments established the office of the public ombudsman for human rights. However, the first ombudsman, former HZDS Member of Parliament Pavel Kandrac, has drawn tepid reviews since Parliament elected him in March 2002.

The most frequent examples of judicial enforcement of the Constitution are rulings of the Constitutional Court. In 2002, the Constitutional

Court ruled unconstitutional provisions of two laws approved by Parliament in 1999 and 2000, respectively. One law related to children and youths, and the second to the administration of state property. Neither case was politically controversial.

In 2002, Slovakia's penal legislation underwent several changes. In June, Parliament amended the Criminal Statute to add several new criminal offenses, including terrorism and harming the financial interests of the EU, and to specify and toughen the punishments for corruption and domestic violence. The amendments also abolished criminal defamation of the state and its representatives. The same month, Parliament amended the criminal procedure code to stipulate conditions for an accelerated criminal procedure and to regulate the use of wiretapping and other surveillance techniques by the state. Parliament also approved an amendment to the Criminal Statute introducing so-called probation surveillance of particularly dangerous recidivists after they are released from prison.

An accused person can be detained and arrested only if a judge has issued a written warrant for his or her arrest. A judge must hear the arrested person's plea within 48 hours of detention and subsequently order that the person be further detained or freed. The media published several reports in 2002 of detained persons allegedly being mistreated by police officers. The Ministry of the Interior launched internal investigations into the matter and discharged or prosecuted officers when the allegations were confirmed.

The Constitution of the Slovak Republic, domestic laws, and treaties that are part of the country's legal order provide a sufficient framework for the protection of human rights, including the right to own private property. The Bill of Fundamental Rights and Freedoms, which was adopted in 1991 in conformance with international human rights covenants, is part of the Slovak Constitution. The Law on Political Parties and various electoral laws regulate the implementation and exercise of political rights. Several other laws add to the legal framework for human rights protection. The country is also complying with all 18 conventions and protocols that were stipulated by the EU in the field of human rights.

The status of ethnic minorities is a high-profile issue in Slovakia, where nearly 15 percent of the population belong to an ethnic minority. The status of ethnic Hungarians, who make up nearly 10 percent of the population, is generally good, as evidenced in part by their significant political representation. However, residual tensions between ethnic Slovaks and Hungarians remain, creating space for nationalist politicians on both sides. Slovakia's second-largest ethnic minority, the Roma, have a generally low social status and are subject to insufficient levels of education and poor living standards. The cabinet recently created a special post called the Government's Plenipotentiary for Solving Problems of the Romany Ethnic Minority, which is currently occupied by Klara Orgovanova, a Romany civil rights activist. The

government has identified the tackling of problems faced by the Roma as one of its four main priorities.

In 2001 and 2002, a team of legal experts coordinated by Pal Csaky, the deputy prime minister for human and minority rights, prepared a draft antidiscrimination law that is designed to enshrine official definitions of direct and indirect discrimination, harassment, and victimization. The draft was submitted to Parliament in June 2002. Owing to resistance by conservative deputies, who disagreed with certain provisions of the draft relating to homosexuals, the law was not included on Parliament's agenda for 2002. The new Parliament is likely to discuss the antidiscrimination law in 2003.

According to the Ministry of the Interior, 28 racially motivated criminal offenses were reported in the first half of 2002, of which 24 have been solved. Most of these crimes were violent, with the assailants generally being neo-Nazi skinheads and their victims overwhelmingly Romanies. In 2002, a number of NGOs took part in an antiracist information and educational campaign that received the cooperation of many governmental agencies, including the police. To identify illegal Nazi, fascist, and racist signs and symbols, police officers use a handbook prepared by NGO experts.

The Slovak legal order embodies the principle of equality for men and women, though no law specifically provides for equal rights for women. NGOs are striving to increase the public's sensitivity to gender issues by highlighting persistent inequalities, especially in connection with the employment of women who are elderly, pregnant, or have small children, and the protection of women against domestic violence. In August 2002, Parliament adopted an amendment to the civil code aimed at helping women who suffer abuse by their husband or partner.

The Slovak Constitution guarantees all citizens freedom of worship. A total of 18 faiths and religious associations are registered, and all freely pursue their activities. In March 2002, Parliament approved a "treaty" between the Slovak Republic and registered churches and religious associations that has the force of law. The treaty guarantees the independence of churches and the freedom of religion.

International institutions generally confirm that Slovakia's judiciary is independent. In 2002 there were no known instances of the cabinet or other executive bodies attempting to pressure judges. Verdicts issued by the Constitutional Court in 2002 were respected by all state bodies. Courts handed down several rulings that generated controversy because they seemed to protect certain officials of the former Meciar government, particularly the former leadership of the Slovak Intelligence Service. Observers noted that the judges in these cases had been appointed by the Meciar government, though the judges themselves denied that this fact influenced their decisions.

In criminal matters, the state must provide accused persons with a lawyer if they are unable to afford one themselves. Overall, the efficiency of the

Slovak judiciary is undermined by the fact that many courts continue to be overwhelmed by a backlog of cases. The Ministry of Justice has accepted international assistance in modernizing the court system.

Corruption

1997	1998	1999	2001	2002	2003
na	na	3.75	3.75	3.25	3.25

Slovakia has several laws aimed specifically at fighting bribery and other forms of corruption. These include a 1995 law aimed at preventing conflicts of interest among top officials and senior civil servants. The law bans the president, members of Parliament, members of the cabinet, justices of the Constitutional Court, and other supreme state officials from pursuing any business activities, mediating for remuneration business relations between private entities and the government or state-owned corporations, and receiving income generated by either a side job or a contractual business relation that exceeds the minimum wage.

These officials and senior civil servants must declare their incomes annually. Their declarations, however, are submitted directly to a parliamentary committee tasked with preventing conflicts of interest and are not available to the public. In 2002 Parliament failed to pass a bill that would have significantly increased the number of officials subject to the conflict of interest regulations. The Dzurinda government has said that passing an enhanced law on conflicts of interest is one of its priorities.

In 2002, the government continued to implement the national Fight Against Corruption program, which the cabinet adopted in 2000. A key problem with its implementation has been the vague descriptions of tasks stipulated in ministries' action plans. Other factors hindering the implementation of the program are the dearth of officials skilled at fighting corruption and the slow pace of reforms in some areas of public administration.

On a positive note, Parliament amended the Law on Political Parties in October 2000 to outlaw anonymous contributions to parties and require that their annual financial reports be publicly accessible. Another amendment to this act, passed in April 2001, introduced compulsory audits of parties' annual balance sheets. The Slovak Chamber of Auditors assigns auditors to particular political parties by drawing lots.

Slovakia's law on public procurement has been in force since 2000. The law increased the transparency of public procurement by providing for independent monitoring of public tenders. The law was amended twice in January 2002 to introduce additional anticorruption measures and to regulate public procurement whose total value does not exceed SKK

500,000 (US$ 10,200). In 2001, an amendment to the law on budgetary rules took effect that raised the quality of administration and supervision of budgetary funds and funds provided by the EU and other international organizations.

In recent years, the judiciary has tightened its anticorruption mechanisms. Under the Law on Courts of Law and Judges that took effect in 2002, cases in all courts in Slovakia must be assigned to individual judges by random computer selection in order to minimize the possibility of influencing the assignment of cases. The Criminal Statute was also amended to include the offense of interfering with the independence of a court. In another anticorruption initiative, Parliament in 2001 adopted laws on the civil and public service that carefully spelled out the process of selecting, appointing, supervising, and remunerating civil servants and created a new class of civil servants with special financial and executive powers and for whom stricter anticorruption rules apply. The laws took effect in April 2002, and in August a new Bureau for Civil Service handed down an ethical code for civil servants. The government also has tried to reduce corruption by publishing all basic information on public procurement over the Internet, making state audits available to the public, and posting the register of companies in Slovakia in full on the Internet.

In 2002, police continued to pursue corruption cases. Two officials from the previous Meciar government were charged with accepting bribes: Peter Bisak, former minister of privatization, and Stefan Gavornik, former president of the National Property Fund. According to the Ministry of the Interior, 58 cases of bribing a public official were registered in Slovakia during the first six months of 2002. In 39 of the cases the person offering the bribe was detained, while in 19 cases public officials accepting the bribes were put in custody. There have been no known attempts to exert political influence over the investigation of corruption cases.

The relatively low number of registered corruption cases in Slovakia testifies to the low efficiency of law enforcement bodies in their campaign against graft. Furthermore, the police generally target low-level suspects rather than the public officials behind the most notorious and politically sensitive cases. In 2002, several public officials faced accusations and suspicions that they were abusing their posts for private profit. Perhaps the most infamous corruption case was the suspended tender for selecting the supplier of 35 light trains for the Slovak Railways. In the course of the tender, strong suspicions arose that the process had been influenced by people who were personally involved in the transaction. After examining the circumstances surrounding the tender, Prime Minister Dzurinda submitted in June 2002 a proposal to President Schuster to remove Jozef Macejko, the minister of transportation, post, and telecommunications. The president subsequently fired Macejko.

Until recently, public administration in Slovakia was highly centralized, with the executive branch wielding excessive influence and local bodies having limited powers. This concentration of power increased the possibilities for corruption. In view of this, recent decentralization efforts may help alleviate corruption and improve the quality of public administration.

Public opinion polls in Slovakia over the past several years have indicated that Slovak citizens perceive corruption to be widespread, especially in the health service, judiciary, police, ministries, customs offices, and schools. On the positive side, though, public opinion polls also show that between 1999 and 2002 citizens' perception of corruption declined in all areas in which reform measures were implemented, including tax offices, trade offices, banks, and labor bureaus.

In 2002, governmental institutions, in cooperation with NGOs, held a number of conferences, seminars, and other events that focused on fighting corruption. Transparency International Slovakia (TIS), an NGO that focuses on combating corruption and enhancing the transparency of public life in the country, prepared an educational series that has been broadcast by the state-run Slovak Television. Before the 2002 parliamentary elections, TIS prepared a series of 10 broadcasts featuring experts and politicians discussing anticorruption measures. TIS also publishes a monthly anticorruption update called *Pod Lupou* (Under Scrutiny) and organizes competitions for young people that focus on the issue of combating corruption. In addition, TIS successfully lobbied the State Pedagogical Institute and Slovak universities to include the issues of transparency and combating corruption in their curriculums. TIS regularly organizes seminars and discussion forums and has published a number of studies that deal with anticorruption tools, public procurement, and conflicts of interest. TIS also has organized several training programs for teachers and other public employees, NGO workers, and media professionals.

The NGO alliance Stop Conflicts of Interest actively encourages Parliament to adopt tougher anticorruption legislation. In 2002, it initiated a public debate on various anticorruption themes, helped organize a meeting between parliamentary deputies and media representatives, and regularly published proposals for new legislation. In addition, the Slovak Foreign Policy Association, in cooperation with major foreign corporations, developed an ethical code for entrepreneurs. Before the most recent parliamentary elections, a civic initiative called Fair Play was established to monitor and evaluate political party financing of election campaigns. The Citizen and Democracy foundation systematically monitors the implementation of the law providing free access to information.

In Transparency International's annual Corruption Perceptions Index, Slovakia ranked 52nd out of 102 countries surveyed in 2002. The country ranked 51st out of 91 countries in 2001.

Grigorij Meseznikov, the president of the Institute for Public Affairs (IVO), has written and edited numerous publications on Slovakia's political development. Miroslav Kollar, a program director at IVO, is the author of numerous publications on the media, culture, and the church. Mr. Meseznikov and Mr. Kollar are coeditors of the Global Report on the State of Society in Slovakia, *IVO's analytical yearbook. Michal Vasecka, a program director with IVO, specializes in the study of civil society and ethnic minorities.*

Slovenia

Capital: Ljubljana
Polity: Parliamentary democracy
Economy: Mixed capitalist
Population: 2,000,000
GDP per cap at PPP: $17,367
Private sector as % of GDP: 65
Ethnic Groups: Slovene (88 percent), Croat (3 percent), Serb (2 percent), Bozniak (1 percent), other (6 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	2.00	2.00	2.00	1.75	1.75	1.50
Civil Society	2.00	2.00	1.75	1.75	1.50	1.50
Independent Media	1.75	1.75	1.75	1.75	1.75	1.75
Governance	2.50	2.50	2.25	2.50	2.25	2.25
Democratization Scores	**2.00**	**↑1.95**	**↑1.94**	**1.94**	**↑1.81**	**↑1.75**
Constitutional, Legislative, and Judicial Framework	1.75	1.50	1.50	1.50	1.75	1.75
Corruption	na	na	2.00	2.00	2.00	2.00
Rule of Law Scores	**na**	**na**	**1.75**	**1.75**	**↑1.88**	**1.88**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

INTRODUCTION

Slovenia successfully broke away from the Socialist Federative Republic of Yugoslavia (SFRJ) in 1991 after only 10 days of war. Already in the 1980s, the Slovene economy was surprisingly market oriented, though capital and ownership rights remained limited. Trade patterns were oriented toward the markets of the European Union (EU) and Western Europe as well, which softened the blow of independence and the subsequent loss of the domestic SFRJ market. As a result, Slovenia entered its democratic transition with many advantages. The modified socialism of Titoism allowed for a less painful transition to capitalism and a market economy. The rise of nationalists elsewhere in the SFRJ fed the growth of pro-Western sentiment in Slovenia. And the country's independence from the SFRJ was secured with minimal trauma.

Since 1991, the Republic of Slovenia has been a constitutional democracy characterized by free and fair elections, regular and peaceful transfers of power, a Parliament with full legislative power, and an independent judiciary. The country's political system is stable, and the current government enjoys a comfortable majority, further enhancing political stability. The country possesses few outstanding disputes with other states.

The highlights of 2002 were presidential and local elections. President Milan Kucan, who had led the country since coming to power in 1986, was ineligible for a third term and had to step down. After a two-round election, he was replaced by Janez Drnovsek, who had been the prime minister virtually uninterruptedly since 1991. Drnovsek promised to maintain continuity with Kucan's leadership. The local elections were significant because, for the first time, representatives of the Roma community were elected to 15 town councils around the country.

On November 21, 2002, Slovenia received an invitation to join the North Atlantic Treaty Organization (NATO). However, domestic public opinion remains split, with much of the population favoring a return to the ideals of the Non-Aligned Movement and advocating neutrality for the country. All signs indicate that a referendum on NATO membership could go either way.

The issue of NATO membership was a hot topic throughout the year and prompted several controversies. For example, the Foreign Ministry issued a statement in January denouncing individuals who were trying to turn public

opinion against the NATO bid. Newspaper journalists were also singled out for trying to turn public opinion. These moves were followed in June 2002 by revelations that the Foreign Ministry had prepared an analysis of anti-NATO viewpoints that had been published in the local press. The news weekly *Mladina*, which broke the story, suggested that the report could be used to prepare a blacklist. However, the ministry denied the allegation, claiming that the analysis was conducted for its internal use only. At year's end, the government was continuing to allege that the media is engaged in a campaign to turn public opinion against NATO membership. The media, however, maintains that it is merely facilitating democratic discussion of important issues.

In contrast, preparations for Slovene membership in the European Union progressed smoothly in 2002. At a historic summit in Copenhagen in December, the EU formally invited Slovenia, along with nine other nations, to join. Slovenia will hold a national referendum on membership in 2003 and, presuming a positive outcome, will join officially in 2004. The work completed to date toward fulfilling the requirements of EU membership is perhaps the most significant factor in the country's stability. Once Slovenia joins, its legislation and economy will meet Western European standards and its transition to democracy and a market economy will be both complete and irrevocable.

Slovenia's economy, in particular, has been a major source of stability during the post-Communist period. Growth has been steady since 1993, and observers consistently rank it the strongest economy in Eastern and Central Europe. The World Bank declared Slovenia "fully developed" in 2000. And in its 2002 report on accession, the European Commission noted that Slovenia is a functioning market economy with few problems, the most important of which are continuing high inflation and the need for further privatization.

In fact, the strength of the country's economy led to a minor controversy in 2002 when news leaked of the possibility that Slovenia will enter the EU as a net contributor. This would mean that Slovenia would actually pay more into EU funds than it would receive. Although few were pleased by this possibility, the news did little to sway public opinion against EU membership.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
2.00	2.00	2.00	1.75	1.75	1.50

Since securing its independence in 1991, Slovenia has had a remarkably stable political system. Elections occur regularly and without significant irregularities. Transfers of power consistently take place without incident.

Presidential elections were held most recently in November 2002, with nine candidates running in the first round. The top two candidates moved to the second round: Janez Drnovsek, the prime minister and leader of the Liberal Democracy of Slovenia (LDS) Party; and Barbara Brezigar, a former state prosecutor and favorite of the opposition Social Democratic Party of Slovenia (SDS) and New Slovenia–Christian People's (NSi) Party. The central issue of the election was the electorate's overall satisfaction with the state of the country. Drnovsek was seen to represent continuity with Kucan's presidency, while Brezigar was the candidate of the conservative opposition parties.

In the first round, Drnovsek won 44.41 percent of the vote, while Brezigar came in second with 31.03. In the second round, which took place on December 1, Drnovsek emerged victorious when he secured more than 56.51 percent of the vote. Drnovsek became the second president of independent Slovenia and was inaugurated on December 23.

The Law on the Election of the President of the Republic requires a prospective presidential candidate be proposed by at least 10 members of the National Assembly, by a party with the support of at least 3 members of Parliament or 3,000 voters, or by a group of at least 5,000 voters. Presidential elections have always occurred without significant irregularities in Slovenia. In the country's first presidential elections in December 1992, Milan Kucan, who had been the head of the Communist Party since 1986, won in a vote that was considered free and fair. In November 1997, Kucan was reelected with 65 percent of the vote. The second-place candidate, Speaker of Parliament Janez Podobnik, received only 18.4 percent of the vote. The remaining votes were distributed among six other candidates. Kucan was ineligible in 2002 to run for a third term.

Slovenia's presidency has less authority than in most other parliamentary systems. The president appoints ambassadors, Constitutional Court judges, and members of the Court of Audit and the board of the National Bank. The president also promulgates laws, awards amnesties, confers decorations, and serves as the commander in chief of the armed forces.

The president's role in the parliamentary process is limited to calling elections to the National Assembly and nominating the prime minister. However, if the National Assembly fails to confirm the president's pick, it may name its own candidate. The president also has the power to dissolve Parliament if it cannot confirm a prime minister or form a government, and if the government fails a vote of confidence and cannot confirm a new prime minister. The president gives opinions on various issues as requested by the National Assembly. However, the only instance in which the president could exert real power would be if a state of emergency prevented the National Assembly from functioning. In such a case, the president would be permitted to rule by decree. Although the president is the most visible

political figure in the country, the individual in the post has little more than moral authority.

Direct, multiparty parliamentary elections were first held in Slovenia in 1990, while it was still part of the SFRJ. Reformed in 1992, Slovenia's parliamentary system resembles Western models. Parliament is composed of two bodies, the National Council and the National Assembly. The 40-member National Council has limited powers to advise the National Assembly, call for a referendum, or request a parliamentary inquiry. The National Council has no legislative authority. The 90-member National Assembly is the sole legislative body. It also has electoral and enforcement functions. Slovenia's parliamentary system has been described as "incomplete bicameral."

Although elections to the National Council took place in November 2002, they had little resonance with the public since members are elected indirectly through special bodies. However, the system is actually designed to give civil society a voice in Parliament. Municipal administrations elect 22 members, and economic groups elect the remaining 18. Of these 18, nonprofit organizations elect 6 members; employers, 4; employees, 4; and farmers, small businesses, and professionals, 4.

In contrast, political parties dominate elections to the National Assembly. In a country of only 1.6 million eligible voters, 38 parties are currently registered. However, only the 8 parties currently in Parliament have national reach. The remaining parties either exist only on paper or enjoy little support. Local or regional parties usually win mandates in local elections. Independent candidates and candidates with multiple party affiliations also participate in national elections, but they generally have more success in local ones. No political parties have been banned or declared illegal.

The first postindependence elections to the National Assembly took place in December 1992. Liberal Democracy of Slovenia, led by reformed Communists, won the highest percentage of the vote. Although it is the role of the president to propose a candidate for prime minister, the person filling the post has always been the leader of the party proving most successful in an election. After confirmation by Parliament, the prime minister forms the government.

In early 1993, LDS leader Janez Drnovsek became the country's first prime minister. General elections were next held in 1996, when the LDS again won the highest percentage of the vote and set out to form a government. After three months of maneuvering, a grand coalition composed of the LDS, the center-right People's Party (SLS), and the Democratic Party of Pensioners (DeSUS) took power.

When the governing coalition collapsed in April 2000, many called for early elections. Instead, the SLS formed a new government with Andrej Bajuk as the prime minister. Given the considerable resistance to Bajuk—it took three attempts and almost a full month to gain parliamentary approval for

him–the fact that the entire process went according to prescribed processes was a strong indicator of stability. When the new government was finally composed in June, power was transferred properly.

Slovenia held its third parliamentary elections in October 2000. Eight parties received mandates: the Liberal Democracy of Slovenia, the SLS+SKD Slovene People's Party (formed in April 2000 when the Slovene Peoples Party (SLS) merged with the Slovene Christian Democrats (SKD)), the Social Democratic Party, the United List of Social Democrats (ZLSD), the Democratic Party of Pensioners, the Slovene National Party (SNS), the Slovene Youth Party (SMS), and the New Slovenia–Christian People's Party. In November 2001, Janez Drnovsek again became the prime minister.

Parliamentary Election Results, 1996 and 2000

Party	2000 % vote	2000 # seats	1996 # seats
LDS	36.21	34	25
SDS	15.80	14	16
ZLSD	12.07	11	9
SLS+SKD	9.53	9	29[1]
NSi	8.76	8	n/a
DeSUS	5.16	4	5
SNS	4.38	4	4
SMS	4.33	4	n/a
Total	100	88[2]	88[2]

[1] In the 1996 election, the SLS and SKD ran as two parties. The SLS won 19 seats, the SKD 10.
[2] The remaining two seats are reserved for one representative of the Italian national minority and one representative of the Hungarian national minority.

Finance Minister Anton Rop became Slovenia's third prime minister since independence on December 11, 2002, when Drnovsek resigned to become president. Eight days later, Rop's cabinet was confirmed as independent Slovenia's seventh government. Parliament accepted all of Rop's proposed ministers, who are holdovers from the previous government with three exceptions: a replacement for Rop in the post of finance minister, a new education minister, and a new minister without portfolio for regional development. The new government will be in power until spring 2004, when parliamentary elections will next take place.

The Rop government was formed on the basis of a coalition agreement renegotiated after Drnovsek's departure and signed by the heads of the LDS, ZLSD, SLS, and DeSUS. The coalition holds 58 out of 90 seats in the National Assembly. The SMS had aligned itself informally with the coalition until late in 2002; the party now considers itself part of the opposition. The government is made up of 17 ministers serving as heads of ministries and 2 ministers without portfolio. Three ministers are women.

Relations between the government and the opposition are active. The opposition in the National Assembly is led by the SDS and the NSi, which together are informally called Coalition Slovenia. Coalition Slovenia is critical of the LDS-led government and has tried to enhance the opposition's role. Initially, the group resorted to obstructionism, though over time, and particularly in 2002, it has moderated its tactics.

The current Law on Elections, passed in 2000, introduced a modified proportional system and raised the threshold for gaining seats in the National Assembly from 3.2 to 4 percent. The law is consistent with European standards. To form a party, 200 adult citizens must sign a petition that then must be registered with the Ministry of Internal Affairs. Parties with headquarters abroad are banned, as are contributions from foreign sources. When the country enters the EU, these rules will be revised. Parliament provides roughly 60 percent of funding to parties that hold seats in Parliament. These parties must provide financial reports to the National Assembly and to the Court of Audit, which monitor their budgets.

Parties are mass membership based, but membership figures are not widely circulated. Nevertheless, as part of a trend that has affected nongovernmental organizations (NGOs) and trade unions as well, it is clear that membership levels in parties have declined steadily over the past 10 years. This is true in part because political apathy among younger voters has increased. For example, according to the survey "Mladina 2000" ("Youth 2000") conducted by the University of Ljubljana, 80 percent of respondents between the ages of 14 and 30 have little or no faith in political parties.

Minority participation in Parliament is ensured by the Constitution, which reserves one seat each for representatives of the Italian and Hungarian communities. Although changes introduced in 2002 led to the introduction of Roma representatives on 15 city councils around the country, the Roma community is still without representation at the national level. There are no significant minority-based political parties or movements.

The number of women in Parliament increased from 7 in 1996 to 12 in 2000. The State Election Commission does not collect data on female voter participation, but overall turnout has declined since a peak of 80 percent in Slovenia's first general election in 1992. General elections in 1996 had a voter turnout rate of around 74 percent. For the October 2000 elections, that number dropped to 70.4 percent. Local elections have much lower

rates: in 1994, 60 percent in the first round and 50 percent in the second; in 1998, 55 percent. The first round of the 2002 presidential and local elections showed an increase in voter turnout, to 72 percent, though for the second round it dropped to 65.06 percent.

Civil Society

1997	1998	1999	2001	2002	2003
2.00	2.00	1.75	1.75	1.50	1.50

Civil society movements in Slovenia broke onto the scene in the late 1980s, when the Communist Party began embracing political and social pluralism. The most significant movement of that era was the Committee for the Defense of Human Rights, organized in 1988 to protest the highly politicized trial of Slovene journalists accused of possessing classified military documents. Less than a year later, more than 100 grassroots organizations and 10 alternative political parties were thought to exist.

Unfortunately, this promising start faltered once the political space opened up. The leaders of the Committee for the Defense of Human Rights left civil society to form Slovenia's first alternative political parties: the Slovene Democratic Union, the Slovene Farmers' Union (later the People's Party), the Slovene Christian Social Movement (later the Christian Democrats), and the Social Democrats. These parties were formally considered wings of the ruling Socialist Party, but in practice they were independent and separate. Though the formation of these parties was significant for Slovenia's political development, the loss of so many civil society leaders to political life left a vacuum that has never been adequately filled.

Civil society progressed in starts and stops in 2002. In February, illegal activities by the local Red Cross were discovered, and the Court of Audit, together with several ministries and the police department, investigated. The results of an audit released in late summer showed numerous financial irregularities between 1999 and 2001 that violated international conventions, the Law on the Red Cross of Slovenia, and other statutes and acts. The Slovene office of UNICEF and the nonprofit Fund for the Construction of Pediatric Clinics were also implicated.

However, positive progress was made in 2002 when a trio of men in drag called Sestre (the Sisters) won the right to represent the country at the Eurosong 2002 contest. A massive public discourse about gays and lesbians followed and saturated the media for over two months. Several high-profile antigay outbursts were denounced by gay rights and other NGOs at press conferences and demonstrations. The European Parliament demanded an explanation from the Slovene government, pointing out that the rights of sexual minorities are an important facet of human rights, which themselves

are an important part of the EU membership criteria. By May, the controversy had died down, and Speaker of Parliament Borut Pahor met with NGO leaders to discuss the situation. This was the highest-level meeting ever in Slovenia between a politician and gay and lesbian leaders.

There are more than 16,000 NGOs in Slovenia today, focusing on a wide spectrum of issues, including the environment, religion, minority issues, sexual harassment, drug use, gay rights, and suicide. NGOs also work to increase levels of technical competence in business and public policy and to provide training for university faculty and media professionals.

A survey conducted in 1992, one year after independence, found that Slovenia had the lowest proportion of membership in NGOs in Central and Eastern Europe. A follow-up survey in 1999 showed that membership had almost doubled but was still well below the European average of 1992. Today, the United Nations Development Program (UNDP) estimates that the percentage of citizens who are members of voluntary organizations in Slovenia is the lowest of all developed countries. Only volunteer fire brigades may be considered above average. The low level of public interest in civil society certainly contributes to its lack of vitality.

Numerous NGOs work with women's issues, and there are various crisis and help lines for women who are victims of violence. The Autonomous Women's Groups is a network of NGOs that cooperates with international and foreign organizations to promote women's issues. Major political parties have women's groups within them, and there are also professional groups for women.

Civic and cultural organizations exist for many minority groups, such as the Italians, Hungarians, Serbs, Bosnians, and Albanians. The Roma have been particularly successful in this regard. Most religious groups are quite small and do not possess sufficient resources to engage in extensive charitable work. The Roman Catholic Church is by far the largest, most influential, and most active religious group in the country. The significantly smaller Evangelical Church holds a special place due to its historical role as guardian of the Slovene national identity.

In 2001, 27 NGOs founded the Center for Non-Governmental Organizations of Slovenia (CNVOS). It now has more than 70 members. CNVOS is intended to help develop and strengthen the NGO sector by improving legal, tax-related, and human resources conditions. It is an intermediary between the government and the NGO sector and is intended to give NGOs more of a say in the preparation of legislation and government policies. The governmental Service for European Affairs (SVEZ) provides partial funding.

In October 2002, the government established the Commission on Non-Governmental Organizations. While CNVOS acts as an interface between NGOs and the Slovene government, this new commission aims to expand cooperation between NGOs and the government specifically on European

issues. Its mandate is to prepare a cooperation strategy and coordinate a project to involve NGOs in the EU accession process. The commission includes representatives of several ministries, including the Interior, Labor, Environment, and Finance Ministries.

Most NGOs have weak organizational structures, small memberships, and very few, if any, paid staff members. The nonprofit Legal Information Center of Non-Governmental Organizations (PIC) acts as the primary adviser to many NGOs on legal issues. Information about NGO management issues is widely available in Slovene.

A 1995 law regulates the activities of associations, foundations, and other nonprofit organizations. NGOs generally lack financial resources and depend on external sources of funding. Although they may earn income, NGOs may not be founded for the sole purpose of making a profit. Tax exemptions and tax-deductible contributions are permitted only under special conditions. Foundations and associations may receive government funding according to specific regulations and conditions. Foundations must submit yearly financial reports to appropriate governing bodies. Foreign financing is often distributed through regranting organizations.

Both the public and the government generally perceive the nonprofit sector positively. Media coverage of NGOs is frequent and generally accurate and fair. Interest groups or other associations are not consulted during the preparliamentary stages of the legislative process, but each piece of legislation must be submitted to the National Council, which often consults with NGOs on draft laws. In recent years, informal consultations with different interest groups have taken place during the preparation of major pieces of legislation.

Trade unions play a larger role in public life in Slovenia than in other southeast European countries. The Constitution protects the right to unionize, bargain collectively, and strike. According to the European Commission, approximately 50 percent of workers belong to trade unions. For a total national workforce of about 850,000, there are approximately 30 labor unions. There are also 2 major national labor unions with constituent branches throughout the country, several unions for government administrative workers, and a number of small-business associations.

The Union of Workers in State Organs and Organs of Local Communities covers persons employed in state or local administration. It has some 13,500 members, or about 45 percent of workers eligible for membership. The Police Union, with 4,000 to 5,000 members, represents only public servants in the Interior Ministry. Most farmers are represented by their political parties. Unions are independent of the government, though individual union members hold positions in the legislature.

The principal small-business associations are the Association of Employers of Slovenia, the Chamber of Crafts of Slovenia, and the Association of

Employers in Small Businesses, Catering, Intellectual Services, Tourism, Trade, and Freight Transport. These groups signed an economic and social agreement that set up a council to determine wage and social policies. According to the Chamber of Crafts of Slovenia, Slovenia's small manufacturing and skilled trades sector employs almost 130,000, or nearly 20 percent of the workforce.

The overall trend of falling membership in voluntary organizations also applies to trade unions. In the period from 1992 to 1999, union membership fell by some 12 percent. The trend continued through 2002, owing in large part to a lack of trust among citizens. According to the UNDP's 2000–2001 *Human Development Report*, the European average in 1992 concerning general trust in trade unions was 40 percent, while it was just 27 percent in Slovenia. The figure for Slovenia fell to 25 percent in 1995 and rose to 31 percent in 1999, but it still remains subpar.

Overall, Slovenia's educational system is free of propaganda and political influence. There are 814 primary schools in the country, 146 secondary schools, and 69 institutions of higher education, including 2 universities. Plans for a third university in the coastal Primorska region were nearly complete by the close of 2002. On November 29, the government approved the text of the Decision on the Establishment of the University of Primorska, and the university is expected to begin operations in 2003. Plans for a fourth university, based in Novo Mesto in the Dolenjska region, have not progressed significantly.

Independent Media

1997	1998	1999	2001	2002	2003
1.75	1.75	1.75	1.75	1.75	1.75

True freedom of the press in Slovenia can be traced to the 1980s. The weekly *Mladina* was officially the organ of the socialist youth organization, but throughout the 1980s it took a highly independent stance and became quite critical of the regime. The magazine and its journalists played a major role in opening up the political and social space in Slovenia, along with the journal *Nova Revija* and the alternative radio station Radio Student. By the 1990s, however, the quality of the media had started to slip. One major reason is that intensely competitive market conditions have given rise to sensationalism.

Although Slovene media are generally editorially independent, self-censorship and political pressure do exist. Print media enjoy greater freedom than broadcast media, which rely to some degree on government funding. Slovene journalists have complained about the influence of economic and political interests, about inexperienced journalists who report crudely or

ignorantly, and about the negative effects of economic competition. Nonetheless, the media offer a full range of opinions and ideas. The Law on Elections requires the media to offer free space and airtime to political parties during elections. Television networks routinely give viewers access to public figures and opinion makers from across the political spectrum via a broad range of public interest programming.

A significant accusation of censorship occurred at Radio-Televizija Slovenija (Slovenia Radio-Television, or RTVS) in April 2002, at the height of a national scandal over a new government airplane. According to the Finance Ministry, the plane cost $35 million. When RTVS journalists added in taxes and interest, they arrived at $57 million. The report was slated for broadcast once the figure was verified, but the news director refused to air the report just a half hour before it was to be broadcast. He maintained that the figure looked suspicious; RTVS journalists cried censorship and threatened to strike. The news director resigned soon after.

Freedom of the press is guaranteed by Article 39 of the Constitution, which secures the right to "collect, receive, and circulate information and opinions." As many as 14 articles in the penal code deal with libel. Article 169 of the civil code, which prohibits insulting officials, was last used in 1996 to prosecute a journalist. In April 1999, the criminal code was amended so that persons who disclose state or military secrets will not be punished if the disclosure aids in exposing "irregularities" in the organization of the intelligence services or the military, or if the disclosure or publication has no detrimental consequences for the state.

Parliament passed a new Law on Media in April 2001 after almost two years of deliberations. The new law, which replaced the 1994 Law on Media, increased state influence on the programming of state-run media. The new law contains special provisions on regulating the use of the Slovene language in media and on preventing and punishing the promotion of intolerance through the media. A controversial Fund for Audio Visual Materials was also included. The new law removed ownership restrictions and liberalized cross-ownership of media enterprises. There are no provisions regulating the Internet.

There are three serious daily newspapers in Slovenia: *Delo* (circulation 93,000; readership 241,000), *Vecer* (78,000; 187,000), and *Dnevnik* (71,000; 155,000). However, the tabloid-style *Slovenske Novice* (96,000; 333,000) is the most popular daily by far. Together, these four papers control some 90 percent of the total market. Additionally, there are two specialized dailies: the sports paper *Ekipa* (18,000; 42,000) and, as of February 2001, *Finance* (9,000; 80,000). There are also five regional, two national, and three local nondailies with a total circulation of about 330,000.

The national press agency, Slovenska Tiskovna Agencija (Slovene Press Agency, STA), was founded in 1991. STA offers regular materials in Slovene

as well as additional materials in English. It is a member of the European Association of Press Agencies.

Audiovisual media are led by RTVS, which broadcasts over 3 radio stations and 2 television channels. There are 4 commercial national television stations—Gajba TV, Kanal A, POP TV, and TV3—and at least 42 private local stations. There are also some 68 private national and local radio stations. The most popular include Radio Maribor and Radio Student.

As of 1997, all media in Slovenia had been privatized, with the exception of RTVS. One of three publishing houses has entered the stock market. A small domestic market and a lack of diversified funding contribute to intense competition among media. Previously state-owned operations tend to have greater capital assets. Four of the current dailies were established before independence, and most attempts to found new dailies have failed. In June 1991, *Slovenec* began publication but folded in November 1996; *Republika* published from 1992 until 1996; and *Jutranjik* lasted only for the month of June 1998. Only *Slovenske Novice* and *Finance* have entered the market successfully. Even well-funded papers cannot count on a diversified funding base to insulate them from sudden financial difficulties. Foreign investment in media is rare, especially in print media. There are currently no subsidies to stimulate plurality in the media. Independent vendors control distribution.

The Slovene Journalist Society was established in 1944. Today, around 95 percent of journalists belong to it, but data on membership are not readily available. Overall, the society is not considered politically influential. Although there are trade unions for most media professionals, there are none for private television professionals.

In October 2002, the Slovene Journalist Society adopted a new code of ethics. The text is shorter, clearer, and easier to understand than the group's previous code. It is based primarily on the codes of ethics of the American Society of Professional Journalists and the International Federation of Journalists.

The Internet is increasingly making headway into Slovenia. According to Research on Internet in Slovenia (RIS), as of June 2002, 317,000 used the Internet daily. A further 570,000 used it monthly, and 850,000 have used it at least once. Researchers predict that by July 2006, 1,260,000 people, or more than half the total population, could be regular users.

The majority of Slovenia's Internet users remain concentrated in the largest cities. The Ministry of Information Society began establishing e-schools throughout the country in 2001 in an effort to spread Internet access more evenly throughout the country. The e-schools offer free Internet access to the general public as well as training and educational programs. There are no restrictions on Internet access to private citizens.

Freedom House's annual *Survey of Press Freedom* rated Slovenia "Partly Free" in 1994 and 1995 but has categorized the country's media environ-

ment "Free" since 1996. According to the International Press Institute, Slovenia was one of only 11 member states of the Organization for Security and Cooperation in Europe (OSCE) that did not violate press freedom in 1999 and 2000. In 2002, Reporters Sans Frontieres ranked Slovenia 14th on its index of international press freedom, higher than Switzerland, the United States, the United Kingdom, and Italy. However, international appraisals of Slovene press freedom were affected when *Vecer* journalist Miro Petek was brutally attacked on February 28, 2001, near his home in Slovenj Gradec. Two years later, the case remains unresolved and no suspects have been found.

From January to June 2002, the International Federation of Journalists conducted an inquiry into the police investigation and concluded that the attack was directly motivated by Petek's journalism. The fact that the case remains unsolved has led some journalists to be concerned about their safety and could lead to an increase in self-censorship, the report concluded. A special parliamentary commission also began work in February 2002 to investigate the role of the police and the possibility of involvement by public officials in the Petek affair. In the fall, the commission reported that it had identified several key witnesses and that enough information had been collected to prepare a report by December 2002; however, the report was not ready by the end of the year.

Governance

1997	1998	1999	2001	2002	2003
2.50	2.50	2.25	2.50	2.25	2.25

Slovenia has legislative, executive, and judicial branches of government. Parliament is composed of two houses, but real legislative power is reserved for the lower house, the National Assembly. The Office of the President of the Republic of Slovenia heads the executive branch. The Constitutional Court and lower courts form the judiciary. The governmental system is stable.

The legislature can be considered effective and possessing sufficient resources to carry out its mandates. However, the speed of the legislative process is somewhat hampered by a tradition of compromise among parliamentary factions that was born in the early days of statehood. Difficult decisions are often made only after lengthy negotiations among all factions.

After various attempts since 1998, the National Assembly finally adopted new rules of procedures in March 2002 that are intended to streamline its work. Among the innovations are enhancements to the role of the Collegium, previously an advisory body to the Speaker of Parliament. According to the new rules, the Collegium will have appointment as well as organizational and agenda-setting functions, including the authorization to

allot seats on parliamentary committees to parties and to determine which party will head the committee. Parliamentary committees also received new responsibilities, such as the power to adopt amendments to clarify issues relating to draft legislation. Limits on the amount of time allotted to members to speak on the floor of Parliament were also revised. The opposition opposed the new rules, fearing that its role in Parliament will be diminished. The new rules were used for the first time at the National Assembly's session in September 2002.

Executive and legislative bodies operate with a level of transparency that is comparable to international standards. State and local laws, acts, and other regulations are published in the *Official Gazette of the Republic of Slovenia*, which is available in electronic and printed formats in Slovene and other languages. The *Gazette* also includes public tenders, public advertisements, judicial decisions, and international agreements or contracts signed or ratified by the government. In addition, the government regularly publishes economic statistics in accordance with regulations from the Organization for Economic Cooperation and Development (OECD). The office of the Ombudsman for Human Rights has warned that although access to nonsensitive information is guaranteed by Article 39 of the Constitution, additional legislation is required to carry out this guarantee.

Since Slovenia has only two million inhabitants, regional governments do not exist. According to the Constitution, municipalities may join and form provinces or other larger self-governing communities on the basis of referendums, but none have tried. In order to receive funds for regional development from the EU, the government was forced to formulate a regional structure. Several plans were proposed, but the government has settled on entering the EU with the entire country forming a single region. The scheme will likely be reformulated after 2006, when it is expected that three regions will be created—western, central (Ljubljana), and eastern Slovenia. Only the eastern region will be eligible for regional development funds at that time.

On December 24, 2002, the government established the new Office for Structural Policy and Regional Development, which is led by Minister Without Portfolio Zdenka Kovac. The purpose of the new office is to coordinate the activities of various ministries, public agencies, and services to assure balanced regional development. The office is also mandated to coordinate activities for the implementation of the European Union's structural and cohesion policies.

The only subnational level of government is the local level. The current system of local government came into force in January 1995. Until 2002, there were 192 municipalities, including 11 urban municipalities. One new municipality was registered in 2002, bringing the total to 193.

The division of powers between the national and local levels was outlined in the 1994 Law on Local Government. This law reassigned various

responsibilities previously administered by localities to the national government, which administers those responsibilities through local units linked to the national ministries. The officials in charge of these units are nominated by the central government. Local tasks are carried out through the municipalities, whose leaders are employees of the local government. The Constitutional Court decides disputes as to jurisdiction between the state and municipalities. Amendments to the Law on Local Government entered into force in June 2002. These included new regulations for the salaries of mayors, vice-mayors, and city councilmen; a requirement that 20 towns ensure representation for Roma on their city councils; and resolution of the status of Koper, where local elections have been out of sync for many years.

Municipal councillors and mayors are elected in free and fair elections every four years. The mayor represents the municipality and heads the local administration. Amendments to the Law on Local Elections and Political Parties entered into force in mid-June 2002. The biggest change concerned nearly 16,000 resident aliens, who are now able to vote in local elections in the towns where they are registered. They are also eligible to run for positions on city councils but are not permitted to run for the post of mayor.

Local elections were last held in November 2002 simultaneously with the presidential election. Mayoral races were held in the 193 municipalities, of which 132 were concluded in the first round and 61 in the second round. Overall, the SLS won the most mayoral posts, 46, followed by the LDS (29), the SDS (18), the ZLSD (14), the NSi (4), the SNS (1), the National Labor Party (1), and the Union for Primorska (1). A total of 61 elected mayors ran as independents, while 18 ran under the banners of more than one party.

In the country's 11 urban municipalities, the ZLSD had the strongest showing, winning the mayoral post in Ljubljana, Maribor, Nova Gorica, and Velenje. The LDS won the mayoral post in 3 municipalities, while the SLS won only in Celje. Independent candidates won in 2 urban municipalities, while the new mayor of Novo Mesto ran under the banners of the LDS, the ZLSD, DeSUS, the SNS, the SLS, and the Sport List.

Municipalities have authority over town planning, trade and industry, housing, utilities, sewage, trash collection and disposal, roads, transport, ports, education, social services, health care, fire and civil protection, parks, cultural institutions, and tourism. Cities and towns that have the status of "urban municipality" may also be required to carry out certain tasks that fall under the jurisdiction of the state but are related to their own development.

In a 2001 report, the Council of Europe noted the lack of fiscal independence among Slovenia's municipalities and strongly criticized the government for ignoring legislation that calls for a settlement to have at least 5,000 inhabitants in order to be registered legally as a municipality. By law, municipalities must be self-financed from local taxes, duties, and revenues

received from municipal property. Taxes generally account for 46 percent of local revenues; economically underdeveloped municipalities may receive additional funding from the state. However, according to the Council of Europe, only 25 percent of municipalities are actually self-financed, primarily because they have too few inhabitants to support themselves. The rest receive state subsidies that limit their constitutionally guaranteed autonomy and drain the national budget.

According to the European Commission's 2002 regular report, "Slovenia has made considerable progress on public administration reform by adopting the laws on civil servants, public agencies and state administration." The report added that "[w]ith the adoption of these laws, the framework legislation for public administration reform is now in place. It is important that these laws are now fully implemented." Regulation of the civil service is of great importance in Slovenia since the majority of complaints addressed to the ombudsman continue to be related to poor government administration.

A new code of conduct for civil servants, new laws on the wage system in the public sector, an order on hours of operation and working hours in the state administration, and an order on the criteria for dismissal from a position in the public sector were all passed in 2001. A new Law on Civil Servants was passed in 2002. The year 2002 also saw the adoption of the Law on Wages in the Public Sector. However, the law was not applied to all civil servants because several unions negotiated separate agreements with the government. The State Administration Act, which consolidates several older laws dealing with the duties and responsibilities of the administration and relations among the various levels of government, was also passed during the period covered by this report.

RULE OF LAW

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
1.75	1.50	1.50	1.50	1.75	1.75

The Slovene Constitution has been in force since December 1991. Since then, it has been altered only twice. Article 68 was amended in 1997 to allow foreigners to own property, and Article 80 was amended in 2000 to reflect changes to electoral procedure. The EU is requiring several other amendments as part of the accession process. The Commission for Constitutional Changes was established in 2001 to prepare the amendments.

For EU membership, changes are needed to articles in the Constitution dealing with the formation and composition of the government, regional-

ism and local government, the appointment and election of judges, the Judicial Council, referendums, and sovereignty. Article 68 must be amended again, this time to abolish the principle of reciprocity, whereby EU citizens have been treated in Slovenia the same way Slovenes are treated in individual EU countries. With the amendment, EU citizens will all have the right to own property in Slovenia regardless of whether Slovenes can own land in other EU countries. Other amendments not required by the EU have also been proposed, such as one allowing the country to change its flag to a more unique design.

The Constitution lays out three branches of government (executive, legislative, and judicial) and provides for a system of checks and balances among them. The legislature is the effective rule-making institution. The highest judicial authority in the country is the Constitutional Court. It is composed of nine judges appointed by the National Assembly upon presidential recommendation for a single nine-year term. The Court's mandate is to ensure that laws, decrees, and regulatory acts issued by local authorities are consistent with the Constitution, international treaties, and the general principles of ratified international law. It also rules on appeals. The president, the government, or one-third of the National Assembly may ask the Court to rule on whether an international treaty is consistent with the Constitution. Article 160 of the Constitution empowers the Constitutional Court to rule on jurisdictional disputes between courts and other state bodies.

A 2001 Constitutional Court ruling had major ramifications in 2002. The ruling required that the city council of Novo Mesto include a representative of the Roma community and extended that requirement to 19 other towns. It also required amendments to the Law on Local Self-Administration. By the time of the 2002 local elections, 14 towns had amended their statutes to accommodate the change; 6 refused.

Grosuplje was one town that refused. Leaders there petitioned the Constitutional Court for a ruling on the constitutionality of the amendments, arguing that political representation for Roma should be carried out on the national level (that is, in Parliament), as is done for the Italian and Hungarian communities, rather than on the local level. The Constitutional Court ruled only in late November, after the local elections had already taken place.

Its decision was that the amendments to the Law on Local Self-Administration are constitutional and that the six towns must bring their statutes into accordance with the law within 45 days of the first session of the newly elected town councils. They also must call supplementary elections for Roma representatives no later than 30 days after their revised statutes are published in the *Gazette of the Republic of Slovenia*. This will take place in 2003.

Roma representatives were ultimately elected in 15 of the 20 towns. Of those, Murska Sobota has provided Roma representation on its city council since the 1994 elections. Although Trebnje was one of the 6 towns that

failed to amend its statutes in time, it did allow the election of a Roma representative. Ethnic Roma candidates also ran for regular city councilmen seats in Semic, Murska Sobota, and Maribor.

Slovenia's criminal code entered into force in 1995 and was amended two years later, along with the Law on Criminal Procedure, to bring Slovene legislation in line with European standards and to address "new" forms of crime, such as money laundering, corruption, and computer hacking. Amendments to the Law on Penal Procedures related to the use of special investigation methods entered into force in January 1999.

The Constitution prohibits abuse and "humiliating punishment or treatment" of prisoners, and no such treatment has been reported. No human rights organizations have complained about prison conditions or abuse. However, the European Commission has reported that prisons are overcrowded.

Persons held in custody for the alleged commission of a crime must be advised in writing within 24 hours, and in their own language, of the reasons for detention. Detention may last up to six months before charges are brought. In some instances, criminal cases have taken up to five years to come to trial. According to the U.S. State Department, the problem is not widespread, and defendants are released on bail except in the most serious criminal cases. Courts authorize searches and issue warrants.

Human rights are explicitly addressed in section II of the Constitution. Although there is a provision for the suspension of these rights in a state of emergency, certain rights, such as the inviolability of human life, may not be suspended at any time. The Constitution covers most rights generally found in Western constitutions, such as due process, freedom of movement, freedom of expression, and freedom of conscience. Intellectual property rights are also covered.

Business and property rights are guaranteed under Articles 66 through 79 of the Constitution, but the property rights of foreigners are limited. According to the European Commission, slow progress has been made with denationalization. A special office was established in March 1999 to act as a coordinating body, but its mandate is not clear. A land registry exists but is not computerized. The government expects to complete denationalization by 2003. The majority of simple cases have already been resolved, while the more complex and politically sensitive ones by and large remain to be settled.

The Constitution also mandates an ombudsman who is responsible for the protection of human rights and fundamental freedoms in matters involving state bodies, local government bodies, and statutory authorities. In 2002, the Office of the Ombudsman's seventh annual report showed no serious or systematic human rights violations in the country. From January 1 to December 31, 2001, 3,304 cases were opened by the ombuds-

man. Of these, 28.5 percent referred to court and police procedures and 15.8 concerned administrative affairs. These figures were up 8 percent over 2000.

In March 2002, the city of Maribor appointed the country's first ombudsman for patients' rights. The ombudsman is mandated to call attention to health care issues and to offer free legal advice to individuals who believe their rights have been violated. A similar initiative failed in Ljubljana after the city council decided that the post should be created at the national, not the local, level.

While antibias and antidiscrimination laws exist, there are certain gaps. According to the European Commission, Slovenia has signed but not ratified Protocol 12 of the European Convention for the Protection of Human Rights and Fundamental Freedoms, prohibiting discrimination on any grounds. The commission warned in its 2002 regular report that "[f]urther progress is needed to ensure the full transposition and implementation of the EC antidiscrimination legislation."

Although commonly seen as ethnically homogeneous, Slovenia's population does have diversity. Article 64 of the Constitution grants Slovenia's Italian and Hungarian minorities the right to education, media, and legal defense in their own languages. These two communities also enjoy cultural autonomy in those regions in which they are the dominant ethnic group. Each group is represented by a deputy in the National Assembly who has the power to block the adoption of laws that concern the exercise of the specific rights of these communities or their status. The Italian and Hungarian communities also have the right to promote their ties with Italy and Hungary.

Although a general protection law on the Roma community (estimated to number between 7,000 and 10,000) has not yet been passed, that community is protected under Article 65 of the Constitution, the 1993 Law on Local Self-Government, the Law on Local Elections, and education regulations. According to NGOs, the community's situation varies around the country. In the northeastern Prekmurje region around Murska Sobota, the situation is exemplary. However, in the southeastern Dolenjska region around Novo Mesto, the Roma are considerably worse off.

The Slovene government has satisfied a long-standing demand of the Austrian government to recognize a 728-member German-speaking minority. A cultural agreement regulating the group's position was signed in 2001 and ratified in February 2002. The agreement explicitly states that German-speaking individuals enjoy rights under Article 61 of the Constitution. The minority is scattered throughout the country and does not form a majority in any settlement.

International observers praise the protection that the government has given these groups, though much larger groups are accorded no special

status. Some 47,097 Serbs live throughout the country and are officially considered nonautochthonous. However, Serbs have lived in the Bela Krajina region since at least 1530. Certain Croatian communities on the border between Slovenia and Croatia can also claim autochthonous status, though this is officially unrecognized. Of the 53,688 Croats in Slovenia, 18,657 live on the border, while around 13,000 Slovenes live on the Croatian side. (The figures for Croats in Slovenia are taken from the 1991 Yugoslav census; the figures for Slovenes in Croatia are taken from the 2001 Croatian census.) The Bosnian (Muslim) community numbered 26,725 in the 1991 census, but unofficial statistics suggest the number today is between 70,000 and 100,000.

The Constitution guarantees the equality of men and women and prohibits discrimination on the basis of gender or sexual orientation. There is a governmental Office for Equal Opportunities that has monitoring and advisory functions. The Law on Equal Opportunities and the Employment Relations Act were both passed in 2002 to fulfill EU requirements. The Law on Equal Opportunities forms the legal basis for a national program on equality. It also provides for the creation of an ombudsman to handle cases of suspected discrimination. The Employment Relations Act of 2002 prohibits discrimination by employers on the basis of, among other things, gender and sexual orientation. It establishes a framework for the settlement of such disputes and sets down requirements for equal pay for men and women, equal access to employment, training, promotion, and parental leave.

The Constitution provides for freedom of religion, and religious groups generally function freely. The country's Muslim community, however, has faced resistance from residents and the city council for the past 10 years to its request to build a mosque in Ljubljana. Influential figures such as the ombudsman for human rights and the mayor of Sarajevo have drawn attention to the issue, but no progress has been made.

In addition to the Constitutional Court, Slovenia's judicial system consists of district courts, regional courts, and a court of appeals. Judges, who are elected by Parliament on the nomination of the Judicial Council, are independent and serve indefinitely, subject to an age limit. The Judicial Council is composed of six sitting judges elected by their peers and five presidential nominees elected by the State Assembly.

Overall, Slovene judges rule fairly and impartially. Though the judiciary is linked to the Ministry of Justice, international observers report that it operates as an independent branch of government and is not linked to any executive body. According to the European Commission, the main problem facing the judiciary is inefficiency. The Constitution guarantees the right of a defendant to an attorney, and this is respected in practice. Judicial decisions are effectively enforced.

Corruption

1997	1998	1999	2001	2002	2003
na	na	2.00	2.00	2.00	2.00

The Office for the Prevention of Corruption presented Slovenia's first formal definition of corruption in February 2002: "Corruption is any violation of an obligatory process due to a directly or indirectly promised, offered, given, accepted, demanded or expected benefit to oneself or to another." The office was established in 2002 and is mandated with creating anticorruption measures and investigating the magnitude of official corruption in the state.

The criminal code penalizes criminal offenses against the economy. Bribery in commercial enterprises is defined in Articles 247 and 248, while bribery of officials is included in Articles 267 and 268. The Law on Penal Procedures was amended in October 1998, and the penal code was amended in March 1999. Both sets of amendments contain anticorruption measures. Recent legislation relevant to the fight against corruption includes the Law on Money Laundering and the code of obligations, both adopted in 2001, and the Law on Civil Service, adopted in 2002.

Mechanisms to prevent conflicts of interest between officials and private businesses are included in the Law on Workers in State Organs (LWSO). For example, Article 27 of the LWSO prohibits senior officials from performing the same or similar types of jobs for private businesses and companies that they perform within the administration. Lower-level officials are allowed to work for private businesses and companies on a contractual basis, but only if they obtain explicit authorization from the heads of their administrative units. Inspectors are not allowed to perform jobs outside the administration in the field of their competence. These ethical standards are observed in practice.

The current system of public administration provides for several internal and external control and oversight mechanisms. Higher administrative bodies may verify the legality, the professional nature, or the appropriateness of a decision by a lower administrative body. An inspectorate may be established to supervise the execution of laws and legal norms in a ministry's area of competence. The Constitution provides for a Court of Audit, the powers and administration of which are determined by the 1994 Law on the Court of Audit. This court functions independently and is responsible for auditing state finances, the state budget, and funds spent for public purposes, including those spent by local self-governing bodies. The National Assembly, on the proposal of the president, appoints members of the court. Aside from budget inspection and the Court of Audit, there are no wide-ranging mechanisms for preventing corruption. Only certain officials are subject to financial disclosure.

The country's first major corruption scandal began in 2000 and continued throughout 2002. State Secretary of the Ministry of the Economy Boris Sustar was convicted to three years in prison and ordered to pay a fine in spring 2001 for accepting a bribe. In May 2002, Sustar's appeal came before the Ljubljana High Court. Both the defense and prosecuting attorneys called for the regional court's verdict to be canceled, which the high court did in June, citing irregularities in the legal process. The regional court must now retry the case.

Sustar maintains that his arrest and conviction were politically motivated. He believes that after he fell out of favor with his party, the LDS, he was sacrificed to higher interests: the need to prosecute a high-profile corruption case to prove the government's commitment to fighting corruption. Helsinki Monitor agrees that the Sustar case was exploited to demonstrate to the EU that Slovenia is serious about tackling corruption. Sustar maintains that bribery between corporations and the government is common, even among some prominent politicians.

Slovenia is party to several Council of Europe treaties on corruption, including the Agreement Establishing the Group of States Against Corruption (GRECO) and the Criminal Law Convention on Corruption. In September 2001, Slovenia ratified the OECD Convention on Combating Bribery of Public Officials in International Business Transactions.

Officially, there is a markedly low occurrence of corruption. According to the governmental Office of Statistics, there were 15 convictions in 1995, compared to 36 allegations of corruption that were reported to authorities. The proportions for 1996 (19:34) and 1997 (13:19) were aggressive, but successive years are far less impressive. The proportion for 1998 was 16:36; for 1999, 15:74; and for 2000, 9:27. There were 58 allegations in 2001, but data on the number of convictions are not yet available.

The country's small size helps to hinder corruption to an extent, and the fact that the gross base pay of civil servants is comparable to that of workers in the private sector also lessens the potential for corruption. The average monthly salary of a private sector employee is about $850, whereas the average monthly base salary of a civil servant is around $784. Base pay ranges from around $460 at the lowest level to about $1,960 for the head of an administrative unit. In addition to base pay, public servants receive bonuses depending on the number of years worked, the conditions of work, the number of hours worked, or special responsibilities. Some fringe benefits, such as housing and payment of tuition fees, may also be included in a civil servant's pay.

In October 2002, Ljubljana University released the results of a study of public perceptions of corruption, which showed that while the public believes corruption is a significant problem, few have encountered it personally. Asked to gauge the problem of corruption, the majority of the survey's

914 respondents said that it is very great (25.6 percent) or great (27.1 percent). About 33 percent said that it is neither a great nor a small problem, while 6.9 percent said it is a small or very small problem. About one-third of the respondents believes that corruption has increased greatly since Slovenia gained its independence from Yugoslavia in 1990. Nearly 30 percent believe it has increased somewhat. Roughly one-quarter believe that corruption has either stayed the same or lessened.

International agencies, including the European Commission, the Council of Europe, and Transparency International, consistently rate Slovenia among the least corrupt countries in the region. A December 2000 report by GRECO stated that "corruption is not, in general, perceived as being a major threat to society." However, GRECO did report a serious need for an anticorruption program and stronger legislation.

The GRECO report also stated that many incidents of corruption may go undiscovered or unreported and that offenders may be convicted on charges other than corruption. This could explain why there is a high public perception of corruption at the same time that official corruption remains low. Anecdotal evidence suggests that bribe requests are not standard practice in the attainment of services. A report by the EU/Council of Europe Corruption and Organized Crime in States in Transition project stated that many corruption cases related to privatization are concealed under criminal charges of abuse of position and fraudulent contracts because corruption is difficult to prove. There are still opportunities for corruption to grow within the privatization process, as it is not yet complete. No anticorruption public education efforts are taking place at this time.

In November 2002, an Open Society Institute report on corruption in Slovenia stated that while corruption is not a significant problem, it does seem to be on the rise. The report states that although "there is little direct evidence that corruption is serious in any particular area of public life, institutions of prosecution and enforcement appear to be weak, the effectiveness of several other institutions of oversight is questionable, and conflicts of interest appear to be a widespread phenomenon."

In 1999, Transparency International ranked Slovenia 26th out of 99 countries in its Corruption Perceptions Index, making it the least corrupt in the region. The following year it fell behind Estonia, to 28th. For 2001, Slovenia ranked 34th, behind both Estonia (28th) and Hungary (31st), but still ahead of EU member state Greece (42nd). In 2002, Slovenia rose to 27th place, ahead of Estonia (29th), Italy (31st), Hungary (33rd), and Greece (44th).

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Tajikistan

Capital:	Dushanbe
Polity:	Presidential
Economy:	Mixed statist
Population:	6,300,000
GDP per cap at PPP:	$1,152
Private sector as % of GDP:	50
Ethnic Groups:	Tajik (65 percent), Uzbek (25 percent), Russian (4 percent), other (6 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	6.00	5.75	5.50	5.25	5.25	5.25
Civil Society	5.50	5.25	5.25	5.00	5.00	5.00
Independent Media	6.25	6.00	5.75	5.50	5.75	5.75
Governance	7.00	6.75	6.25	6.00	6.00	6.00
Democratization Scores	**6.20**	**↑↑5.95**	**↑↑5.69**	**↑↑5.44**	**↓5.50**	**5.50**
Constitutional, Legislative, and Judicial Framework	6.25	6.00	5.75	5.75	5.75	5.75
Corruption	na	na	6.00	6.00	6.00	6.00
Rule of Law Scores	**na**	**na**	**5.88**	**5.88**	**5.88**	**5.88**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

INTRODUCTION

Prior to the tragic events of September 11, 2001 (9-11), many in the world had no idea where Central Asia was, what countries it constituted, and which ethnic groups and religions it contained. The terror acts of 9-11 and the consequent U.S. military incursion in Afghanistan catapulted Central Asia, including Tajikistan, into living rooms and onto government agendas. As part of its pledge to Afghanistan and the region, the Western world had promised increased economic assistance to the Central Asian states. Tajikistan's neighbor and rival Uzbekistan, for example, has received substantial amounts of U.S. military and economic support. Tajikistan, however, still mostly a Russian ally, has not seen a significant increase in aid. This has been exacerbated by the fact that economic dislocation and the remnants of a brutal civil war have taken their toll on the well being of the population. Furthermore, a decade into independence, a large democracy deficit remains. Despite some progress, Tajikistan's ruling elite, much of it remnants of the Soviet nomenklatura (state bureaucracy), has failed to allow individual and political freedoms to flourish.

Although a short period of political pluralism called the Tajik Spring followed the emergence of an independent Tajikistan in 1991, this nascent liberalism soon devolved into anarchy, armed violence, and ultimately civil war with its peak violence of summer and fall 1992, where in a span of five months as a result of an inter-regional and ideological conflict as much as 1% of the population (50,000) was killed and another 10% or half-a-million people became refugees and forced migrants. The causes of the war were many. First, when the Soviet Union collapsed, pre- and early-Soviet factionalism among Communists, Islamists, and so-called democrats reemerged. Second, Tajikistan's proximity to Afghanistan, one of the bloodiest epicenters of the US-USSR cold war conflict, helped foment violence within the new nation's own borders. Also influencing the outbreak of war were severe economic dislocation, the ideological vacuum left by the collapse of communism, and the sheer absence in the country of a sense of common history and nationhood. In 1997, the Tajik government and its opponent, the Islamic-dominated United Tajik Opposition (UTO), signed a peace accord brokered by Iran, the United Nations, and Russia. However, the severity of destruction and

dislocation caused by the war has hindered anything near a full recovery.

The relative calm enjoyed in Tajikistan today is due largely to the government's entrenched political power and its systematic elimination of armed opposition figures left over from the civil war years. The toppling of the Taliban, the extremist Islamist regime in Afghanistan, in 2001 has also helped in improving stability in Tajikistan. Yet peace is not fully secure in Afghanistan, and the country's drug trade—much of it trafficked through Tajikistan—shows no signs of subsiding. Perhaps the greatest threat to stability in Tajikistan, though, is the prolonged economic slump. Despite positive growth rates in 1997, the Tajik economy measures only about 55 percent of its Soviet-era size. At the microeconomic level the picture is no better, with the World Bank estimating that at least 80 percent of the population lives below the poverty line. With per capita income lower than $200 per year, Tajikistan rivals many impoverished nations in sub-Saharan Africa and is certainly one of the poorest nations in the former Soviet Union. Tajikistan's depressed economy and dearth of industrial enterprises have also led to what Shireen Akiner, a Central Asian specialist at the University of London, calls a "de-skilling" of the population. When coupled with falling levels of educational enrollment, the result is a growing segment of the population equipped for little more than manual labor.

In 2002, the government improved its record to a degree by making progress in economic stabilization, pursuing and arresting members of armed illegal bands, granting a degree of freedom of expression to select media outlets, and increasing opportunities for nongovernmental groups to engage in the civic life of the country. Nevertheless, a semiauthoritarian regime led by President Imomali Rahmanov and his inner circle continues to dominate the political system. Although some opinion polls indicate that the regime enjoys considerable public support, it is an undeniable fact that the existing leadership has systematically prevented the rise of any viable alternatives. This fact is unlikely to change in the foreseeable future. According to the Belgium-based International Crisis Group, Tajikistan faces four major challenges: establishing a viable political system, combating crime, promoting better relations with neighboring states (especially Uzbekistan), and reversing economic decline. Although the government has made some progress since the end of the civil war in holding elections and promoting economic growth, large segments of the population remain poor and negatively affected by the transition process. Failure to address these needs and challenges and to uphold basic political rights and civil liberties threatens Tajikistan's long-term stability and suggests that further turmoil might not be far away.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
6.00	5.75	5.50	5.25	5.25	5.25

Imomali Rahmanov, a former Soviet ***kolkhoz*** (collective farm) leader, was first appointed Tajikistan's head of state in November 1992, when the former Communists and their thuggish supporters in the Popular Front toppled the opposition-dominated government that had declared independence a year earlier. Although armed fighting, assassinations, hostage takings, corruption, economic weakness, social inequality, and censorship have characterized Rahmanov's tenure since then, the president has proved victorious in two national elections, first in 1994 and again in 1999. However, neither election was free from controversy. The Organization for Security and Cooperation in Europe (OSCE) described the 1999 campaign as ridden with irregularities and falling far short of international standards. The next elections are scheduled for 2006. By law, President Rahmanov may not seek a third term, but Parliament is planning a nationwide plebiscite that will mostly likely pave the way for him to do so.

In the early days of independence, there was sincere hope that a genuine multiparty political system might emerge in Tajikistan. Unfortunately, the onset of civil war in 1992 abruptly halted the country's transition. By early 1993, all opposition parties had been banned, and the only legal and functioning political organization remaining was the Communist Party. Although several new parties such as the People's Democratic Party (PDP) emerged the following year, none represented opposition points of view. Today, the PDP, which is headed by President Rahmanov, is the country's largest party. The Communist Party follows in second place. In 1999, the government lifted its ban on opposition parties and allowed political groupings that had formed the UTO, including the Islamic Renaissance Party (IRP), to reregister.

Although the semblance of a multiparty system now exists in Tajikistan, the government has not allowed true political pluralism to emerge. New parties are small, tend to have very narrow social bases, and are subject to overt government harassment for expressions of political dissent. Nevertheless, some level of normalcy has been reached. In September 2002, for example, the opposition Agrarian Party, whose activities the Ministry of Justice had suspended during the preelection period in 1999, merged with the Democratic Party. The move was intended to keep the Democratic Party intact and increase its membership base. In November 2002, the Social Democratic Party (SDP) resubmitted its registration application to the Min-

istry of Justice, which soon approved the group as a legal political entity. The SDP had originally complained that its application in 1999 was illegally rejected. Another opposition party called Vahdat (Unity) is also preparing to register.

The origins of the IRP, Tajikistan's most vocal opposition party, can be traced back to the mid-1970s when the Soviet Union's underground Muslim community began to grow more radical. In June 1990, Muslim delegates from across the Soviet Union gathered in the Caucasus and formed the All-Union Islamic Party. The IRP was formed later that year as a branch of the All-Union body. With the collapse of the Soviet Union, the IRP became an independent party and its Tajik branch registered as such in October 1991. The party, whose ultimate aim is the creation of an Islamic state in Tajikistan, became a principal force behind the UTO during the civil war years.

Since the end of the war, the IRP has failed to present a coherent view of the role of Islam in post-Communist Tajikistan and has grown rife with internal factions. It also has lost much of its following. That said, a small percentage of the population—primarily from the Gharm-Quarateguine region and other pockets of the country—has consistently supported the IRP and has voted some of its candidates into local and national bodies. Today, the IRP is the only legal Islamic party in the former Soviet Union and enjoys parliamentary and cabinet-level representation.

Of the eight parties in existence by early 2000, six qualified to participate in parliamentary elections that year. Only three obtained more than 5 percent of the vote, the threshold for securing representation. These were the pro-government PDP, the Communist Party, and the IRP. Following the elections, Tajikistan's unicameral legislative body was replaced with a 63-member bicameral body consisting of a 30-member Council of Representatives (lower house) and a 33-member National Council (upper house). The pro-government PDP dominates both houses. An obvious shortcoming of the elections and the current government's makeup is the virtual exclusion of representation from the Uzbek and Pamiri ethnic and cultural groups. Furthermore, many important government positions belong to individuals from Kulob—President Rahmanov's home region.

Civil Society

1997	1998	1999	2001	2002	2003
5.50	5.25	5.25	5.00	5.00	5.00

To foster civic activism in Tajikistan, foreign aid organizations and international donors have promoted and funded the formation of Western-style nongovernmental organizations (NGOs). However, civil society in the country is not a new phenomenon. Traditional ***mahalla*** (neighborhood) coun-

cils, for example, have enjoyed a revival in the post-Communist period. These informal, nongovernmental institutions receive support from local religious centers and mosques and help organize *hashar,* or community assistance, which can take the form of repairing someone's home, building a local facility, or helping a family prepare for a wedding. Informal institutions like these preserve a space outside the control of government authorities and foster communal identity and solidarity. They also reinforce social values and accepted norms of behavior. *Jamoats* are official institutions that serve as liaisons between *mahallas* and provincial governments.

Conventional nonprofit, charitable, and voluntary organizations came into existence in Tajikistan in the mid-1990s with international donor support. Though initially a bureaucratic, expensive, and time-consuming process, the act of forming an NGO has been simplified considerably in recent years. In 2001, for example, government Resolution 31 cut registration costs dramatically. The fees for local, national, and international groups declined from $165, $240, and $750, respectively, to $25, $60, and $600. According the United Nations High Commissioner for Refugees (UNHCR), which promotes the development of NGOs in Tajikistan, the number of groups registered with the Ministry of Justice more than doubled between 2001 and 2002, totaling approximately 1,300 by year's end. NGOs focus on a variety of issues, including child welfare, gender equality, civil society training, health, social protection, the environment, culture, business training, and the mass media.

The role of religion in the formal aspect of civil society is minimal, except in the Badakhshan province, where most inhabitants are followers of the Aga Khan, leader of the Ismaili Muslims. The Aga Khan Foundation (AKF), a faith-based organization, has promoted an active civil society in Badakhshan and has supported important socioeconomic development projects and educational institutions. The AKF and its corresponding Development Network are perhaps the most unique and successful NGOs in Tajikistan. This is true in large part because they devote considerable time to consulting with local communities and taking their short- and long-term needs into account. They also emphasize project sustainability, reinforce the importance of volunteerism and self-reliance, and to some extent avoid overdependence on external support.

International NGOs such as the Counterpart Consortium, the Eurasia Foundation, and the Open Society Institute also play an important role in Tajikistan. Some groups promote confidence building among Tajik citizens who have been adversely affected by the civil war, ongoing economic problems, and the lack of political openness in the country. Others promote conflict resolution through workshops and discussion-based activities designed for representatives of local village and elders' councils, ethnic and regional groups, and local government officials. Major international

bodies and financial institutions like the UN, the European Union (EU), the United States Agency for International Development (USAID), and even the World Bank have channeled many grants and loans to Tajikistan through NGOs rather than the government. The UNHCR has established an NGO resource center in Dushanbe that offers training in community relations, leadership development, business management, human resources, and fund-raising. During 2002, an estimated 150 NGO leaders participated in these courses.

Although Tajik women are not yet widely represented in government structures, they play an important role in civil society. More than a third of all Tajik NGOs, for example, are headed by women. Some observers believe that greater participation by women in the country's political, economic, and social life would help consolidate the peace process. For this to happen, though, the country's traditional patriarchal mentality must be challenged. Some NGOs and international organizations are trying to do just that. The United Nations Development Program (UNDP), for example, has funded a locally staffed organization called Women in Development. Since 1999, the groups Women's Voices, Orzu (Hope), and Oshtii Milly (National Reconciliation) have worked with the OSCE to arrange seminars on human rights, gender, culture, and the role of political parties and local governments in democratizing society. Women's rights groups have also begun to lobby the government.

The expansion of civil society in Tajikistan has not been without problems. For one thing, the primary motivation for registering a domestic NGO is often the pursuit of international funding and secure employment, rather than a sincere desire to address the needs of the community. Many talented and educated individuals have become adept, as in other parts of the post-Communist world, at understanding the predilections of foreign donors and fashioning proposals accordingly. Most NGOs have discriminatory hiring practices, and nepotism is widespread. There are also concerns that substantial portions of foreign assistance never reach the most vulnerable and impoverished strata of society.

According to John Schoberlein of Harvard University, the rebuilding of Tajikistan's social fabric is as important as—if not more important than—the reconstruction of the country's physical infrastructure. One group that is comprehensively addressing this issue is the International Crisis Group (ICG), which, through its field office in Osh, Kyrgyzstan, has been researching the best means of achieving social harmony and preventing conflict in and around the densely populated and ethnically mixed Ferghana Valley, which falls within the borders of Tajikistan, Uzbekistan, and Kyrgyzstan. According to ICG, poverty and the absence of sufficient authority are endemic in this region. Ultimately, for civil society to take root and be effective in Tajikistan, the rule of law, political and economic stability, and a

significant degree of social cohesion must be present. To date, though, the country has been characterized more by uncivil patterns of behavior that have become increasingly entrenched.

Independent Media

1997	1998	1999	2001	2002	2003
6.25	6.00	5.75	5.50	5.75	5.75

Violent crime and a quasi-authoritarian regime make journalism in Tajikistan a dangerous profession. This is particularly true for individuals who have dared to investigate power struggles in the political and military elite and drug and weapons trafficking by the Mafia and government officials. According to the Washington, D.C.–based Committee to Protect Journalists (CPJ), during the 10-year period from 1988 to 1997, Tajikistan and Russia tied as the third most dangerous spots on earth for journalists. During that period, 29 journalists in each of the two countries were murdered. Some sources suggest, however, that as many as 60 journalists may have been murdered in Tajikistan since 1992. Between 1993 and 1999, all major opposition parties and newspapers were banned. Although opposition parties may now function, the dissemination of their platforms through the media is severely restricted.

Article 135(2) of the Tajik penal code stipulates that "the distribution of clearly false information defaming a person's honor, dignity, or reputation" is punishable by up to two years in prison. Article 137 establishes a punishment of up to five years in prison for insulting or defaming the president. Laws like these, in addition to the general absence of law and order in the country, have forced most journalists to practice self-censorship.

To control nonstate media, the government typically resorts to forms of intimidation. These include holding so-called guidance sessions for journalists, refusing to print newspapers at government-owned facilities, and enforcing burdensome licensing procedures. Local law enforcement agencies harass local journalists, at times resorting to beatings and death threats. Foreign correspondents also have endured threatening conditions when reporting from Tajikistan. Claudia McElroy, a reporter for the British Broadcasting Corporation and *The Guardian* newspaper, claimed in 1999 that she was under more danger as a foreign correspondent in Tajikistan than during the periods of civil war in Liberia and Sierra Leone. In 2000, Saifullo Rahimov, the president of Tajikistan's State TV and Radio Committee, was murdered near his home in Dushanbe in what appears to have been a political killing. Furthermore, three local television journalists reporting on irregularities in the military draft in the northern Soghd province were themselves forcefully conscripted into the armed forces in 2002.

Other factors constraining the media are the financial costs of media equipment and difficulties procuring basic supplies such as newsprint. Likewise, compared to the Soviet period, when periodical publications were cheap and plentiful and radio and television coverage was available to over 90 percent of the population, public access to the media in Tajikistan is now significantly limited. Widespread poverty, for example, has curtailed demand for newspapers and led to low circulation levels. There are no daily newspapers in the country, and metropolitan papers publish only once a week.

Tajikistan's few independent television stations experience administrative and legal harassment. In Dushanbe, the capital, *Biznes i Politika* is the only independent newspaper with significant political news; however, its coverage largely favors the government. Similarly, one of the two nongovernmental radio stations, which functions in the northern city of Khujand, is believed to have obtained its broadcast rights on the basis of its pro-government, nationalistic, and anti-Uzbekistan stance. Access to state media by opposition political figures is, for all practical purposes, forbidden. Government censorship is extensive, and access to official sources is quite limited.

According to Human Rights Watch, President Rahmanov and officials close to the regime have used the media for an "uninterrupted laudatory publicity campaign." Prior to the national elections in 1999 and 2000, for example, as much as 40 percent of all state television airtime was devoted to the pro-government PDP; opposition candidates and parties received minuscule amounts of airtime. Independent media that veer from the government's official line risk being shut down. During the 1999 presidential campaign, *Junbish*, a Dushanbe-based newspaper that published the views of the UTO and other opposition parties, was forced to cease operations. The paper received threats from government officials and was denied access to its regular state printing press.

Despite this negative picture, some improvements in press freedom did occur in 2002. In August, the government reversed a decision prohibiting private radio stations and granted a license to Asia-Plus, a news agency based in Dushanbe. Asia-Plus had applied for an FM license back in 1998. The sudden policy change was thought to be a response to criticism from the OSCE and CPJ of the government's ban on private media. Another hopeful sign came in the launch of *Tong*, an ethnic Uzbek newspaper published in the Soghd province. The paper aims to inform ethnic Uzbeks of political, economic, cultural, and civic news, in addition to familiarizing young people with democracy and human rights issues.

Tajikistan was one of the last countries on earth to connect to the Internet. It did so only in January 1999, when the Ministry of Communications allowed the establishment of the country's first Internet service

provider (ISP). Since then, use of the Internet has been expanding, albeit slowly. Although the government allows relatively unhindered access to the Internet, getting connected is extremely expensive for ordinary Tajiks. Today there are four ISPs in the country and a handful of Internet cafés.

Governance

1997	1998	1999	2001	2002	2003
7.00	6.75	6.25	6.00	6.00	6.00

Owing mainly to the personalistic nature of power in Tajikistan, the boundaries between state and society are blurred, and formal institutions such as Parliament and the judiciary lack genuine authority. The regime attempts to cloak itself in legitimacy by holding elections, but real power at all levels of the state rests with informal clan networks. The use of force and the dispensation of patronage engender loyalty from supporters and rivals alike.

Although such realpolitik dominates governance in Tajikistan, the country's 1994 Constitution does outline a political system based on pluralism and an American-style separation of executive, legislative, and judicial powers. The 1999 plebiscite on constitutional amendments (approved by 72 percent of voters) created a seven-year presidential term and formed a bicameral parliamentary system. Parliament technically can override presidential decrees by a two-thirds majority, but both houses are dominated by the pro-government PDP. Appointed government positions are dominated by the Kulobis, people from President Rahmanov's home region. Despite constitutional guarantees of transparency and access to information, the national legislature often drafts and discusses laws behind closed doors.

Under the peace accord ending the civil war, the government is obliged to set aside 30 percent of all major government posts for the UTO. The appointments of Akbar Turanjonzoda and Mirzo Ziyo, two former senior UTO officials, to the posts of deputy prime minister and minister of emergency situations, respectively, helped fulfill the requirement. Furthermore, the selection of Oqil Oqilov, a businessman from the northern town of Uroteppa, as prime minister was another significant step toward pluralism and may have curbed antigovernment discord among the citizens of the northern Soghd province. However, the continued ban on the activities of the National Revival Party, which is thought to have widespread appeal in Soghd, is disturbing, though not surprising. Similarly, institutional changes in Tajikistan have emphasized the rights of the titular majority population—the ethnic Tajiks. When coupled with the country's economic downturn, this policy has prompted the emigration of most ethnic Russians, many of whom were the country's leading technical experts.

Tajikistan is divided into oblasts (provinces) and *raions* (districts). Badakhshan, Soghd, and Khatlon are the main provinces; the Regions of Republican Subordination surrounding the capital constitute their own de facto province. Fifty-two districts are scattered throughout the provinces, and five municipalities (Dushanbe, Nurek, Kofarnihon, Rogun, and Tursonzoda) govern the major industrial centers. Parliament has power over the regions and can contest the decisions of local legislatures. It can even disband such bodies that it deems in violation of Tajik law. Under the Constitution, the president has the power to appoint and dismiss the regional heads of governments, subject to approval by provincial legislatures. The central government determines the budgets of municipal districts, most of which operate at a deficit. Under the 1996 tax code, though, regional governments may retain a set portion of local revenues as they are collected.

For several years after independence, Tajikistan and other Central Asian countries experienced declines in the power of the executive. In time, though, presidents took measures to increase their power as a counterbalance to a perceived loss of control over socioeconomic and political development. To govern and maintain power, President Rahmanov relies to varying degrees on the armed forces of the Ministries of the Interior, Defense, and Emergency Situations. The president also relies on the Russian-led 201st Army Division and its estimated 15,000 soldiers, many of whom are guarding the border with Afghanistan. The regime still exercises considerable control over the capital and the Khatlon province but has difficulty exerting its full power and authority over other regions, especially opposition strongholds such as the Gharm and Quarateguine Valleys, the area of Kofarnihon to the east of Dushanbe, and the Badakhshan province.

Incidences of armed invasion, hostage taking, and rebellion in 1998 and 2001 forced government troops and the former UTO to fight side-by-side. The two have now, to a large extent, merged into one army. During 2002, the government limited, and in some cases eliminated, the activities of some 15 warlords—that is, ex–field commanders of the civil war who have their own quasi armies. Dozens of gunmen were arrested on charges of murder, terrorism, or treason and sentenced to prison; five were sentenced to death.

Despite the collapse of communism, the elites running Tajikistan have not really changed. Entry and advancement in the civil service is dominated by cronyism and nepotism, and public administration is shaped by regionalism and clan politics. Large parts of the country, for example, are run by local strongmen who tax the country's cotton, metals, and narcotics trades. Although the government has not focused sufficiently on capacity building, Parliament has adopted a Law on the Civil Service and created, with World Bank insistence, a special Public Administration Reform Unit. The World Bank has also imposed on Tajikistan a technical assistance project on institu-

tional building. As with many other technical assistance projects, though, much of the funding for this project has been spent on foreign consultants, computer equipment, and development tours of the West for ruling Tajik elites, and the main emphasis has been placed on maximizing the privatization of state properties and government services.

RULE OF LAW

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
6.25	6.00	5.75	5.75	5.75	5.75

Tajikistan's Constitution dates to 1994, a time in which the country was in the throes of a civil war and a ban on opposition political parties was in place. Still, voters approved the founding document with a supposed majority vote of 90 percent. Opposition members, many of whom were associated with the UTO, denounced the referendum and claimed that it was neither free nor fair. The Constitution divides power among the legislative, executive, and judicial branches of government. The president, who enjoys strong powers, makes appointments to government seats and selects the chairman of the central bank, the state prosecutor, the head of the Constitutional Court, and heads of regional administrations. The Constitution provides for a variety of individual freedoms, including the freedoms of privacy, assembly, speech, press, association, and religion. It also bans discrimination on the basis of nationality, race, gender, and religion.

Despite these guarantees, the government frequently breaks the letter and spirit of the law with arbitrary arrests and imprisonment, the use of torture, suppression of opposition political voices, and bans on independent media. During the height of the civil war in 1992 and 1993, there were thousands of extrajudicial killings, the majority of which could be attributed to government forces and their armed militant allies. Although much of the horror of the civil war ended with the signing of the 1997 Moscow Peace Accord, the government continues to violate human rights in a variety of ways, including through the imprisonment of political activists and suspected radical Islamists belonging to the Islamic Movement of Uzbekistan (IMU) and Hizb-ut-Tahrir.

Although the Constitution guarantees an independent judiciary, the judicial branch is not independent of the executive. Judges and prosecutors may be dismissed by the president. They also are subject to pressure, intimidation, and bribery by corrupt paramilitary groups and government armed forces. There are long delays in the commencement of trials, and the

defendant's right to public counsel is not always upheld. It is generally understood that despite the type of crime committed—if any—accused persons can secure their freedom from prison by paying a sufficient bribe. Many prisoners languish in filthy prisons for years, or even die, because their families cannot afford the several hundred dollars needed to bribe their release.

Tajikistan's criminal code is a holdover from the Soviet era. Though amended, it contains many of the flaws inherited from that period, including a basic presumption of one's guilt until proven innocent. The code places few checks and balances on the activity of the police and prosecutors. In spite of the government's admission that its security forces regularly violate the law and have been infiltrated by criminal elements, it has taken few concrete actions to prevent further abuses. By law, the police need the permission of a prosecutor to search personal premises and homes, but in practice they avoid this requirement and frequently conduct arbitrary searches and arrests. The government clearly uses the power of the police to arrest and harass opposition political party members, often by framing them for possession and smuggling of narcotics. A seminal case in Tajikistan was that of the 1999 arrest, detention, and death of Abdulhafiz Abdullojonov, the brother of exiled opposition member Abdumalik Abdullojonov, on trumped-up narcotics possession charges.

The only significant change to the criminal code has been an increase in punishments for crimes such as rape, theft, and drug possession and use. Although the government has made some progress in efforts to end the ill-treatment of prisoners, the conditions of detainees are still among the worst in the world. Many face illness, hunger, maltreatment, and even death in Tajikistan's extremely underbudgeted, overcrowded, and unsanitary prison system. Some of the problems are the product of a Soviet-era policy calling for self-funded prisons to grow their own food and produce limited goods for the Soviet economy. The practice of growing food in Tajik prisons has resumed; abusive conditions, though, have not subsided.

Responding to international (mainly European) criticism for its continued use of the death penalty, the minister of justice announced in 2002 that Tajikistan would not eliminate the practice and cited political and economic conditions in the country as justification. He went on to say, though, that Tajikistan hopes at a future date to commute all death penalty sentences to life imprisonment and to produce minimum standards for treating prisoners that would observe their constitutional rights and meet international standards. In 2002, the government delivered death sentences at an alarming rate of at least five per month.

According to the New York-based Human Rights Watch, armed militias from the Ministries of the Interior, Defense, and Emergency Situations are known to carry out kidnappings, extortion, beatings, and the killing of civilians. During 2001, there were several assassinations of government offi-

cials, including Shamsullo Jabirov, the deputy security minister; Habib Sanginov, the deputy minister of the interior, and his two bodyguards; Sobirjon Begijonov, the chairman of a northern Soghd district; and Karim Yudoshev, a senior adviser to the president. In 2002, the authorities took concrete steps to identify and hold accountable perpetrators of these and other killings, but most of the resulting trials were closed, including to international observers. Several verdicts carried the death sentence. In March, for example, four men charged with one of the 2001 government murders were sentenced to death; others received long prison terms. However, it is widely acknowledged that at least three of the men were tortured and made coerced confessions.

Overall, the government's efforts to subdue warlords and criminals might be paying off. There are indications that since the events of September 11, 2001, the security situation in Tajikistan has improved substantially. In 2002, no major incidences of assassination or kidnapping were reported. In May 2002, the government brought 82 members of the armed band of renegade UTO commander Rahman "Hitler" Sanginov to trial for murder, hostage taking, banditry, and robbery.

During 2002, the Tajik government made some efforts to respond to Western criticism of human rights violations in the country. For example, the authorities dropped criminal charges against exiled opposition journalist Dodojon Atovullo, relaxed censorship of the Internet, reduced the cost of registration for local NGOs, and worked with the International Committee of the Red Cross (ICRC) to provide full access to the country's prisons. Nevertheless, repression continues in Tajikistan, and the government appears to be using the U.S.-led war on terrorism as a pretext for the systematic persecution of its political opponents. Since September 2001, the government has accused Hizb-ut-Tahrir, a transnational Islamist organization that advocates the non-violent establishment of a caliphate in the Ferghana Valley, of having ties to al-Qaeda and has handed down lengthy prison sentences to its alleged members. The government has also criticized the northern Soghd province for serving as a safe haven for religious extremists, closed several mosques, and kept a close watch on the activities of local Islamic leaders. A fact frequently cited by the regime is that three of the prisoners being held by the United States at Guantanamo Bay are Tajik citizens from the Isfara district of Soghd.

In June 2002, Abdujalil Hamidov, a former Soghd governor and a relative of exiled opposition leader Abdumalik Abdullojonov, was sentenced with 18 others to 15 years in prison on charges of embezzlement and attempted assassination of the president. The group was also charged with maintaining ties to the IMU. Mr. Hamidov apparently suffers from cancer and was forced to confess under duress. One of his co-defendants reportedly has died in prison. Four others have received death sentences. The trial was closed.

According to some observers of Tajikistan, the country's civil war was caused mainly by economic decline and low living standards, particularly in rural areas where women do not traditionally work outside the home. However, since the war caused the death of as many as 25,000 male heads of household, many women have been forced to provide for themselves and their dependents. Despite some progress in recent years, though, the status of women in Tajik society remains relatively low. An estimated 70 percent of women face some form of discrimination, with conditions being of particular concern in rural areas. According to the UN Office for the Coordination of Humanitarian Affairs (OCHA), some women are even driven to suicide by the prevalence of violence against them and their lack of rights.

Although Tajik law forbids discrimination based on ethnicity and language, there is widespread discrimination against non-Tajiks. Few ethnic Russians continue to work for the state, and emigration is steady. Those who remain in the country work primarily as contractors for the Russian armed forces that are stationed there. Some, especially in Khujand, are small-scale merchants. Anti-Uzbek sentiment—much of it condoned by the government—is also strong. Even though a quarter of the population can be categorized as Uzbek, the main state television broadcaster rarely offers Uzbek-language programming. Uzbek music, for all practical purposes, is forbidden on both radio and television. In some regions of Tajikistan, especially those adjacent to Uzbekistan, one encounters Uzbek villages in which few speak or comprehend Tajik and where households regularly tune in to radio and television programming from Uzbekistan. One positive point is that schooling for children in the Uzbek language remains available in Tajikistan.

During the civil war of the 1990s, many ethnoregional minorities who were perceived to side with the losing opposition were forced to flee their homes and villages. As a result, thousands of families living in the Qurghonteppa region of Khatlon province fled to northern Afghanistan, Badakhshan, other parts of Tajikistan, and other countries in the Commonwealth of Independent States (CIS). Although most refugees returned after the peace accord was signed in 1997, they have faced occasional incidences of physical harm and regular discrimination. Some refugees, including the ethnic Kyrgyz of eastern Tajikistan, fled to Kyrgyzstan during the war and have remained there ever since. Thousands have even become Kyrgyz citizens.

Religious minorities also face discrimination and occasional persecution in Tajikistan. As many as 60 non-Islamic religious groups are registered in the country, including Zoroastrians, Jews, Buddhists, Baha'is, Baptists, Seventh-day Adventists, Protestants, Catholics, and even Hare Krishnas. The non-Islamic religions have taken root primarily in the capital, Dushanbe, and in some poorer pockets of the Soghd and Khatlon provinces. To date, the government has banned only the Jehovah's Witnesses for the alleged

violation of an obscure Tajik law. Prior to 1991, there were 15,000 to 20,000 Jews in the country, the majority being of Bukharan ancestry and tracing their roots in the region to the 14th century. Soon after independence, though, most Tajik Jews emigrated. Sizable settlements of Jews from Tajikistan are now living in Israel and New York.

Two prominent Baha'i leaders were assassinated in Dushanbe in 2001, as was the leader of Tajikistan's small Zoroastrian religious minority. In 2000, three Christian churches were firebombed and a total of seven worshipers killed. In all likelihood, these incidents were hate crimes that occurred without the government's involvement. However, with the tacit approval of Russia and Western powers, the government is persecuting devout Muslims who may or may not sympathize with fundamentalist Islam. The government now insists on monitoring and limiting the number of mosques in the country, criticizes the practice of traveling to Mecca, and arrests anyone possessing material that appears to favor Hizb-ut-Tahrir. As many as 200 Hizb-ut-Tahrir supporters, the majority of whom can be considered prisoners of conscience, are currently serving sentences ranging from 5 to 15 years. Most are thought to be from the northern Soghd region and the Leninski district near Dushanbe; many are of Uzbek ethnicity. To promote interreligious harmony, during 2002 the OSCE held at least one Central Asia–wide conference and several workshops on the importance of tolerance and religious freedom.

Corruption

1997	1998	1999	2001	2002	2003
na	na	6.00	6.00	6.00	6.00

A decade after independence, corruption, crime, and insecurity continue to hinder a smooth post-Communist transition in Tajikistan. Bribes, some in the forms of unreasonable fees, have become ingrained in nearly all transactions with the government and government service providers. The acquisition of legal documents, for example, is nearly impossible without a bribe. Applying for a passport can take three months to a year with minimal bribes and fees to the Foreign Ministry and the Ministry of the Interior. For the right price, though, a passport can be acquired in less than a week.

The road police are among the most corrupt, and all drivers, excluding those from international agencies, should expect to bribe them on a regular basis. Troops from the Ministry of the Interior also extort money from drivers and passengers at arbitrary stops and checkpoints. At airports, security officials even threaten travelers with charges of possessing stolen goods or taking drugs in an effort to induce payments. The greatest sums of money are extorted from small-business owners and street vendors. On a larger

scale, foreign buyers of cotton fiber are required to pay off certain government officials and their cronies. According to one Western diplomat, control of the country's most important industries—cotton and aluminum—rests in the hands of President Rahmanov's friends and family.

Although economic crimes such as bribe taking, fraud, and the misappropriation of public funds were common during the Soviet period, they took place mostly at the institutional level and, according to Shireen Akiner at the University of London, left "relationships between individuals and personal morality generally contained within perceived bounds of propriety." Since independence, though, lawlessness has spread into every sphere of Tajik life and violence has become entrenched. Stories of abductions, assaults, murders, and corruption by high-profile public figures now abound. The situation is made worse by an illegal arms and munitions trade that has persisted since the civil war.

Drug trafficking is one of the most significant areas of crime in Tajikistan. Central Asia as a whole has replaced Myanmar as the Golden Crescent in the world's drug trade, and Tajikistan plays its part by serving as a major conduit for opiates from neighboring Afghanistan. For example, most of Afghanistan's drug exports to Europe in 2002 passed through the Tajik-Afghan border, where Russian-led border guards intercepted only a small portion. Although the UN Office of Drug Control and Crime Prevention operates in Tajikistan, its officers are underpaid and its few impressive drug busts have failed to quell allegations of drug-related corruption. In particular, regional leaders on both sides of the Tajik-Afghan border appear to benefit directly from the drug trade, and trafficking via the Badakhshan and Khatlon provinces still appears to abound. High levels of poverty and unemployment in Tajikistan have made drug trafficking a tempting source of income. This in turn drives prostitution, money laundering, protection rackets, and gang warfare. The drug trade can also impact the political process by extending lucrative support to unscrupulous contenders for high office.

The privatization of state-owned enterprises—one of the cornerstones of post-Communist transitions—has engendered corruption and cronyism in Tajikistan as well. Asset valuations and tenders for sale lack transparency, and influential business and political figures purchase lucrative state assets at rock-bottom prices. Auctions for enterprises are often fixed, and independent bidders are threatened if they fail to back out of the bidding process. Most government officials maintain strong ties to the business community and expect the money made from business deals related to their work to exceed their official salaries. Land privatization has engendered similar problems, prompting opposition groups to openly criticize the government for unfairly and illegally distributing land rights. According to a 1998 USAID-funded household survey, an estimated one-fifth of all households in Tajikistan are landless, not even enjoying access to small vegetable gardens.

Instead, land reform and privatization have favored mainly local and national elites. The transfer of ownership of small agricultural plots known as *dehqan* farms has especially bogged down, and farmers who enjoy lifelong leases on properties must pay a variety of fees and bribes to secure the actual legal deed.

Although allegations of government corruption have yielded few investigations, the president has periodically fired or replaced officials who are either rumored or proven to engage in corrupt practices. In January 2002, for example, the president dismissed the head of the country's tax committee and the commander of the Tajik border guards for alleged drug trafficking. Save occasional dismissals like these, though, the government has failed to address official corruption in a serious way. The country's minimal anticorruption legislation, which includes the Law on Conflict of Interest and Financial Disclosure, is seldom enforced. Furthermore, there are no laws against racketeering, and the country has yet to sign the OSCE's Convention on Combating Bribery. It is not surprising, then, that in its most recent Index of Economic Freedom, the Washington, D.C.–based Heritage Foundation categorized Tajikistan's economy as "Mostly Unfree" and ranked it 143rd out of 161 countries.

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Turkmenistan

Capital: Ashgabat
Polity: Presidential
Economy: Statist
Population: 5,600,000
GDP per cap at PPP: $3,956
Private sector as % of GDP: 25
Ethnic Groups: Turkmen (77 percent), Uzbek (9 percent), Russian (7 percent), Kazakh (2 percent), other (5 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	7.00	7.00	7.00	7.00	7.00	7.00
Civil Society	7.00	7.00	7.00	7.00	7.00	7.00
Independent Media	7.00	7.00	7.00	7.00	7.00	7.00
Governance	6.75	6.75	6.75	6.75	6.75	6.75
Democratization Scores	**6.94**	**6.94**	**6.94**	**6.94**	**6.94**	**6.94**
Constitutional, Legislative, and Judicial Framework	6.75	6.75	6.75	7.00	7.00	7.00
Corruption	na	na	6.00	6.25	6.25	6.25
Rule of Law Scores	**na**	**na**	**6.38**	**↓↓6.63**	**6.63**	**6.63**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

INTRODUCTION

With each passing year under strongman Saparmurat Niyazov, Turkmenistan increasingly resembles a land that time forgot. In an unforgiving corner of the world where autocrats hold sway, President Niyazov's regime is arguably the most repressive. In a throwback to medieval times, the average Turkmen is more of a subject than a citizen with rights and a voice in political life.

As president for life, Niyazov runs Turkmenistan as a Soviet-style, single-party state. Calling himself Turkmenbashi, or Leader of the Turkmen, Niyazov has created a personality cult unrivaled outside of North Korea. With Stalinist hubris, he has squandered untold sums by littering the landscape with grandiose monuments to himself, even as many of his fellow citizens live in poverty and basic living standards decline. Freedoms of speech and religion and other fundamental rights are trampled with impunity. Most opposition figures are either locked up or live in exile abroad.

In a positive move, Niyazov scrapped Soviet-style exit visas in early 2002. Overall, however, the president gave few signs during the year that he planned to ease his iron grip over this Central Asian land. Most notably, authorities arrested several dozen people in connection with an alleged attempt on Niyazov's life in November. Among those arrested was Boris Shikhmuradov, 53, a former deputy prime minister and foreign minister who became a leading opposition figure after going into exile in 2001. Shikhmuradov was jailed for life in late December after making a televised confession that he smuggled arms, used drugs, and tried to kill Niyazov.

The circumstances surrounding Shikhmuradov's return to Turkmenistan were unclear, and the New York–based group Human Rights Watch dismissed his confession as "a Stalinist relic." Western diplomats told the Hong Kong–based *Far Eastern Economic Review* that there was no hard evidence that a serious assassination attempt took place. Some suspect that Niyazov staged the event, which left the president unscathed, as a pretext for a crackdown.

Although Niyazov sometimes gives the appearance of being a one-man state, with television images showing cowed ministers taking his orders or even being fired, like any despot he survives in part by building allegiances and preventing potential rivals from amassing too much power. Niyazov doles out state jobs and other patronage to tribal elites in order to secure

their loyalties. He also purged the intelligence service in 2002, reportedly because he doubted the loyalty of its leaders.

Meanwhile, Turkmenistan did little in 2002 to ease its self-imposed international isolation. After independence, Turkmenistan declared a foreign policy of "permanent neutrality," a status formally recognized by the United Nations. Rhetoric aside, the government in practice has shied away from cooperating on regional economic needs such as boosting trade, managing scarce water resources, and dividing up rights to oil development in the Caspian Sea. Unlike its Caspian neighbors, moreover, Turkmenistan has not signed any major international energy deals despite having huge oil and gas reserves.

Further afield, the regime has maintained fairly good relations with the United States. However, Turkmenistan offered little strategic help to the U.S. forces that ousted the Taliban from Afghanistan in 2001, unlike three other Central Asian republics that provided key logistical support—Uzbekistan, Kyrgyzstan, and Tajikistan. The government did give the United States permission to use its airspace for humanitarian aid flights and allowed UN relief agencies to ship goods across its border into Afghanistan. But Ashgabat, which had friendly relations with the Taliban, took no decisive steps to line up in Washington's camp in the campaign against terrorism.

Niyazov more recently roiled relations with regional countries by accusing Russia and Azerbaijan of collaboration in the alleged assassination attempt in November and expelling the Uzbek ambassador for purportedly protecting some of the coup plotters. Analysts say that disputes over the rights to water from the Amu Dar'ya River, which forms part of the border between Turkmenistan and Uzbekistan, have contributed to tensions between the two countries.

So far, Niyazov has been able to keep his country relatively isolated, thereby avoiding the demands for reforms and openness that engagement invariably brings. This is true because his regime reaps considerable revenues from its immense natural gas reserves, estimated to be the world's 10th largest. Located along the storied Silk Road between the Orient and the West, the mainly desert land also sits astride large oil deposits.

Turkmenistan, however, has been unable to benefit fully from these riches because of a lack of export routes. Currently, the sparsely populated, landlocked country's primary means of exporting gas is through Russian pipelines that are controlled by energy behemoths such as Gazprom and Itera. Partly as a result, Turkmenistan's main gas export markets—Russia, Ukraine, and Belarus—pay either at below world market prices or through barter deals.

With neighboring Afghanistan now enjoying a semblance of peace under a Western-backed government in Kabul, Niyazov's government hopes to build a pipeline through that country that would end Turkmenistan's dependence on Russia. The leaders of Turkmenistan, Afghanistan, and Pakistan agreed in December to build a 900-mile, $2 billion pipeline to carry gas from

Turkmenistan's Dauletabad fields across Afghanistan to Pakistan. While previous plans have collapsed, the pipeline, if actually built, would open up Turkmenistan's huge gas reserves to the wider world for the first time.

Even if the pipeline is built, though, there is little reason to believe that the revenues would be used to boost the living standards of the average Turkmen. Niyazov, 62, is widely believed to personally control most revenues from the triple pillars of the economy—oil, natural gas, and cotton—which together are estimated to account for more than 80 percent of export revenues. This cash has helped foster Niyazov's personality cult. The president has spent lavishly to build statues of himself across Turkmenistan and a golden-domed palace in Ashgabat. Buildings are festooned with giant portraits or golden busts of Niyazov. Many schools, airports, and even a city are named after the president. In 2002, Niyazov proposed renaming the months of the year after himself and other renowned Turkmen.

Such moves would be comical were it not for Turkmenistan's impoverishment and economic decline. Few outside observers put much stock in government figures that show the economy growing 17–18 percent annually in recent years. Absolute poverty, as measured by the percentage of people who live on less than $2.15 per day, is only about 7 percent, according to the World Bank. However, about half the population live on less than the minimum wage, the Bank says. Basic goods, including water, energy, and bread, are free or heavily subsidized but reportedly are rationed. The education and health care systems are crumbling.

An engineer by training, Niyazov has ruled Turkmenistan since 1985, when he was appointed to head the Soviet-era Turkmen Communist Party. He has been president since independence in 1991. In 1999, Niyazov had Parliament approve a constitutional amendment that made him president for life. Although since then he has said that he will step down by 2010, Niyazov, who reportedly suffers from severe blood circulation disorders, has made few apparent preparations for his succession.

Moreover, the fallout from the regime's failure to develop sustainable economic policies suggests that it is living on borrowed time. With foreign investment down, development aid sharply curtailed, gas exports constrained by Russia, and revenues from any trans-Afghan pipeline at least a decade away, the government will have a tough time maintaining subsidies and servicing its foreign debts. Western development banks have largely stopped lending to Turkmenistan in response to the country's near complete lack of political or economic liberalization. Europe's top development bank, in an open letter to Niyazov in July 2002, described Turkmenistan as the least advanced in terms of economic reforms of the 27 post-Communist countries where the bank operates. The letter, from the European Bank for Reconstruction and Development (EBRD), blamed the government's policies for stifling entrepreneurship, diverting capital to inefficient uses, and stunt-

ing the development of the energy sector. The letter, which announced a new strategy of more closely linking lending to the pace of reform, also urged Niyazov's government to adopt reforms in several areas. These include freeing up trade, cutting red tape, reforming the energy and agricultural sectors, and privatizing banks and the remaining medium-size state firms.

The World Bank, meanwhile, says that it cannot provide fresh loans to Turkmenistan because of the country's failure to disclose the size of its foreign debt and to meet what the Bank calls "minimum public resource management standards." The Bank says that little has come from previous initiatives in Turkmenistan. These aimed to put in place a new tax code, make the use of state funds more accountable and transparent, implement an improved public procurement law, reform energy and agriculture, and improve rural water supply and sanitation.

President Niyazov announced in October 2002 that oil and gas firms would not be privatized for at least 15 years. He hinted that the government might move ahead with privatization of textiles and agriculture but did not set out any time frames. The regime's reluctance to free up the economy suggests Niyazov's concern that any reforms will erode his tight control over society. Nearly 90 percent of workers by some estimates are employed by the state. This makes it easy for the government to keep tabs on most ordinary citizens and, since there are relatively few private employers, to link the livelihoods of officials and ordinary workers to loyalty to the regime.

Currently, Turkmenistan's private sector provides only one-quarter of economic output, according to EBRD estimates. Almost all domestic transactions and foreign trade must be registered with the State Commodity Exchange in a country where official corruption is widely considered to be rampant. The state also restricts foreign exchange transactions. Perhaps reflecting these concerns, foreign investment slumped by 25 percent in the first half of 2002, according to the Economist Intelligence Unit.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
7.00	7.00	7.00	7.00	7.00	7.00

Under Niyazov, Turkmenistan is one of the world's last single-party states. The Democratic Party of Turkmenistan (DPT), the successor to the Soviet-era Turkmen Communist Party, is the sole legal political party. Niyazov has faced little organized political opposition since 1990, when the government banned a party called Agzybirlik that was set up the previous year by intel-

lectuals. Since then, the authorities have moved quickly to crush nascent stirrings of opposition. Turkmenistan's jails hold several dissidents who were convicted on trumped-up criminal charges following closed trials.

The human rights group Amnesty International appealed in 2002 for the release of political prisoner Mukhametkuli Aimuradov, who is serving a lengthy jail term after being convicted, in a closed 1995 trial, of antistate crimes, including "attempted terrorism." The London-based rights group said that Aimuradov and his co-defendant, Khoshali Garayev, might have been convicted for their links with exiled government opponents. Garayev died in custody in 1999 under "unclear circumstances," Amnesty said. Aimuradov and Garayev reportedly were arrested in Uzbekistan in 1994 by Turkmen security agents and hustled back to Turkmenistan.

Another dissident, Pirimguly Tangrikuliev, was jailed in 1999 on charges of embezzling state property after he said he would either form a political party or run in parliamentary elections as an independent. Meanwhile, the local office of the United Nations High Commissioner for Refugees in Kazakhstan in October granted political refugee status to Gulgeldy Annaniyazov, who was freed in 1999 after being jailed on charges of organizing a 1995 antigovernment protest in Ashgabat.

In addition to tossing dissidents in jail, the regime in the past has retaliated in ways that are less likely to attract international outcry. These include expelling their children from school and stripping adult relatives of their jobs, according to the U.S. State Department's global human rights report for 2001, released in March 2002. Officials have also fired or threatened to fire opposition supporters from their jobs, forced them out of professional societies, and threatened to take away their homes, the report added. Numerous members and supporters of opposition groups reportedly are barred from leaving or entering Turkmenistan, according to Amnesty International.

Niyazov's security agents regularly keep watch over government officials, critics of the regime, foreign residents, and visitors, according to the U.S. State Department report. They trail people, tap their phones, and get information on them from informers. In recent years, the little overt dissent in Turkmenistan has consisted largely of courageous, though token, acts. Unknown dissidents reportedly distributed antigovernment leaflets in Ashgabat in August 2002 and the northern city of Dashoguz in October.

Turkmenistan's exile-based opposition has crystallized around two figures: the now jailed Shikhmuradov and Advy Kuliev, a former Soviet diplomat and later foreign minister of Turkmenistan who now lives in exile in Moscow. Kuliev, who left office in 1992, heads the United Turkmen Opposition, which consists largely of intellectuals, technocrats, and other dissidents who fled the country in the early 1990s. They include members of the Agzybirlik and Turkmen Communist Parties. Meanwhile, Shikhmuradov's National Democratic Movement of Turkmenistan, established in Novem-

ber 2001, consists mainly of former officials who worked within the system in the first decade of independence. Most, like Shikhmuradov, who defected from his ambassadorial post in Beijing in 2001, have fled Turkmenistan recently.

In this environment, Turkmenistan's postindependence elections have been shambolic. Niyazov was the sole candidate in the 1992 presidential election after the government effectively barred the opposition from mounting a challenge by announcing the vote barely one month before polling day. A fraudulent 1994 national referendum extended Niyazov's term to 2002, eliminating the need for the presidential vote scheduled for 1997.

The most recent parliamentary vote, in 1999, was "flawed seriously," according to the U.S. State Department. It was reported that Niyazov personally chose all 100 candidates and picked the winners for the 50 seats. Although some candidates declared themselves to be independents, all were in fact connected to Niyazov's DPT. The government similarly barred the opposition from contesting the 1994 parliamentary elections. The authorities further undermine the electoral process by rarely granting permits for public meetings and demonstrations. Following the November 2002 assassination attempt, Niyazov announced early parliamentary elections for April 2003.

Voter turnout figures in Turkmenistan are highly suspect. Officials claimed that 98.9 percent of eligible voters took part in the 1999 parliamentary elections and 99.8 percent participated in 1994. Belying these figures, diplomats observing the 1999 vote reported many empty polling stations. Western media noted hat low turnout early in the day forced election officials to go to private homes, hospitals, and public buildings to track down eligible voters and take their completed ballots. The government also claimed that 99.9 percent of voters approved the 1994 referendum extending Niyazov's term.

Civil Society

1997	1998	1999	2001	2002	2003
7.00	7.00	7.00	7.00	7.00	7.00

Niyazov has consolidated his grip over Turkmenistan in part by preventing the emergence of a vibrant civil society. The government tolerates only those nongovernmental organizations (NGOs) working on issues that do not directly challenge the regime, such as the environment, women's welfare, and youth concerns. The country lacks NGOs that work on human rights or other sensitive issues with an overt political message.

NGO leaders who cross the line into the political realm face arrest. In late December 2002, authorities arrested Farid Tukhbatullin, an environmental activist, on charges of illegally crossing the border into Uzbekistan, according to Human Rights Watch. Tukhbatullin had participated in a November conference in Moscow on the human rights situation in Turkmenistan. He is a

member of the Dashauz Ecological Guardians, a local group dedicated to improving the environment in the northeastern town of Dashauz.

Turkmenistan lacks adequate laws to regulate, protect, and encourage the formation and operation of NGOs. The government briefly raised the prospect of granting NGOs more freedom to operate in 1998, when it drafted a progressive civil code that ultimately was never implemented. The code relaxed requirements for NGO registration and granted automatic registration to groups whose applications had not been acted on by the government within a certain period of time.

Although the exact number of NGOs in Turkmenistan is not clear, the database of the Washington-based Counterpart Consortium lists 138 NGOs in the country. The only officially registered NGO working on women's issues is headed by the deputy chairperson of Parliament and is dedicated to the memory of Niyazov's late mother. An unregistered group in Ashgabat tries to help battered women.

As in the Soviet era, the government controls all trade unions in Turkmenistan. The Colleagues Union is the sole legal trade union federation, and it claims a membership of 1.3 million workers. The close links among trade unions, state-owned firms, and the government severely limits the ability of workers to bargain over wages, working conditions, and other matters. Not surprisingly, strikes are extremely rare.

The quality of education in Turkmenistan is deteriorating, as schools are increasingly being used to indoctrinate students rather than teach them liberal arts, math, science, vocational skills, and foreign languages. In high schools and universities, students reportedly spend hours studying and discussing the *Ruhnama,* or *Book of the Soul.* This 400-page tome, allegedly penned by Niyazov, contains the president's biography and his version of Turkmen history, philosophy, and traditions.

Soviet-era textbooks, meanwhile, have been banned despite the lack of mainstream textbooks in the Turkmen language. Moreover, primary and secondary schooling has been reduced to a total of 9 years from 11, and higher education has been scaled back from 5 to 2 years of study plus 2 years of work.

Independent Media

1997	1998	1999	2001	2002	2003
7.00	7.00	7.00	7.00	7.00	7.00

Turkmenistan's media are among the most tightly controlled in the world. The regime owns and controls nearly all print and broadcast media and prevents news outlets from carrying criticism of Niyazov or opposition views. Niyazov reportedly names all editors personally, and he uses radio, television, and the press to help shape the cult of personality that surrounds him.

The Paris-based media watchdog Reporters Sans Frontieres places Niyazov on its global list of "predators of press freedom" and calls Turkmenistan a "black hole" for information.

Similarly, the top press freedom official at the Vienna-based Organization for Security and Cooperation in Europe (OSCE) said in April that the "absolute lack of any freedom of expression" in Turkmenistan was "a situation unseen in the OSCE region since the establishment of this Organization." The official, Freimut Duve, criticized the government's confiscation of a print run of a Moscow-based paper and efforts to block certain news-oriented Web sites, such as Germany's Deutsche Welle news service. Duve, who made the charges in an open letter to the government, said that officials had seized issues of the Moscow paper, *Komsomolskaya Pravda*, because of an article describing the situation in Turkmenistan.

The government's crackdown on *Komsomolskaya Pravda* was among several measures in 2002 that further sealed off Turkmenistan's population from outside news and ideas. Cable television was banned after a Turkmen journalist fled to Moscow in July and aired footage of poverty in Turkmenistan. At year's end, reports from Ashgabat suggested that Russian and foreign-language newspapers were no longer available.

The U.S.-funded Radio Liberty and the Russian Mayak radio station are among the few alternative news sources that are both regularly produced and widely available to Turkmenistan's population. Satellite television is legal but too expensive for many to afford. Programs from Russia are censored by a special commission in Turkmenistan before being aired, according to the BBC. Broadcasts containing nudity or reporting negatively on Turkmenistan usually are censored. The government also censors all domestic newspapers, with the office of the president's press secretary vetting all galleys prior to publication, according to the U.S. State Department report. Since 1998, moreover, all publishing houses and printing and copying shops have had to obtain licenses and register their equipment.

Major Turkmen-language periodicals include *Turkmenistan*, published six times a week; *Watan*, published three times a week; *Galkynys*, a weekly that is the mouthpiece of the ruling Democratic Party of Turkmenistan; and *Turkmen Dunyasi*, a monthly that is the organ of the Ashgabat-based World Turkmen's Association. Other Turkmen-language papers include *Adalat* (*Justice*) and *Edebiyat we Sungat* (*Literature and the Arts*). The Russian-language *Neytrainyy Turkmenistan* is published six times a week.

State-owned Turkmen Telecom has been the sole Internet service provider since 2000, when the government revoked the licenses of all five private Internet providers. In any case, Internet access is prohibitively expensive for most Turkmen.

Freedom House's annual *Survey of Press Freedom* has ranked Turkmenistan's media "Not Free" since the country's independence.

Governance

1997	1998	1999	2001	2002	2003
6.75	6.75	6.75	6.75	6.75	6.75

More than a decade after independence, Turkmenistan remains a highly centralized state. President Niyazov generally rules by decree and personally makes most policy decisions. "In practice President Niyazov's power over the state [is] absolute," the U.S. State Department has reported.

Niyazov frequently shuffles and fires government officials, most likely to prevent politicians or bureaucrats from building independent fiefdoms within ministries, agencies, or state firms. While protecting Niyazov, the practice hampers good governance by preventing officials from developing any real job competency. Some former ministers reportedly have been banished from Ashgabat and placed under house arrest in their family homes for alleged criminal violations after being dismissed by the president.

While Niyazov enjoys absolute power in the sense of facing no real checks on his authority, his regime still depends on the loyalty of officials throughout the state hierarchy. Their allegiance is curried with patronage that is doled out along tribal lines. While many top state jobs have gone to members of his Tekke tribe, Niyazov has also handed out prestigious posts to members of other tribes. Given the state's control of the economy, this has had the effect of forcing tribes to compete against one another for economic gains and of making it tough for individuals to achieve any real economic power outside of the state.

The security services, meanwhile, crush any dissent. The main intelligence outfit is the Committee for National Security (KNB), a latter-day version of the Soviet-era KGB. However, its rank-and-file agents reportedly are disgruntled over a leadership purge that began in March 2002 when KNB head Mukhammed Nazarov was dismissed. He was later sentenced to 20 years in jail. Several dozen other KNB officers are also believed to be behind bars.

The KNB, which was formally renamed the Ministry of National Security after the purge, is now headed by Colonel Batyr Busakov, a former deputy head of the Presidential Guard. The Guard, which now appears to be the main pillar of Niyazov's security, is an elite group of around 3,000 former bodyguards and security agents. Another internal security service, the criminal police, is controlled by the Internal Affairs Ministry and works with the KNB on national security matters.

With nearly all power concentrated in Niyazov's hands, local governments have little real influence. As with central government officials, local leaders are selected by Niyazov, serve at his whim, and are reluctant to make decisions without his approval, according to the U.S. State Department.

Niyazov himself conceded the impotence of local officials when he told the Moscow-based Interfax news agency in 2001 that "today nobody pays any attention to the role of self-government." He made the admission while announcing an experimental plan that would hand over more power to local officials in the Ashgabat region. Under the plan, the officials would be able to levy taxes, build roads, and pass local laws and regulations. However, they would still be answerable to Niyazov rather than to their constituents. Although the president hinted that the experiment could be expanded to other areas if it yielded better governance, there was little indication in 2002 of whether or how the plan was actually being implemented.

Rule of Law

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
6.75	6.75	6.75	7.00	7.00	7.00

Turkmenistan has no real rule of law or system of checks and balances, and neither the judiciary nor the Majlis, the country's 50-member Parliament, is independent. Rather than propose legislation or challenge government initiatives, members of Parliament mainly try to outdo one another in slavishly praising Niyazov.

The regime violates basic human rights with impunity. Even on paper, rights are subject to major limitations. The Constitution guarantees a wide range of rights, including freedoms of religion, expression, movement, and peaceful assembly and association and the right to own private property. At the same time, Article 19 requires that the exercise of these rights not "violate...social order, or harm national security."

More encouragingly, the Constitution also guarantees the right of privacy and protection from torture or other cruel, inhumane, or degrading treatment. But in practice, security forces often beat and otherwise mistreat suspects and prisoners and use force to extract confessions, according to the U.S. State Department, which has noted a decline in reports of such abuse. Political prisoners reportedly are often singled out for cruel treatment.

The top UN investigator of torture worldwide reported in March 2002 that he had sent an urgent appeal to the Turkmen authorities in 2001 on behalf of a Baptist who allegedly was beaten repeatedly by guards in a Turkmenistan labor camp. The UN special rapporteur, Sir Nigel Rodley, said in his report that Shagildy Atakov had been held since 1999 in a labor camp in the town of Seydi in northeastern Turkmenistan for allegedly making an illegal transfer of cars in 1994. Atakov was released in January 2002.

Security forces at times also use more subtle methods to punish inmates and coerce confessions from suspects. These include denying food and health care, verbally intimidating suspects, and placing them in unsanitary cells. Turkmenistan's jails are unsafe, unsanitary, and overcrowded. Disease is rampant, and food rations often are inadequate. Some prisoners have died from overcrowding, untreated illnesses, and the severe summer heat, according to the U.S. State Department.

The judiciary is largely a tool of state control, having jailed many dissidents following trials that were widely condemned abroad as being unfair. President Niyazov appoints all judges, for five-year terms, and has the power to dismiss them at will.

In the aftermath of the crackdown that followed the alleged assassination attempt on Niyazov in November 2002, the U.S. government accused Turkmenistan authorities of conducting summary trials of suspects and denying them due process. Washington also expressed concern over what it called "credible reports of torture and abuse of suspects." The conviction of opposition leader Shikhmuradov came after a trial that lasted less than one day and that took place just four days after his arrest on December 25. Moreover, Parliament intervened in the sentencing, imposing a life term after the Supreme Court had handed down a 25-year sentence. Human Rights Watch concluded that Shikhmuradov's conviction and sentencing "showed no regard for fundamental due process rights."

Showing equally blatant disregard for the rule of law, the government apparently targeted many of the individuals arrested in connection with the November event solely because they are related to exiled opposition figures, according to Amnesty International. At least 18 relatives of Saparmurad Yklymov, a former deputy agriculture minister, were reportedly detained, Amnesty said. The regime accused Yklymov, Shikhmuradov, and other leading opposition figures of hiring mercenaries to try to kill Niyazov. All told, the regime may have arrested upward of 100 people in connection with the attack, international human rights groups suggested, although officials put the number of arrests at only 48.

Ordinary criminal suspects also enjoy few rights. For example, police can make arrests without obtaining warrants. Moreover, the minimal due process safeguards that exist on paper are routinely trampled on in practice. Officials often ignore requirements that detainees be charged within 10 days of arrest and that a person accused of a crime be detained for no longer than 10 months before trial, according to the U.S. State Department. Courts appoint lawyers for indigent defendants.

Religious freedom is tightly restricted in this predominantly Muslim land. The government uses a strict law to deny registration to all religions except Islam and Russian Orthodox Christianity, both of which are subject to tight regulations. Nonregistered groups, including Baha'is, Baptists, Pen-

tecostals, Jews, and other minority faiths, are barred from or face restrictions on building places of worship, praying together in private homes, and proselytizing. Some Baptists, Seventh-day Adventists, Jehovah's Witnesses, and other religious minorities have been detained for taking part in private prayer services or tortured for possessing religious literature, according to the U.S. State Department's 2002 global religious freedom report. The report added, however, "Since early 2002, there has been a dramatic decline in reports of government harassment of Baptists." Government authorities have also raided some private prayer services and razed or sealed some underground churches. In the past year, they have also evicted several people from their homes for holding private prayer services in them.

Minority faiths other than Russian Orthodoxy are unable to register because they cannot meet the strict requirements of the Law on Freedom of Conscience and Religious Organizations. The law requires a religious congregation to have 500 worshipers, each at least 18 years old, in every locale in which it wishes to register. Having 500 or more worshipers in Turkmenistan as a whole is not enough to clear the hurdle for registration.

The government also regulates the two legally registered religions, Islam and Russian Orthodox Christianity, through a state-run Council on Religious Affairs. The council apparently directly controls the hiring, firing, and promotion of clergy, according to the U.S. State Department. The government also approves all new mosques and determines who participates in the hajj, the annual Muslim pilgrimage to Mecca.

The regime further controls organized Islamic practice with restrictions on religious education. Mosque-based imams are barred from teaching Islam to pupils, and no more than 15 or 20 students each year can study for the Islamic clergy. Clerical studies must follow a state-controlled curriculum, which is only taught by the theological faculty at Ashgabat's Turkmen State University, the U.S. State Department has noted. The regime also restricts minority religious education. Authorities in April shut down all Baha'i Sunday schools across Turkmenistan.

In another religious freedom concern, several young men have recently been jailed for refusing, on religious grounds, to serve in the military. In 2002, Amnesty International highlighted the cases of two male Jehovah's Witnesses who it said were jailed for refusing, because of their beliefs, to report for service. According to Amnesty, Nikolay Shelekhov, 21, was sentenced in July to an 18-month jail term. Shelekhov previously had been convicted in 2000 on the same grounds. Kurban Zakirov, 20, is also serving an eight-year prison term in a labor colony under particularly harsh conditions. Zakirov completed a one-year jail term in 2000 for his refusal to serve in the army before being sentenced again on the seemingly fabricated charge of attacking a prison official, Amnesty said. Another conscientious objector, Dmitry Melnichenko, an Evangelical Baptist, allegedly

was beaten and subjected to electric shocks in 2001 by security officials before being sent back to his military unit.

Adding insult to injury, several Jehovah's Witnesses who were jailed for refusing to bear arms have not been released, even though they have served their full sentences for refusing to swear loyalty to President Niyazov. Ethnic Turkmen who converted to Christianity also have been harassed and mistreated by security forces. Similarly, Amnesty International said in June 2002 that at times police reportedly physically and verbally abuse religious minorities to punish them for their beliefs. In a positive development, though, the government in January 2002 scrapped the requirement that citizens seeking to travel abroad obtain exit visas. This has allowed members of unregistered religious groups to travel to other countries for religious meetings.

Women have made relatively little inroads into government, politics, and the senior ranks of state firms, in part because of traditional norms that limit their opportunity to pursue higher education and careers. Anecdotal evidence suggests that domestic violence against women is common, although no hard figures on the number of victims are available, and that sexual harassment is a problem in the workplace.

Turkmenistan's ethnic Russians and other ethnic minorities have been steadily marginalized since independence. They hold relatively few posts in government and politics, two realms where ethnic Turkmen enjoy preferences for jobs. Moreover, the top UN body investigating racial discrimination worldwide expressed concern in May 2002 over allegations of discrimination against ethnic minorities in jobs and schooling in Turkmenistan. The body, the UN Committee on the Elimination of Racial Discrimination, said that the government's policy of promoting ethnic Turkmen identity allegedly fosters discrimination against ethnic minorities.

Given their privileged position in the Soviet era, ethnic Russians in many ways have fallen the furthest among ethnic minorities in postindependence Turkmenistan in terms of their social, economic, and political status. The 1992 Constitution replaced Russian with Turkmen as the official language, and the government is pushing to have all state business conducted in the majority tongue. Some doctors, teachers, and other government workers reportedly have been dismissed for failing to learn Turkmen.

Russian is still commonly used in business, government, and everyday life, and ethnic Russians often help negotiate oil and gas contracts with Russian firms. Many Russian speakers, however, fear that they and their children will be further disadvantaged in jobs and schooling by the Turkmen-only policy in government. The government further marginalized non-Turkmen in 2001 by shutting down all major Russian-language libraries and the ballet.

Roughly 77 percent of Turkmenistan's five million people are ethnic Turkmen, with Uzbeks making up 10 percent, Russians 7 percent, and

Kazakhs 2 percent, according to the most recent figures (the 1995 census). Armenians, Azeris, and other small minorities make up the remainder.

Despite constitutional guarantees of property rights, the government recently destroyed many private homes in Ashgabat, apparently as part of President Niyazov's beautification program for the capital, which included building monuments and luxury apartment buildings. Residents who had built their homes without official approval were not offered alternate accommodations, while those who had permits were offered apartments or plots of land that were often below the value of their destroyed homes, according to the U.S. State Department.

Corruption

1997	1998	1999	2001	2002	2003
na	na	6.00	6.25	6.25	6.25

Anecdotal evidence suggests that corruption, far from being a nagging problem that crops up from time to time, is a way of life in Turkmenistan. For example, students regularly must bribe officials to gain admission to prestigious departments in universities. Although university education is tuition-free, admission to many faculties at Turkmen State University reportedly costs between $7,000 and $10,000 in bribes. Students also routinely bribe instructors for good grades. Further, incessant graft has made Turkmenistan a difficult place to work for even the most intrepid entrepreneurs, creating a drag on economic growth. "Continuous harassment by tax officials, the State Agency for Investment (SAFI), and other state organs continues to hamper private business," the European Bank for Reconstruction and Development said in its July 2002 open letter to Niyazov.

The government has made few efforts to adopt anticorruption laws or create mechanisms to prevent graft. President Niyazov frequently ousts officials for alleged corruption and other wrongdoings, but this appears in reality to have more to do with power politics or the officials' inability to meet unrealistic production targets. As in the Soviet era, these unrealistic targets no doubt force many officials to cook statistics. This explains in part how the government was able to announce that the economy grew by 18 percent in the first half of 2002, a time when most other countries were struggling to slough off the effects of the global economic downturn.

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Ukraine

Capital:	Kyiv
Polity:	Presidential-parliamentary democracy
Economy:	Capitalist-statist
Population:	48,200,000
GDP per cap at PPP:	$3,816
Private sector as % of GDP:	65
Ethnic Groups:	Ukrainian (78 percent), Russian (17 percent), other (5 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	3.25	3.50	3.50	4.00	4.50	4.00
Civil Society	4.00	4.25	4.00	3.75	3.75	3.50
Independent Media	4.50	4.75	5.00	5.25	5.50	5.50
Governance	4.50	4.75	4.75	4.75	5.00	5.00
Democratization Scores	**4.00**	**↓↓4.25**	**↓4.31**	**↓4.44**	**↓↓4.69**	**↑4.50**
Constitutional, Legislative, and Judicial Framework	3.75	4.00	4.50	4.50	4.75	4.50
Corruption	na	na	6.00	6.00	6.00	5.75
Rule of Law Scores	**na**	**na**	**5.25**	**5.25**	**↓5.38**	**↑↑5.13**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

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INTRODUCTION

Since gaining independence in 1991, Ukraine has established the framework of a presidential-parliamentary democracy that holds regular multiparty elections. In 1994, Ukraine became the first country in the Commonwealth of Independent States to carry out a peaceful and democratic transition of power to a newly elected Parliament and president. Two years later, the country adopted a Constitution steeped in protections for basic political and civil rights and reflective of compromise between the president, Leonid Kuchma, and the national legislature, the Verkhovna Rada (Parliament). The Constitution also reflected compromise between the left and center-right parties represented in Parliament.

At the same time, though, members of the former Communist nomenklatura (state bureaucracy) remained in power and resisted change, while the country's most reform-minded leaders avoided confrontation and failed to formulate a clear opposition stance. Although President Kuchma initially made some steps to push through political and economic changes, his divide-and-rule tactics prevented the creation of a working majority in Parliament. By the close of the 1990s, legislation vital to the country's democratic development remained stuck and reforms essentially stalled. Today, more than a decade after independence, considerable work remains to be done to consolidate the institutions of a stable, democratic society in which basic human, political, and economic rights are fully respected and vigorously secured.

Although President Kuchma vowed to become a "new president" after his reelection in 1999, his tendency toward authoritarianism has only increased. His power is built not only on formal rights, but also on his ability to intimidate the opposition and regulate oligarchic groups that are dependent on personal ties with the executive for their excessive wealth and influence. Evidence of the president's complicity in such tactics was revealed in 2000 when a former presidential security officer made public audiotapes that allegedly were recorded in Kuchma's office and appeared to implicate him in the murder of investigative journalist Heorhiy Gongadze and in the unlawful treatment of opposition politicians and the press. The tapes ignited calls for Kuchma's resignation—and, in some cases, impeachment—from opposition parties and groups of the Left and Right.

Although Ukraine commemorated a decade of post-Soviet independence in 2001, polls that year revealed that less than a quarter of the population

considered the country a democracy. The same year, the oligarchic factions and the Communist Party engineered the ouster of reform-minded prime minister Viktor Yushchenko with Kuchma's blessing. Yushchenko subsequently announced his intention to participate in the 2002 parliamentary elections and formed an electoral bloc called Our Ukraine.

While Ukrainian politics were increasingly in turmoil, the country's economy was beginning to show positive growth after a decade of decline. In 2000, gross domestic product (GDP) increased by 5.9 percent; in 2001, it increased by 9.1 percent. Credit for the reversal is usually given to improved external market conditions and to Yushchenko, whose policies while prime minister included reductions in arbitrary administrative interference in the economy, provisions for stable payment schemes in the energy sector, cuts in inflation and barter transactions, and reductions in pension and wage arrears. Positive economic growth continued in 2002, with GDP rising by 4.8 percent and deflation equalling -0.6 percent. Nevertheless, Prime Minister Anatoliy Kinakh, Yushchenko's successor, lacked the political will to push for more serious economic reforms, and his government's policies became hostage to the country's three main oligarchic groups: the Dnipropetrovsk group, which controls the Labor Ukraine Party (the most influential figure in this group is Viktor Pinchuk, Kuchma's son in law); the Donetsk group, which controls the Party of Regions; and the Medvedchuk-Surkis group, which dominates the Social Democratic Party of Ukraine (United) (SDPU[u]).

The most significant political event of 2002, the period covered by this report, was the March 2002 parliamentary election. Despite administrative pressures and exclusion from coverage by the media, opposition forces received almost 60 percent of the votes on party lists. Although Yushchenko's Our Ukraine failed to obtain the necessary majority to form a new government and secure top parliamentary leadership posts, it stripped the Communist Party of its dominant position in Parliament and signaled the growing strength of democratic forces in the country. Indeed, Our Ukraine's victory marked the first postindependence victory for the democratic opposition. Nevertheless, pro-Kuchma forces managed to form a fragile parliamentary majority when enough deputies (especially those having their own businesses) extended their support under pressure from the presidential administration. Prime Minister Kinakh remained in power until November, when Kuchma fired the government allegedly to ensure more effective cooperation with the new Parliament. Viktor Yanukovych, the head of the Donetsk regional administration, became the country's new premier.

In June 2002, President Kuchma appointed Viktor Medvedchuk, the tough leader of the oligarchic SDPU(u), as the head of his presidential administration. Almost immediately, government authorities tightened their control over the mass media and increased their pressure against business-

men who supported the opposition. Kuchma also dusted off his tactics for splitting and outflanking the opposition. Specifically, on August 24, 2002, Ukrainian Independence Day, the president seemed to agree to the opposition's proposal of a coalition government and even started to talk about much needed constitutional reforms.

Nevertheless, on September 16, the second anniversary of Gongadze's disappearance, opposition parties and supporters launched a series of protests to demand an early presidential election. With approximately 50,000 participants, the rally in Kyiv, Ukraine's capital, was the largest since independence. Demonstrators also organized a tent camp in front of the presidential administration building, but police demolished it the next morning. While the many members of Our Ukraine joined the protests, Yushchenko himself signed the rally's resolution but refrained from marching. As he had during the election, Yushchenko was aiming to balance his opposition to the regime with efforts to find a modus vivendi with more pragmatic forces in the pro-presidential camp and persuade Kuchma to secure a smooth transition to a government controlled by democrats.

The same month, a new episode in the "tapegate" scandal began when additional recordings emerged that appear to implicate the president in the possible sale of a powerful radar system to Iraq in violation of a UN embargo. The incident only emboldened opposition calls for the president's ouster and turned Kuchma—who believes the campaign is part of an American plot against him—closer to Russia. Although earlier in the year the president had announced Ukraine's intentions to seek membership in NATO, the alliance responded to the new evidence by refusing initially to invite Kuchma to a historic summit on enlargement held in Prague in November. After long negotiations, Kuchma attended summit but appeared there in isolation. A meeting of the NATO-Ukraine Committee, at which the NATO-Ukraine Action Plan was signed, was held at the foreign ministerial level.

Despite the opposition's efforts, it appeared at year's end that there was insufficient momentum to get rid of the president. However, Medvedchuk's efforts to isolate the opposition and deprive it of leadership posts on parliamentary committees had also failed. On December 24, Yushchenko's Our Ukraine reached a compromise agreement with parliamentary Speaker Volodymyr Lytvyn and Prime Minister Yanukovych to support the government's budget in exchange for retaining the opposition's chairmanship of 19 (out of 24) parliamentary committees.

As the events of 2002 made clear, politics in Ukraine are fluid. Ukrainian society voted for change in the parliamentary elections, but it remains to be seen how far the current administration will go to prevent it. The next presidential election, scheduled for 2004, will have a profound effect on Ukraine's development over the next decade. And already the country's main political forces have started to prepare for the fight.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
3.25	3.50	3.50	4.00	4.50	4.00

Ukraine's Parliament consists of 225 seats filled by direct voting in single-member districts plus 225 seats filled in balloting for party lists. To secure a seat in proportional voting, a party must overcome a 4 percent threshold. This mixed system, which was introduced on the eve of the 1998 parliamentary elections, was considered a clear step forward from majoritarian voting that favored the country's post-Communist nomenklatura. Ukraine adopted its current Law on Elections in 2001, after President Kuchma vetoed five draft versions that proposed an electoral system based solely on proportional representation. While making some changes to the previous law, the new law retained the mixed system.

According to the Organization for Security and Cooperation in Europe (OSCE), the new Law on Elections "marks substantial improvements compared to previous legislation." It requires parties to register at least one year before the election date and makes provisions for low registration fees of 255,000 hryvnias (UAH) (US$50,000) for parties and 1,020 UAH (US$200) for individual candidates. Parties that have won seats in previous election or have factions represented in Parliament may participate in district electoral commissions, with representatives of other parties selected by lot.

According to the OSCE, the parliamentary elections of March 2002 "brought Ukraine closer to meeting international commitments and standards for democratic elections." Still, the election was marked by irregularities, such as the interference of government authorities in campaign activities, monopoly coverage by the media of pro-Kuchma parties, and even some incidents of campaign-related violence, including the election eve murder of Mykola Shkribliak, the deputy governor of the Ivano-Frankivsk oblast and a candidate supported by the oligarchic SDPU(u).

As a result of the election, Our Ukraine became the largest faction in Parliament. During the campaign, former prime minister Yushchenko skillfully distanced himself from the authorities but refrained from personal criticism of the president. Had he done otherwise, his campaign might have been crushed like that of Oleksandr Moroz, the Socialist Party leader who ran against Kuchma in the 1999 presidential election. The center-left Socialist Party and the center-right Tymoshenko bloc, which were much more direct and vocal about their opposition to the president, passed with confidence the 4 percent threshold needed to gain seats in Parliament. The Communist Party lost con-

siderable ground, winning about half the mandates it secured in 1998. Compared to previous elections, the 2002 election resulted in a smoother regional distribution of votes.

Although the Our Ukraine faction had hoped to form a new government, it failed to secure enough support from other parties and independent candidates to do so. Instead, the newly elected independent members of Parliament were pressed into joining with the bloc For a United Ukraine, the main pro-presidential force. Lytvyn, the new Speaker of Parliament, and his two deputies represent the pro-presidential camp. Following stormy protests from the opposition camp, however, the new leadership ceded control over 19 out of 24 parliamentary committees. For a United Ukraine soon broke into eight competing factions but remains the foundation of the pro-presidential majority.

Composition of the Parliament

	%Votes on Party Lists	Seats	Single-Mandate Districts	Total 03/31/02	Total 12/25/02
OPPOSITION PARTIES/FACTIONS					
Our Ukraine	23.57	70	42	112	102
Communist Party of Ukraine	19.98	59	6	65	60
Tymoshenko Bloc	7.26	22	0	22	18
Socialist Party of Ukraine	6.87	20	2	22	20
Subtotal				**221**	**200**
PRO-PRESIDENTIAL FACTIONS					
For a United Ukraine (split into 8 factions)	11.77	35	86	121	193
Social Democratic Party of Ukraine (United)	6.27	19	8	27	39
Subtotal				**148**	**232**
Deputies from other parties and independents			80	80	17
Total in Parliament				**449***	**449***

* one seat remains vacant

According to a poll conducted by the Razumkov Center in December 2001, about 2.5 million Ukrainians, or 5 percent of the population, belong to parties. However, only a handful of parties are mass membership based and have clear ideologies. These include the oppositional Communist Party (with about 140,000 members), the Socialist Party (60,000), the Ukrainian People's Rukh (47,000), and the People's Rukh of Ukraine (45,000). The oligarchic SDPU(u) has 350,000 members. The so-called centrist pro-presidential Party of Regions claims to have 460,000 members, but this figure appears to be seriously exaggerated.

As of January 1, 2003, there were 125 political parties in the country. However, many are not active and exist only on paper. The 1992 Law on Associations of Citizens was perhaps too liberal. Parties wishing to register needed to have only a minimum of three members in at least 14 oblast-level organizations. The April 2001 Law on Political Parties requires parties to reregister and makes the process somewhat more difficult by requiring groups to obtain the signatures of at least 10,000 Ukrainian citizens in at least two-thirds of the country's *raions* (districts) and oblasts. Given the more stringent requirements, some parties are likely to disappear after March 31, 2003, the deadline for reregistering.

Minorities tend to support mainstream rather than ethnic- or religious-based parties. In the 2002 parliamentary election, the Rus'kyi bloc received only 0.7 percent of the vote, and the bloc For Ukraine, Belarus, and Russia received only 0.4 percent. Representatives of ethnic minorities are often elected in majoritarian districts. Businessmen of ethnic Russian and Jewish descent are active in Parliament and the presidential administration but tend to promote their own business interests more than the interests of their ethnic groups.

Crimean Tatars account for about 12 percent of the Crimean population, or about 250,000 people. On the eve of elections in 1998, the then pro-Russian Parliament of Crimea repealed a 1994 provision granting Crimean Tatars a quota for representation in that 100-seat regional body. In the 2002 national election, most Crimean Tartar voters supported Our Ukraine, and two of their leaders were elected to the Ukrainian Parliament on its party list. In 2002 voting for the Parliament of Crimea, they made a comeback with eight single-member seats. In local Crimean *radas* (councils), Tatars increased their representation to 14 percent of all deputies.

Voter turnout at the national level has declined from its high of 84.9 percent in the December 1991 referendum and presidential election, but it still remains quite high: 70.2 and 74.9 percent in the first and second rounds of the 1999 presidential election and 69.7 percent in the 2002 parliamentary election. Since local elections coincide with parliamentary elections, voter turnout is the same. According to exit polls, women's participation in the 2002 elections was slightly less than their share of the overall population (51.2 and 53.7 percent, respectively).

Women's representation in Parliament decreased from 7.8 percent in 1998 to 5.3 percent in 2002. However, in local *radas* women account for 42 percent of all members. Yulia Tymoshenko, the former vice premier in the Yushchenko government and now a possible candidate for the presidency, is one of the most charismatic figures in Ukrainian politics. There are also two female members of the government and four female co-leaders of parliamentary factions.

The last presidential election took place in the fall of 1999. By law, candidates must collect at least 1 million signatures from voters, including a minimum of 30,000 signatures from at least 16 of Ukraine's 24 oblasts as well as Crimea, Kyiv, and Sevastopol. All 15 candidates who delivered their signature lists participated in the election. OSCE observers said the election was generally free but far from fair. However, opinion polls suggested that election violations did not significantly affect the final outcome. In the second round, Kuchma defeated Communist hard-liner Petro Symonenko with 56.25 and 37.8 percent of the vote, respectively. The next presidential election, which will take place in 2004, promises to be a tough battle and a significant moment in Ukraine's post-Communist history because a strong pro-reform candidate will present a viable alternative to the country's powerful oligarchic clans.

Civil Society

1997	1998	1999	2001	2002	2003
4.00	4.25	4.00	3.75	3.75	3.50

According to the Counterpart Creative Center, there were approximately 35,000 nongovernmental organizations (NGOs) in existence in Ukraine in 2002, up from 30,000 in 2000 and only 4,000 in 1995. This trend can be explained by the increasing possibilities for individuals to find self-fulfillment in NGOs, particularly as groups grow more active in the social and political life of the country. Local authorities, in particular, show greater interest in NGO activities aimed at helping the poor, children, or the disabled. Nevertheless, philanthropy and volunteerism remain insufficiently developed for a country the size of Ukraine and are usually reserved for election-related activities. The Razumkov Center reported in September 2002, for example, that only 5 percent of the population engages actively in civil society.

Ukrainian NGOs were very active during the 2002 parliamentary elections. The All-Ukrainian Monitoring Committee established in December 2001 informed the public on how fairly the election was run. It organized the First Civic Forum of Ukraine, held in February 2002 in cooperation with the International Renaissance Foundation (IRF), which

was devoted to monitoring the parliamentary election campaign. A second forum was held in June 2002 after the elections, with support from the IRF and Freedom House, to discuss the idea of creating a "civil Parliament" of Ukrainian NGOs.

The organizational capacity of Ukrainian NGOs has improved considerably in recent years. A dozen foreign and joint Ukrainian-Western projects provide experienced trainers for NGOs, and Ukrainian-, English-, and some Russian-language materials are generally distributed free of charge. Information on and for NGOs can be found on Web sites and Internet portals created with the support of Western donors.

Major NGOs, especially leading public policy research institutes such as the Razumkov Center and the East-West Institute, are increasingly influencing the policy debate. Former politicians and senior civil servants also run some important groups. The Democratic League, a coalition of a dozen leading think tanks, was established in June 2002 to address the problems of civil society and its interaction with government authorities. The foreign minister meets regularly with the NGO Advisory Council, which was created in 2001. At the same time, though, NGOs are often unable to have a significant impact on decision-making processes. Instead, authorities sometimes use NGOs to legitimize their own decisions.

According to World Bank estimates, 95 percent of Ukrainian NGO activities are funded by Western sources. The West seems to understand the necessity to differentiate between the regime of President Kuchma and Ukrainian civil society. At the end of September 2002, during the "Iraqgate" scandal over alleged sales of the Ukrainian Kolchuga radar system to Iraq, the United States suspended $54 million in assistance that was directed to central governmental agencies but continued support for civil society groups, local governments, and military institutions. The suspension represented one-third of U.S. aid to Ukraine appropriated for 2002 under the Freedom Support Act.

The media's attitude toward NGO activities is generally positive, especially its coverage of charitable activities. However, in January 2002, Volodymyr Lytvyn, then head of President Kuchma's administration, contributed an article ("Civil Society: Myths and Reality") to the newspaper *Fakty* in which he maintained that NGO activities represented Western interests. The article evoked a strong negative reaction from the country's democratic forces. In February 2002, in yet another article, Viktor Medvedchuk, the newly appointed head of the presidential administration, supported the same view regarding the dependence of Ukrainian NGOs on Western aid, particularly aid from the United States.

Partly reflecting the suspicious attitude of the present political establishment toward civil society, the legal basis for NGO activity is outdated. It is regulated by the 1992 Law on Associations of Citizens, the 1997 Law on

Charity and Charitable Organizations, and executive branch resolutions. A draft Law on Nonprofit Organizations passed its first reading in October 2000, but since then it has not been taken up by Parliament, which has been more preoccupied with political struggles, economic laws, state budgets, and legal codes.

The registration process for NGOs involves multiple steps, which many observers find onerous. To register, a group must submit to local authorities or the Ministry of Justice an application; two copies of its bylaws; minutes of an organizational meeting; information about the group's founders, administration, and branches, if any; and a receipt for payment of the registration fee (ranging from 85 UAH [US$16] for local NGOs to approximately 2,650 UAH [US$500] for international NGOs). Registration must be completed within two months. Within a month after registering with the Ministry of Justice, an NGO must also sign up with the Department of Statistics, the State Tax Administration (STA), the Ministry of the Interior, the State Employment Fund, the Social Insurance Fund, and the Pension Fund. It also must open a bank account. Another means of registering is by declarative or de facto legitimization. To do this, an NGO must send a letter to a public authority stating that the organization is already in operation. Most local NGOs or local branches of national NGOs register this way, although it deprives them of the right to open their own bank accounts.

Ukrainian NGOs are nonprofit organizations. Although groups may earn income for activities specified in their statutes, tax bodies frequently refuse to recognize several activities as noncommercial. Only individual donations to charities and religious groups—but not to NGOs—are tax-deductible; however, these institutions still must pay value-added and other taxes on imports. Legal entities can write off only 4 percent of their profits for donations.

A limited number of NGOs (veterans groups, Chernobyl-related organizations, and certain organizations for children and the disabled) enjoy tax-exempt status. Most groups enjoy partial tax benefits such as exemption from paying value-added and profit taxes. Double bookkeeping is common as a means of avoiding excessive Ukrainian taxation. As the World Bank has noted, government procurement opportunities for private nonprofit service providers are virtually nonexistent. NGOs are also severely limited in their ability to earn income or collect cost recovery fees that would be tax-exempt, even if they spent the money on nonprofit activities or general maintenance of the organization.

Ukraine has about 500 civic and cultural NGOs created by about 40 different ethnic minorities. Of these, 32 were operating at the national level by October 2002. The Council of Representatives of Ethnic Minorities' NGOs is an umbrella organization that operates under the auspices of the president of Ukraine. Crimean Tatars have created their own representative body called the Mejlis. Although there are no significant anti-liberal or ex-

treme NGOs in the country, there is some danger that the activities of groups advocating such sentiments could be boosted to try to destabilize the country on the eve of the 2004 presidential election.

According to the 2002 *International Religious Freedom Report* by the U.S. State Department, more than 90 percent of religiously active people in Ukraine are Christians, with the majority being Orthodox. Ukrainian Greek Catholics constitute about 15 percent and Roman Catholics about 3.5 percent of all believers. There are also small but significant Judaic and Muslim communities as well as growing Protestant communities. Religious groups carry out charitable activities such as helping orphans and poor people and constructing social welfare buildings and Sunday schools. However, the ongoing interconfessional struggle between the two main Ukrainian Orthodox Churches, under the Moscow and Kyiv patriarchates, respectively, impedes many social projects.

Approximately 700 NGOs deal with women's issues. Of these, nearly 40 are national in their reach and have international contacts. Many of these organizations are supported by the executive or by different political forces. The National Council of Women of Ukraine acts as an umbrella organization.

Ukrainian trade unions are incorporated into 5 national federations, 46 regional federations, and 74 all-Ukrainian branch trade unions. More than 85 percent of their 16 million members belong to unions that reportedly are members of the Federation of Trade Unions of Ukraine (FTU), the successor to the former Soviet-era trade unions. However, this figure seems exaggerated. During the 2002 parliamentary elections, Oleksandr Stoyan, the head of the FTU, held the number two slot on the electoral list of the center-right bloc Our Ukraine. Facing pressure from pro-presidential government authorities, though, he quit the faction after the election. Over 1 million citizens belong to new trade unions founded as alternatives to the FTU. The total number of unionized workers has declined to 50 or 55 percent of the workforce.

The number of people working at small and medium-size enterprises has reached 3 million in Ukraine. There are more than 400 regional and 20 national associations for small businesses as well as several branch associations. In the agricultural sphere, the Association of Farmers and Private Land Owners counts among its formal membership about 70 percent of Ukrainian farmers. The group's head, Ivan Tomych, was elected to Parliament in 2002 on the Our Ukraine list and now heads the parliamentary Committee on Agrarian Policy and Land Relations.

About 70 percent of Ukraine's institutions of higher education and 90 percent of secondary schools are public. In most cases, public universities still provide better education than private ones. By law, Ukraine's education system is free of political propaganda, and university lecturers and students are generally free to express their views. University administrators, however,

usually discourage students from taking part in opposition rallies and encourage them to participate in pro-government events instead. This was especially evident during the 2002 parliamentary election campaign.

Independent Media

1997	1998	1999	2001	2002	2003
4.50	4.75	5.00	5.25	5.50	5.50

Although Ukraine has a fairly sizable and vibrant media, journalists and media outlets—both state owned and private—typically lack true independence. In addition, journalists face regular harassment and violence for their reporting, particularly investigative work on corruption and crime linked to the authorities or to the country's powerful oligarchs. More than 70 percent of Ukraine's print media and up to 95 percent of TV and radio broadcasting companies are privately owned. However, the true owners often prefer to hide their names, as many outlets are controlled by oligarchs.

For nearly two years, the murder of investigative journalist Heorhiy Gongadze has galvanized opposition and free speech advocates in Ukraine who regularly call for the ouster of President Kuchma and protest against political interference in the work of journalists. Even some media outlets controlled by oligarchs have seized on the opportunity provided by the related "tapegate" scandal to try to provide relatively balanced coverage of the news. Some television channels aired political debates during the 2002 election campaign and gave time to opposition candidates. However, the situation worsened after Medvedchuk took control of the president's administration and ensured distorted coverage of opposition activities for the remainder of the year.

In early September 2002, Mykola Tomenko, head of the parliamentary Committee for the Freedom of Speech and Information, disclosed so-called *temniks*, or unofficial papers, sent to the mass media by the president's administration instructing them how to cover or ignore current events. Failure to comply could lead to various forms of harassment such as tax audits, canceled licenses, and libel suits. Later that month, the independent news agency UNIAN, which has operated in Ukraine since 1993, was put under the de facto control of the president's administration. In response, about 400 journalists signed a manifesto declaring the existence of political censorship in Ukraine. On December 4, Parliament held hearings on freedom of the press that were broadcast live on the all-national First TV and Radio Channels. The existence of the *temniks* drew special attention from the Council of Europe's Parliamentary Assembly (PACE). Human Rights Watch demanded that international financial organizations "should make respect for media freedoms an element of their country assistance strategies."

Existing laws do not fully protect journalists in Ukraine, and violence against them is all too common. The most notorious case was the September 2000 murder of Heorhiy Gongadze, who was editor of the opposition Internet newspaper *Ukrains'ka pravda*. The investigation into his death still continues and has produced few results. On July 3, 2001, Ihor Aleksandrov, director of the TOR television station in the Donetsk region, was beaten to death. The real killers and organizers have not been found. On November 20, 2002, Myhailo Kolomiets, the head of the Ukrainski Novyny News Agency, was found hanged in Belarus, apparently having committed suicide over his agency's financial debt. The Ukrainian Prosector General's Office opened a criminal suit based on an article in the criminal code regarding persons driven to suicide, but no evidence to this effect was found.

Ukrainian laws do not clearly distinguish between protections afforded to private citizens and those granted politicians. In recent years, many media outlets have been sued by politicians who demanded huge sums as compensation for "moral damages." However, on May 25, 2001, the Supreme Court decreed that criticism of facts and opinions is not grounds for awarding moral damage compensation. In addition, under a law that took effect in 2001, libel is no longer a criminal offense. Nevertheless, censorship, although prohibited by the Constitution, still exists to a large extent within Ukraine. One of its main causes is the fact that insufficient development of Ukraine's advertising market forces mass media outlets to rely for financial support on oligarchs, who in exchange wield considerable influence over journalistic content and programming.

There are a number of influential private newspapers in Ukraine, many with ties to particular political parties or oligarchic groups. The SDPU(u) controls *Den'*, with a declared circulation of 60,000; *Kijevskije Vedomosti* (150,000); and *Biznes* (60,000). *Fakty* (850,000) and *Kijevskiy Telegraf* are tied to the Dnipropetrovsk group of oligarchs through their respective owners, Viktor Pinchuk and Andrij Derkach. *Segodnya* (650,000) is allied with the Donetsk group, while *Stolichye Novosti* (70,000) is controlled by former oligarch Vadym Rabinovych. The leading oppositional newspapers are *Vechernije Vesti* (450,000; Tymoshenko), *Sil's'ki Visti* (600,000; close to the Socialists), *Ukraina Moloda* (100,000; close to Our Ukraine). *Dzerkalo Tyzhnia* (43,000; backed with some American private investment) and the *Kyiv Post* (25,000; Western owned) both provide an impartial, analytical approach.

The most influential magazines covering politics and offering rather balanced views are *Halyc'ki Kontrakty* (44,000), *Kompanyon* (30,000), *Polityka i Kultura* (20,000), and the Western-owned *Korrespondent* (50,000). The main state newspapers are *Holos Ukrainy* (150,000) and *Uriadovyi Kurier* (120,000). Many local state bodies also have their own newspapers. Ukrainian-language periodicals account for only about one-fourth of the

circulation of all newspapers and journals. The Ukrainian versions of Russia-based newspapers include *Izvestiya-Ukraina* (230,000), *Komsomolskaya Pravda v Ukraine* (130,000), *Argumenty i Fakty v Ukraine* (140,000), and *Moskovskiy Komsomolets-Diorama Plus* (100,000).

Only one national television channel is state run. The main private national channels are 1+1, Inter (controlled by the SDPU[u]), STB (controlled by Pinchuk and Lukoil), the New Channel (earlier controlled by Alfa group, now allegedly by Pinchuk), and ICTV (also Pinchuk). The wire radio broadcasting system consists of three state-run stations. The FM stations specialize mostly in music and entertainment but also have news. These are Era (controlled by Derkach and also broadcasting on the the all-national First TV and Radio Channels), Nashe Radio, Radio Dovira-NIKO FM, Gala Radio, Radio Lux, Radio Kijevskije Vedomosti, Radio Kontinent, Radio Roks, Russkoe Radio (a branch of the Moscow-based station), and Prosto-Radio.

In May 2002, several television and radio companies accused the National Council of Television and Radio (NCTR) of denying or wrongfully withdrawing the broadcasting licenses of some independent companies, including Radio Kontinent, Public Radio, and the television companies UTAR and Kyiv. The NCTR declared its intention to introduce, as of January 1, 2003, licenses for broadcasting foreign-produced programs—a measure that many fear could be used to put political pressure on independent radio companies that broadcast the Ukrainian services of the BBC, the Voice of America, Svoboda, and Deutsche Welle.

Ukrainska Poshta, the main distributing and subscription service, and Ukrpresa, the main printing house, are government controlled. Some publishing houses own the whole chain of production, subscription, and distribution services in order to be totally independent. Many private firms also specialize in publishing services. In March 2002, the State Tax Administration accused the publishing firm Taki Spravy, which produced materials for Tymoshenko's political bloc, of tax avoidance. However, in August 2002, the Kyiv Commercial Court and the Kyiv Appellate Court threw out the case.

Ukraine's journalistic associations include the post-Soviet Association of Journalists of Ukraine and new groups such as the Association of Mass Media and the Independent Association of Teleradiobroadcasters. However, none of these groups are very influential. The Kyiv Independent Media Trade Union emerged in late 2002. Women are relatively well represented in journalistic circles, and they run several influential periodicals, such as *Dzerkalo Tyzhnia, Den'*, and *Ukrains'ka Pravda*. Ukraine also has several Western-supported media organizations, including the Institute of Mass Media, the Committee to Protect Journalists, the Equal Access Committee, Charter-4, and the Freedom of Speech Center.

The Internet is growing rapidly in Ukraine. There are about 300 Internet providers and approximately 2.5 million users (5 percent of the popula-

tion), including an estimated 1.5 million active users. However, in small towns and villages access to the Internet remains limited owing to technical and financial problems.

There are no restrictions on Internet access for private citizens, but authorities do harass oppositional Internet sites. In March 2002, representatives of the State Tax Administration seized the documentation and computer equipment of the oppositional Obkom.net, which resumed its activity only in January 2003. Nevertheless, some politically oriented Web sites such as Korrespondent.net, polit.com.ua, and that of the newspaper *Ukrains'ka Pravda* have become an important source of independent information.

Governance

1997	1998	1999	2001	2002	2003
4.50	4.75	4.75	4.75	5.00	5.00

Under the Constitution, the president appoints the prime minister with the consent of Parliament. The Parliament can also influence the government by rejecting the government's general strategy or overturning the government in a no-confidence vote. However, the appointment of ministers does not formally demand the consent of Parliament and, consequently, a clearly identified parliamentary majority. Moreover, the president can fire the prime minister at will and is responsible for appointing a state secretary to the cabinet and to each ministry for five-year posts. The absence of a stable parliamentary majority, combined with the president's far-reaching powers, makes Ukraine's governmental system unstable. Despite talk of the "first coalition government in Ukraine" formed by Prime Minister Yanukovych in late November 2002, the grouping is a pseudocoalition based not on the results of parliamentary elections earlier in the year, but on a struggle among the country's three main oligarchic clans.

Lack of transparency in government is a significant problem in Ukraine. In 2002, for example, the so-called tapegate scandal involving audiotapes that allegedly were recorded in President Kuchma's office continued to reveal illicit activities by the president and his close associates and supporters. Specifically, portions of the tape were released that appear to confirm discussion of a possible illegal sale to Iraq of a Ukrainian antiaircraft radar system. When an American firm authenticated the portion of the tapes related to the sale, American and British experts received unprecedented access to Ukrainian military facilities, plants, and documentation. To date, evidence of the sale has not been found. However, the investigation has showed that Ukraine must improve its system of control over arms exports.

Another example of the lack of transparency in Ukrainian government came on June 10, 2002, when President Kuchma unexpectedly signed a

declaration with Russian president Vladimir Putin and German chancellor Gerhard Schroeder to establish an international consortium to use Ukrainian transit pipelines for the transport of Russian gas to Europe. The terms of the consortium were not released, and its pros and cons for Ukraine were not discussed openly with the public. On October 7, 2002, separate agreements between the Ukrainian and Russian governments and between the Russian Gasprom and Ukrainian Naftogaz companies were signed. The texts of the agreements were vague and unclear, and the very prospect of German participation was under question.

Despite his efforts, President Kuchma has not managed to transform Parliament into a purely symbolic body. Budgetary support for Parliament, in particular, is adequate because the cabinet cannot avoid making mandatory budget payments to fund the legislature's work. The quality of the work of parliamentary committees has also improved. Following the 2002 election, Parliament formed a new Committee on European Integration. The 1995 Law on Parliamentary Committees grants standing committees the right to hold special hearings and launch investigations. However, executive bodies routinely ignore the findings of parliamentary committees. Moreover, Parliament itself has yet to pass a law on investigative parliamentary commissions, whose existence is authorized by the Constitution.

Several steps were taken in 2002 to try to improve transparency and increase public input in political processes. In August, for example, President Kuchma issued the decree On Additional Measures on Ensuring Openness in the Activities of State Institutions. However, since existing legislation is vague about what constitutes a state or a military secret, government officials still broadly adhere to withholding information from the public. In the fall, several parliamentary committees headed by Our Ukraine created consultative boards and invited experts from NGOs to participate. To date, these boards have proven quite effective and have written several draft laws. The president, Parliament, cabinet of ministers, and some local authorities also have Web pages containing laws and other public documents.

The Constitution and the 1997 Law on Local Self-Governance are aimed at decentralizing substantial power to subnational bodies and providing sufficient financing to local governments. Local *radas* address issues such as the establishment and control of communal enterprises, assessment of local taxes and duties, implementation of social and cultural projects, and management of communal property. They also adopt and manage budgets for their territorial units. Communities may call referendums on local issues. In turn, Parliament may terminate the powers of a local council if it decides that the council's actions contradict Ukrainian law.

The deputies of local *radas* are chosen in single-mandate district elections that are generally free. However, the president appoints the heads of regional and district administrations, whose authority substantially limits

self-government. Moreover, the heads of these administrations actively interfere in elections to local *radas*.

The June 2001 budget code created a coherent scheme for distributing revenues from taxes and duties among state-, oblast-, and *raion*-level administrations. Since it provides a more objective, formula-based method of revenue distribution, the share of total government outlays going to local budgets has exceeded 40 percent. Still, the old scheme of budget transfers from the state to local governments remains in place and is often characterized by payment delays and corruption.

The Autonomous Republic of Crimea enjoys greater powers than any other region in Ukraine. The Crimean Cabinet of Ministers manages the region's budget, which is approved by the Crimean Parliament, and has substantial autonomy from central authorities. After the 2002 elections, the Communists lost the post of Speaker of the Crimean Parliament. Pro-presidential forces now control both the Crimean Parliament and government.

Under the 1993 Law on State Service, which was amended in 1995 and 1996, Ukrainian civil servants are subordinate to the General Department of Civil Service of the Cabinet of Ministers. The law prohibits civil servants from misusing their authority but provides no enforcement mechanism. Local civil servants are nominally employees of local governments. According to the July 2001 Law on Service in Local Organs of Self-Government, about one-fifth (67,000) of all civil servants became municipal employees—a move that was considered a sign of improvement in the civil service system.

The government elaborated the idea of carrying out comprehensive administrative reform in 1997 but still has not taken key steps such as redistributing functions among government agencies and cutting red tape. On September 16, 2002, President Kuchma agreed to form part of his own administration through open competition (based on a system of exams), but the move was considered a public relations ploy.

RULE OF LAW

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
3.75	4.00	4.50	4.50	4.75	4.50

Ukraine's Constitution provides for a presidential-parliamentary system of government rooted in checks and balances among its branches. However, the role of the president, who serves as the head of state and is elected by direct vote, is dominant. The president appoints the prime minister (with

the consent of the Parliament) and ministers (on the prime minister's suggestion), and has the right to fire the prime minister at his discretion. He also appoints the head of the security service and the secretary of the National Security Council without consulting Parliament. Thus, the president exercises control over the government but can avoid responsibility by blaming the government for policy mischief. Since there is no law on the impeachment of the president, it is almost impossible to realize this constitutional provision. A law defining the status and functions of the presidential administration is also absent.

Reacting to the increased role of the opposition and Parliament after the 2002 parliamentary elections, President Kuchma agreed to constitutional reforms that formally address many of the opposition's demands. The Law on the Court System, adopted on February 7, 2002, provides for independent financing and administration of courts and separates courts for criminal, civil, administrative, and other types of cases. In 2001 and 2002, Parliament passed new land, budget, criminal, family, and customs codes. It is expected to approve new civil and commercial codes in January 2003. Taken together, these laws provide the long awaited legal basis for modernizing Ukraine's economy and its legal system.

The fall of 2002 was characterized by the attempts of the presidential administration to create a working pro-presidential majority in Parliament. By October 8, 2002, Viktor Medvedchuk, the head of the presidential administration, had put enough administrative pressure on parliamentary deputies to create a fragile majority with only 231 seats. However, on October 12, Russian citizen Konstantin Grigorishin, Medvedchuk's rival in the energy business, was arrested while in the company of parliamentarian Volodymyr Syvkovych. As a result of the arrest, which looked like an organized provocation, Syvkovych and four other deputies suspended their participation in the parliamentary majority and called for Grigorishin's release. Grigorishin was freed in late October, and Deputy Minister of the Interior Mykola Dzhyha was ousted. Two weeks later, Dzhyha was appointed head of the Ukrainian division of Interpol.

A new governmental majority decided on December 17 to remove the opposition from all leadership posts in parliamentary committees. Moreover, the position of head of the National Bank of Ukraine (NBU), an institution that is independent from other branches of power, was added to the list of positions distributed between members of the majority. President Kuchma subsequently suggested Serhiy Tyhypko, the leader of the Labor Ukraine Party, as the new NBU head. During the December 17 vote on the redistribution of the posts, a number of procedural violations occurred and, in protest, opposition members of Parliament rendered the body dysfunctional by blocking access to the podium. As a result of a compromise reached on December 24, the majority withdrew its plans to re-

distribute leadership over the parliamentary committees. In turn, Our Ukraine supported the government's budget and Tyhypko's appointment remained in force. Nevertheless, these late-year moves were insufficient to stabilize relations between the opposition and the governmental majority, and within the majority itself. Several draft laws remain before Parliament on reserving opposition leadership on several key parliamentary committees, providing appropriate coverage for the opposition in state-owned mass media, and guaranteeing the opposition's right to deliver co-reports in Parliament on key issues.

To date, Parliament has prevented the implementation of constitutional amendments that voters approved on a so-called "people's initiative" held in April 2000. President Kuchma, who had called for constitutional amendments to increase his powers, initially proposed six questions: (1) Should the president be able to dissolve Parliament, if voters express no confidence in the body in a national referendum? (2) Should the president be able to dissolve Parliament for failure to form a majority within a month or to adopt a state budget within three months? (3) Should the immunity of parliamentary deputies from arrest and criminal prosecution be limited? (4) Should the number of parliamentary deputies be reduced from 450 to 300? (5) Should Parliament have two chambers? (6) Should Ukraine be able to adopt a Constitution by national referendum? Although the Constitutional Court threw out questions one and six, voters considered the rest in the April 16 referendum. Turnout reached nearly 80 percent, and the response to each question was, overwhelmingly, yes. However, the results of the referendum were dubious because the campaign took place under direct pressure from the authorities. Moreover, the Constututional Court stipulated that the results of the referendum should be implemented through proper parliamentary procedure, and President Kuchma lacked the necessary support to do so.

On August 24, 2002, President Kuchma made a sensational statement in which he seemed to agree to the opposition's proposals for a coalition government, a proportional electoral system, and the transformation of Ukraine into a "parliamentary-presidential republic." Since President Kuchma may not run for a third term, observers of Ukraine believe that the move stemmed from his desire to reduce the power of any future president prior to the 2004 presidential elections, in which Viktor Yushchenko of Our Ukraine holds an early lead in the polls. However, democratization of the Ukrainian system of government does not demand this step, and power can be balanced more easily using a French- or Polish-style presidential-premier model, which increases the responsibilities of coalition governments formed on the basis of a parliamentary majority.

On October 16, 2002, the Constitutional Court decided that a draft law by opposition members of Parliament on constitutional reform corresponds to the Constitution. On December 6, 2001, the Constitutional Court prohibited the same person from being both the head of an oblast administration

and head of an oblast *rada*, thus forcing 11 officials to resign from one of their posts.

Although the Ukrainian Constitution contains broad guarantees for human rights and civil liberties, these rights are not always secure. Some members of the opposition even believe that the practice of holding political prisoners has reappeared. On December 26, 2002, 18 members of the right-wing Ukrainian National Assembly were sentenced to two to five years in prison for "creating mass unrest" during an anti-Kuchma event on March 9, 2001. The European Court of Human Rights also has declared admissible the complaints of Ukrainian inmates regarding torture and inhuman treatment. Prisons are overcrowded, and many inmates suffer from tuberculosis.

Ukrainian ombudsman Nina Karpachova was quite active in 2002, responding to human rights–related matters, the Gongadze and Tymoshenko cases, and trafficking in women. In May 2002, Karpachova won a criminal case against two security officers who beat to death a prisoner in Lviv. On October 12, 2002, she proposed to create independent medical bodies to monitor abuses in prisons.

The Constitution prohibits discrimination based on religion, political views, gender, ethnic or social origin, or other grounds, and the Council of Europe considers the 1992 Law on National Minorities as one of the best in Central and Eastern Europe. In areas where a minority ethnic group constitutes the majority of the population, the native language may be used along with Ukrainian in public institutions. However, in many cities, particularly in eastern Ukraine, Ukrainian speakers still face pressures associated with living in a largely Russified environment. As a result, some Ukrainian parliamentarians are considering how provisions of the European Charter on Regional Languages and Languages of Minorities, which Ukraine promised to ratify upon joining the Council of Europe, might apply to Ukraine. Ratification of this Charter is expected in spring 2003. The government generally respects the rights provided by the 1991 Law on Freedom of Conscience and Religious Organizations. The main problem is a continuous confrontation between Orthodox Churches under the Moscow and Kyiv patriarchates over religious legitimacy and property rights.

Ukraine's Constitution also guarantees the right to own property, the right to engage in free enterprise, and protection of fair competition in business. However, the safety of business and property rights remains a problem. At the All-Ukrainian Conference on Entrepreneurship, held on July 15, 2002, President Kuchma recognized the urgent need for the new tax code and administrative reform.

In 2001, Parliament adopted a new criminal code and changes to the criminal procedure code. A major effect of the new laws was the elimination of Soviet-era economic offenses such as "speculation." Also, now only tax avoidance of more than 17,000 hryvnias (US$3,200) is criminally punish-

able; previously the threshold was 1,700 hryvnias (US$320). Judges, rather than prosecutors, must issue search and arrest warrants. However, a prosecutor, after having received a case from an investigator, may return it for additional investigation and thus prolong the detention of the accused.

The law provides punishment for those attempting to limit the independence of the judiciary. In early 2001, politician Yulia Tymoshenko was arrested on corruption charges, but two separate courts ordered her release. After Judge Anatoliy Zamkovenko of the Pechersk District Court (Kyiv) found Tymoshenko not guilty, the Supreme Council of Justice opened an investigation into his professional adequacy. On October 15, 2002, Judge Yuriy Vasylenko of the Kyiv Appellate Court filed a legal case against President Kuchma based on accusations by parliamentary deputies of executive abuse of power. The Supreme Council of Justice is expected to decide that the judge behaved unprofessionally and overstepped his authority; nevertheless, Vasylenko's step was quite symbolic.

The state provides public defenders to all who need them. In practice, however, there are complaints that many public defenders are unqualified, and people tend to hire private defenders. Quite often, though, private defenders are pressured by authorities to make decisions that are not in the interests of their clients. Andriy Fedur, who represented Gongadze's mother and defended Judge Zamkovenko, was arrested on October 12, 2002, but public outcry led to his release three days later. The enforcement of judicial decisions generally is effective in criminal cases but inadequate in civil cases.

The impartiality of judges is stipulated by the Constitution and the 1992 Law on the Status of Judges. However, the courts are funded through the Ministry of Justice and often subject to executive influence. According to the Constitution, the president appoints judges for initial terms of five years. After that, except for Constitutional Court judges, Parliament may endorse judges for life terms and therefore make them immune from prosecution. A judge can be arrested only with the permission of Parliament. In 1999, Parliament ended the immunity from administrative prosecution that judges enjoyed. In 2001, 19 judges were fired from their posts for violations of the law; in 2002, 7 were dismissed.

Corruption

1997	1998	1999	2001	2002	2003
na	na	6.00	6.00	6.00	5.75

Corruption is widespread in Ukraine. Owing to the Soviet legacy, economic and social activities are tightly regulated, administrative controls and judicial review are weak, and salaries for public officials are low. In 2002, Transpar-

ency International ranked Ukraine 85th among 102 countries in its annual Corruption Perceptions Index.

On November 28, 2002, under pressure from the Paris-based Financial Action Task Force on Money Laundering (FATF), Parliament adopted the Law on Avoiding the Legalization of Funds Obtained by Illegal Means. However, on December 20, the FATF recommended to its member states that it apply sanctions against Ukraine for failing to fight money laundering to its full extent. At the same time, though, one could argue that some of the FATF's recommendations did not take into consideration Ukrainian realities. The FATF proposed, for example, that Ukraine strengthen the role of law enforcement agencies in fighting money laundering, but doing so could result in unfair economic control over the opposition. In January 2003, Ukraine's Parliament approved several changes to the laws regulating banking activity. In response, the FATF was expected to lift its sanctions against the country the following month.

One of the main causes of corruption in Ukraine is wage compensation. The average salary in Ukraine as of October 2002 was 390 UAH per month (US$73). In April 2002, the monthly salaries of civil servants at the oblast and *raion* levels were increased by 60–66 percent but reached only 505 UAH (US$95) at the oblast level and 414 UAH (US$78) at the *raion* level. Higher-level governmental officials can earn up to 2,500 UAH (about US$500) per month. Also contributing to corruption has been the size of the gray economy, which has been alleviated somewhat in recent years by the introduction of a simplified taxation system for small businesses.

The Constitution prohibits government officials from engaging in business activities. However, the 1991 Law on Entrepreneurship does not consider the ownership of shares in companies a business activity, and as a result, many officials hold large stakes in enterprises or have their relatives or close friends hold key managerial positions in the companies. All citizens are required to submit tax declarations if income received from employment other than in their main place of work exceeds a defined sum (about US$200 in 2002). Yet governmental representatives usually declare only official salaries and honorariums. If government officials open accounts in a foreign bank, they must notify the State Tax Administration within 10 days; in reality, though, this rarely happens.

No particular law exists against racketeering, but Article 189 of the criminal code on extortion provides up to 12 years' imprisonment for its commission. Since July 2002, the State Tax Administration has used indirect methods to evaluate the tax bases of enterprises, and already many small businesses have complained of prejudiced evaluations. The STA also decided in April 2002 not to regard "free on board" and "deliver at frontier" trade operations as export operations so that the government could

avoid returning value-added taxes to these firms. However, in June 2002 the government ended this practice.

Although Ukraine has introduced numerous anticorruption initiatives, they have had little effect on the situation in the country. These include the Concept of Fighting Corruption for 1998–2005, the National Program on Fighting Corruption (elaborated by the presidential administration and adopted in 1998 and 1997, respectively), and the Law on Fighting Corruption (1995). In secondary schools and universities, Introduction to Law is a compulsory course. Ukrainian NGOs also spread anticorruption awareness materials and hold discussions, but the relatively low budgets of these projects and the lack of interest of public authorities prevent such efforts from having a significant impact.

In recent years, several corruption scandals have implicated those who stand at the top of the political system. Former prime minister Pavlo Lazarenko was arrested in the United States in 1999, and in 2001, then member of Parliament Viktor Zherdytsky was arrested in Germany. Zherdytsky is awaiting extradition to Ukraine. Four former high-ranking managers of the United Energy System of Ukraine, the former gas monopoly associated with Yulia Tymoshenko, were imprisoned in Turkey on July 1, 2002, at the request of the Ukrainian Prosecutor-General's Office and extradited to Ukraine in late October. However, this case, like some others, has been regarded as politically motivated.

In July 2002, newly appointed prosecutor-general Sviatoslav Piskun initiated the creation of a Department of Internal Investigations within the Prosecutor-General's Office. By September, the new department had completed several raids and prosecuted approximately 50 corrupt police officers. In early November, a dozen prosecutors were fired for "failure to defend the law." More controversial was Piskun's proposal in September 2002 to President Kuchma to combine the State Tax Administration, the Ministry of the Interior's Department for Fighting Organized Crime, and the State Custom Service into the Ministry of Economic Security. Both businessmen and the public reacted strongly to the proposal, fearing that it could lead to a concentration of power in the hands of one person: Mykola Azarov, head of the STA and Piskun's former boss. Thus, this initiative was rejected.

According to a poll conducted by SOCIS-Gallup in March 2002, Ukrainians experience corruption most in the health care sector (51 percent of respondents). Fifty-two percent believe that corruption is widespread in the state bureaucracy, in Parliament, and in law enforcement agencies. Thirty-one percent of respondents confessed that they had paid bribes during the previous year. Most pointed to corruption as a fact of life and expressed little willingness to fight it.

Some progress has been observed in securing transparency in admission exams to universities. For example, the government has organized direct

hotlines for prospective students to report instances of bribery. The effectiveness of computerized evaluations of applicant tests at the University of Kyiv-Mohyla Academy has been publicly acknowledged, and the Ministry of Education has declared its desire to implement similar practices nationwide.

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Uzbekistan

Capital: Tashkent
Polity: Presidential (dominant party)
Economy: Mixed statist
Population: 25,400,000
GDP per cap at PPP: $2,441
Private sector as % of GDP: 45
Ethnic Groups: Uzbek (80 percent), Russian (6 percent), Tajik (5 percent), Kazakh (3 percent), other (6 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	6.25	6.50	6.50	6.75	6.75	6.75
Civil Society	6.50	6.50	6.50	6.50	6.75	6.50
Independent Media	6.50	6.50	6.50	6.75	6.75	6.75
Governance	6.00	6.25	6.25	6.00	6.00	6.25
Democratization Scores	**6.35**	**↓6.45**	**↑6.44**	**↓6.50**	**↓6.56**	**6.56**
Constitutional, Legislative, and Judicial Framework	6.50	6.50	6.50	6.50	6.50	6.50
Corruption	na	na	6.00	6.00	6.00	6.00
Rule of Law Scores	**na**	**na**	**6.25**	**6.25**	**6.25**	**6.25**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

INTRODUCTION

Uzbekistan is an authoritarian state that exercises extensive government control over the private sector, human rights, political participation, and civil society. The country's Constitution provides for a presidential system with separation of powers among the executive, legislative, and judicial branches. It also sets forth guarantees of fundamental civil rights. In practice, however, the executive branch, under the leadership of President Islam Karimov, dominates all aspects of political life. The branches of government are not coequal, and the enforcement of civil rights is largely dependent upon the discretion of the executive branch.

During 2002, Uzbekistan's progress in the transition to international standards of political practice was dominated by the tension between efforts by the government to carry out political reforms and efforts by the government to isolate and neutralize threats to the political order. Government officials consistently expressed the position that the country was seeking to make accommodations to international standards of practice but was hampered in doing so by political conditions dominated by threats to the state and to the well-being of its citizens. Heavy-handed efforts in 2002 to combat both real and putative challenges from political opposition led the government increasingly to exercise more direct control over the economy and society.

Uzbekistan became an independent state as a result of the disintegration of the USSR in 1991. In the first stages of national independence, President Karimov, the former head of the Uzbek Communist Party during the Soviet period, pledged to set the country on a path toward democracy, free market economic relations, and the rule of law in a secular state. The fundamental institutions of democratic, civil society were soon adopted, including a new national Constitution with separation of powers and guarantees of civil rights.

Ultimately, Karimov's commitment to international standards of governance proved hollow. By the end of the first decade of independence, many critics of the Uzbek government charged that the adoption of democratic institutions was mere window dressing, designed for show rather than for real change. Many critics even claimed that the essence of the Uzbek government was in some respects more retrograde than in the Communist period. Moreover, critics claimed that the Uzbek government's stress on the "Uzbek path" of a go-slow approach to macroeconomic structural reforms undercut the expected benefit of true market liberalization. Uzbekistan's strategy empha-

sized self-sufficiency in energy and food grains, the export of primary commodities, particularly cotton and gold, and the creation of an internally oriented services market. Fundamental reforms in agriculture, state enterprises, state procurement, and the financial sector, including foreign exchange, were postponed.

By the mid-1990s, a significant political opposition had emerged within Uzbekistan, fueled by popular dissatisfaction with stagnating incomes, excessive government intervention in the economy, and a dearth of opportunities for meaningful participation in public affairs. As the Uzbek government consolidated political control during the mid-1990s with heavy-handed methods, many opponents of government policy either left the country or went underground. Some government opponents were drawn to Islam as a natural counterforce to the new regime. Others viewed President Karimov as a holdover from what was widely regarded as a period of foreign occupation by Russia. The Uzbek government began to identify Islam with political opposition, noting that many of its opponents were attempting to shield themselves by cloaking their resistance in the garb of Islam.

In response, the Uzbek government began a series of campaigns aimed at isolating and neutralizing opponents of the regime, branding them as criminals, Islamic political fanatics, and terrorists. The government's counterinsurgency campaign cast a wide net, ensnaring the regime's legitimate and illegitimate opponents alike. International human rights organizations reported numerous violations of human rights and Uzbek civil law at the hands of law enforcement authorities. The Uzbekistan government did not offer authoritative figures on the number of individuals caught up in the antiterrorist dragnet, but third parties have given an indication of the scale of the counterinsurgency detentions. Uzbekistan human rights activists estimated the number to be as high as 7,600 in 2001. Journalists suggested the number was as high as 6,000. The U.S. State Department indicated that by the end of 2000, well over 5,000 persons were in prison as a result of the crackdown.

The abrupt changes in international relations that followed the September 2001 terrorist attack on the United States and the formation of an international coalition to remove the Taliban from power in Afghanistan fundamentally altered Uzbekistan's role in international affairs and substantially affected its internal politics. The country's prominent role in the international coalition to normalize Afghanistan brought Uzbekistan considerable international goodwill within the international diplomatic community during 2002. In March 2002, President Karimov met with George W. Bush, the U.S. president, in Washington, D.C., and reaffirmed Uzbekistan's commitment to accountable, democratic government, to an open economy, and to the observance of international standards of civil rights. The year 2002 also witnessed a series of visits to Uzbekistan by high-level diplomatic and military delegations from a number of countries and international organizations, culminating with

the visit to Uzbekistan of UN secretary-general Kofi Annan in October 2002.

The Uzbek government's leadership responded to the increased international attention by making highly visible efforts to improve its international profile. In 2002, for instance, the government took steps to rein in overzealous counterinsurgency efforts. In February, a Tashkent court sentenced four police officers to 20 years in prison for the extrajudicial execution of a prisoner in custody. The government has also made efforts to improve the professional qualifications of Uzbekistan's specialists in terms of civil practice and human rights. In November 2002, the Tashkent State Law Institute, Uzbekistan's leading law school, established a Human Rights Clinic based on a model provided by the American Bar Association. During 2002, the Uzbek government also registered a leading human rights group, announced amnesties for political prisoners, and increased its participation in international organizations. President Karimov personally issued an invitation for expatriates to return home.

At the same time, Uzbekistan's enhanced international profile brought greater scrutiny to the country's governance and human rights practices. Uzbekistan's critics claimed that the Uzbek government's newfound willingness to accede to international standards was little more than an opportunistic use of the threat of terrorism to deflect criticism from bogus democratic practice, routine violations of human rights, rampant corruption, nepotism and other conflicts of interest, and administrative incompetence. Critics maintained that in 2002, the legal environment for civil and human rights actually deteriorated, private enterprise grew more circumscribed by the domination of the state and by the influence of economic crime and corruption, and long-promised macroeconomic policy correctives continued to be delayed. Moreover, critics maintained that the government's heavy-handed efforts to combat political opposition indicated a desire by the regime to secure even more direct control over the economy and society, thereby undercutting much of the modest progress made during Uzbekistan's early years of independence in securing civil freedoms.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
6.25	6.50	6.50	6.75	6.75	6.75

Elections in Uzbekistan are governed by regulations and practices that were established under the Law on Parliamentary Elections on December 28, 1993, and amended on December 26, 1997, and on August 19, 1999. The electoral system is overseen by the Central Electoral Commission (CEC), a

14-member board established by the Oliy Majlis (Parliament) on the advice of the president. The CEC is responsible for oversight of the nomination process, campaigning, and the organization of elections. Campaign financing and publicity are also regulated by the CEC.

Although putatively independent, the CEC in fact has functioned since its establishment as a wing of the executive branch. The CEC channeled virtually all important political questions to government administrative bodies prior to the nomination process. In past years and in 2002, the CEC oversaw orderly but largely empty electoral procedures that served primarily to corroborate the government's administrative decisions. Elections in Uzbekistan have been managed to assure that no political competition can emerge that is capable of changing the government.

In Uzbekistan, national elections have taken place to select the president and deputies to Parliament and to adopt constitutional changes through popular referendums. The last presidential election was in 2000. The last legislative elections took place in 1999. Local elections have also been held at the regional and municipal levels. Many local posts, such as officers in the *mahallas* (quasi-governmental community organizations), are often determined through a selection process rather than competitive elections.

The right to nominate legislative candidates is reserved for registered political parties, the *veliat* (provincial) legislative councils, and the Karakalpakstan Parliament. Political parties are required to satisfy the additional condition that they must have been registered with the Ministry of Justice no less than six months prior to an election and have collected 50,000 voter signatures supporting the party's participation. The 1997 law also extended the right to nominate candidates to citizens who organize in groups of 100 or more from a single electoral district. The Center for Support of Independent Candidates was registered as a nongovernmental organization (NGO) with the goal of assisting independent candidates with the formation of citizen initiative groups, the registration process, and campaigns.

An election is considered valid if more than 50 percent of the electorate votes and if the winning candidate receives more than 50 percent of the votes. Otherwise, a runoff election is held. As a consequence of these provisions, up to seven candidates could run in any given electoral district. This includes candidates nominated from the five registered political parties, one candidate nominated under the citizen's initiative provision, and one candidate nominated by the local authorities. Those qualified to stand as parliamentary deputies include members of the government (with the exception of ministers and the prime minister), judges, and the staff of the prosecutor's office. However, members of the government, with the exception of *hokims* (the provincial heads of administration), must relinquish their official positions to take a seat in Parliament.

On May 25, 2000, in a speech to Parliament, President Karimov proposed the creation of a second, higher parliamentary chamber called the

Oliy Kengash, or Supreme Council (now often referred to as the Senate). In doing so, Parliament would be transformed into a professional legislature that meets more frequently. Karimov suggested that the new upper house would more fully represent the interests of the country's various regions.

The creation of a bicameral legislature was put to a popular referendum on January 27, 2002. Not only were voters called upon to approve the creation of a two-chamber Parliament, they were also asked to vote on the extension of the presidential term from five to seven years. According to the National Information Agency of Uzbekistan, turnout for the referendum was 13.3 million, or about 92 percent of the total electorate. Over 93 percent approved the creation of a bicameral Parliament, and nearly 92 percent approved the proposal to extend the presidential term from five to seven years—that is, until 2007.

Political parties that are registered and allowed to participate in elections are typically pro-government in their orientation. Opposition parties that espouse policies antagonistic to the government are not allowed to register. The People's Democratic Party (HDP), the successor to the Communist Party, is the dominant party. The HDP explicitly supports the president and the government. Other registered political parties include the Fatherland Progress Party, the Adolat Social Democratic Party, the Democratic National Rebirth Party, and the Self-Sacrificers Party (Fidokorlar). In 1996, President Karimov personally withdrew from party participation, claiming that the country's president should be above partisan politics.

The Ministry of Justice has refused to register the Islamic Renaissance Party (IRP) and Adolat (not to be confused with the Adolat Social Democratic Party) on the grounds that they do not comply with the constitutional mandate of separation of church and state and the 1996 Law on Political Parties. Abdulla Utaev led the IRP until his disappearance in December 1992. Since that time, the party's leadership has remained in exile or in hiding. The political movements Birlik (Unity) and Erk (Liberty) are not permitted to function in Uzbekistan but have active informational programs in exile.

Provisions regulating the registration of political parties severely limit the development of new parties and circumscribe any real competition for political power. Provisions regarding the registration of candidates favor self-recruitment and government manipulation. The Law on Parliamentary Elections establishes unequal conditions for the nomination of candidates, in effect creating three classes of candidates with different requirements. The candidates who were not nominated by legislative bodies face significant difficulty in collecting the required number of signatures unless they have the support of local authorities. They also encounter significant difficulty during the signature verification phase.

Party membership in Uzbekistan is difficult to gauge, especially if one tries to assess membership in unregistered parties. The HDP claims mem-

bership between 300,000 and 400,000, and the Fatherland Progress Party declares that it has at least 35,000 members. These numbers are quite possibly inflated, with actual membership in most political organizations numbering in the low thousands. The existence of multiple parties in Uzbekistan has not led to political competition.

Uzbekistan is a secular, unitary state that encourages national consolidation. While Uzbekistan is predominantly Uzbek in ethnic composition, there are numerous national minority groups. Of these, only the minority Karakalpakstan population enjoys formal guarantees of representation in the political system. Other national minorities, including Tajiks, Kazakhs, Kyrgyz, Turkmen, Russians, and smaller minority groups enjoy representation in countrywide political institutions but do not have separate party representation based on nationality or ethnicity. All ethnic groups are entitled to cultural self-identification, the use of their native language, and the right of association, but political organizations based on ethnic criteria are discouraged and none are registered as political parties in Uzbekistan.

Religious political opposition groups play an important role in Uzbekistan. The goal of the Islamic Renaissance Party, for instance, is to establish an Islamic state in Uzbekistan. But the form of the state that this movement envisages, according to its chairman, Abdulla Utaev, more closely resembles the modern state of Pakistan than that of Iran or Saudi Arabia. Under the Pakistani model, the government has an obligation to uphold and preserve the Muslim style of life. Such practices as drinking, drug use, and prostitution are illegal. According to IRP spokespersons, within the broad outlines of an Islamic state, the Uzbek government should observe international standards of human rights, including the right to freedom of speech and religion as a matter of individual choice.

In addition to the nationalist and religious opposition, there is opposition based on policy differences. For instance, Faisulla Ishakov, chairman of the Organizing Committee of the Uzbek Social Progress Party, opposes the government on the grounds that it is pursuing policies of the Soviet period. Ishakov favors, among other things, a new agricultural policy that includes distributing land to landless farmers. But even Ishakov, reflecting widespread fears that land privatization will result in racial stratification, claims that there should be no right to resell the land for 20 years. Another party, Otechestvo, claims to be based upon a Western liberal democratic model. The goal of the Otechestvo Party, according to its general secretary, Uzman Azim, is to achieve the economic and spiritual independence of Uzbekistan.

Uzbekistan's most recent legislative elections took place on December 5, 1999, but proponents of genuinely opposing political agendas played no role. The 1999 election concerned 250 seats in the unicameral Parliament. A total of 12,692,202 voters were registered to take part in the election. Turnout on Election Day was 12,061,266, or slightly more than 95 per-

cent. In 184 constituencies, one candidate received more than 50 percent of the vote during the first round and was elected to Parliament. In 66 constituencies, no candidate was elected during the first round. Runoff elections in those constituencies took place on December 19, 1999.

International election-monitoring organizations found the 1999 legislative elections to be seriously flawed. During the preelection phase, individuals, groups, political parties, and NGOs that opposed the government were not permitted to freely associate, present their views openly, take part in the nomination process, or participate in the electoral process itself. Freedom of association was limited through the denial of registration by the Ministry of Justice to NGOs and political parties that criticized state authorities or state policies. Freedom of assembly was limited by a Soviet-era decree that permitted public meetings and demonstrations only indoors and with the prior consent of authorities. Electronic and print media were subject to structural censorship through direct control as well as licensing and registration obstacles. The next parliamentary elections are scheduled for December 2004.

Following the January 2002 referendum, Parliament adopted a resolution outlining the procedures for electing a new bicameral legislature in December 2004. The lower legislative chamber will consist of popularly elected deputies and will work full-time. The Senate (upper chamber) will consist of members of local councils and 16 "widely respected citizens" nominated by the president.

The most important political office in Uzbekistan is the presidency. The president is elected by direct and secret, but not necessarily competitive, ballot. According to the Constitution, a president can hold office for no more than two terms. After state service, the president becomes a lifetime member of the Constitutional Court.

Karimov was elected president of Uzbekistan in March 1990 by the Soviet-era Parliament. In December 1991, as the Soviet Union was dissolving, Karimov was elected in a popular, competitive election in which he won 86 percent of the vote. The new Constitution, adopted in 1992, limited the presidency to two consecutive terms. In March 1995, a popular referendum was held to extend President Karimov's term in office until the year 2000. Parliament later interpreted the extension to mean that Karimov had run for president only once and was thus eligible to run again. The official results of the January 2000 presidential election showed that approximately 95 percent of registered voters (12,746,903) favored Karimov over his opponent, Abdulhafiz Dzhalalov. Leading international organizations refused to send observers, and the election was widely regarded as a travesty of the democratic process. On April 5, 2002, the Uzbek Parliament approved a resolution that specified holding the next presidential election in December 2007.

Civil Society

1997	1998	1999	2001	2002	2003
6.50	6.50	6.50	6.50	6.75	6.50

Civil society in Uzbekistan lags far behind the standards for countries in similar stages of economic development. A "citizen-subject" orientation rather than a "citizen-participant" orientation combines with Soviet-era traditions of a single hierarchical social structure to produce effects that stifle independent citizen initiative. While many nongovernmental, public service organizations have been officially recognized in Uzbekistan, the fact remains that many government-approved NGOs are indistinguishable from government-organized NGOs. The Ministry of Justice favors direct government control over citizen initiative.

In the late Soviet period and during the early stages of national independence, a number of NGOs informally and formally came together to address important social and political issues. The government's initial response was one of hostility and fear, for it saw social movements such as Birlik, the Committee to Save the Aral Sea, and Samarkand (an organization to assist ethnic Tajiks) as having essentially political rather than social goals. As a result, the government has refused to register these organizations. The Human Rights Society of Uzbekistan and the Independent Human Rights Organization of Uzbekistan (IHROU) were also denied registration.

Although the Constitution guarantees citizens the right to association and legal participation in government, in fact the avenues for such activities are highly regulated by the government itself. Only gradually, and with considerable prompting from the international community, has the government adopted a more conciliatory approach toward NGOs.

The number of NGOs has grown considerably since the early years of independence. According to figures released by the Uzbek Ministry of Justice, by 2000 there were 2,300 registered NGOs in Uzbekistan. This number included 62 international organizations, 225 national organizations, and 2,023 organizations registered at the local level.

There are three main types of civic organizations in Uzbekistan. The first category includes indigenous civic organizations that play a public service role endorsed by the Uzbek government. These NGOs include nationwide organizations such as the Mahalla Foundation, the Association of the Disabled, and the Veterans' Fund "Nuroniy." There are also specialized organizations that focus on key environmental and social issues. These NGOs often are organized at the government's initiative and receive special privileges.

The second category consists of so-called implementing NGOs that receive funding from international donors to carry out the work of identifying and providing financial and technical support to indigenous citizen initia-

tives. Implementing organizations include the Counterpart Consortium, the National Democratic Institute, the Initiative for Social Action and Renewal in Eurasia, the American Bar Association Central and East European Legal Initiative, and the International Foundation for Electoral Systems. These implementing organizations are unlikely to develop financial sustainability on the basis of own-source revenues from Central Asia. Consequently, when donor government assistance comes to an end, the support for indigenous NGOs in Central Asia can be expected to attenuate.

The third category consists of organizations directly engaged in the promotion of group or public interests by providing goods and services to a client population. NGO activity in the past year has focused on capacity building (training and other forms of knowledge-based technical assistance) and leverage grants that provide seed capital for previously existing or incipient civic initiative organizations. These foreign-supported NGOs include legal foundations, child assistance organizations, women's rights groups, advocacy groups for the rights of under-represented portions of the population, and environmental activists.

In March 2002, Uzbek authorities formally registered the Independent Human Rights Organization of Uzbekistan, culminating five years of work on the part of human right activists to win the right to monitor and lobby human rights activities without direct government control. The IHROU had lobbied heavily on behalf of Uzbekistan's prisoners of conscience. The IHROU and other organizations have estimated that as many as 7,500 people have been imprisoned for political, religious, or national security reasons. These individuals are primarily members of unsanctioned mosques and Islamic groups, as well as members of the secular opposition and human rights community.

In November 2000, the U.S. House of Representatives expressed concern over human rights violations and the use of terrorism as a pretext for political repression. It also urged the Uzbek government to observe international law, to keep civilians and other noncombatants from harm, and to refrain from using antiterror campaigns to justify further crackdowns on political opposition or violations of the country's commitments to the Organization for Security and Cooperation in Europe. Throughout 2001 and early 2002, the Uzbek government committed serious civil rights abuses, and testimony indicates that security forces tortured, beat, and harassed suspects. The security forces arbitrarily arrested or detained pious Muslims and other citizens on false charges, frequently planting narcotics, weapons, or forbidden literature on them.

On February 28, 2001, a well-known writer, Emin Usman, died in a detention cell of the Uzbek Interior Ministry. In July of the same year, Shoyruk Ruzimuradov, a human rights activist and former member of the Uzbek Parliament, also died while under detention. In response, a U.S. State

Department spokesperson expressed "deep concern about the violation of international conventions outlawing torture and extrajudicial execution." In June 2001, the International Helsinki Federation published a report referring to a serious escalation of violations of basic human rights in three Central Asian states: Kazakhstan, Kyrgyzstan, and Uzbekistan.

Zakat—assistance to the needy—is a key tenet of the Islamic faith. The Moslem world has developed many mechanisms for distributing largesse. Islamic religious institutions are major donors to Uzbekistan. Islamic religious philanthropy has supported projects ranging from the construction and maintenance of mosques (places of worship) and *madrassas* (religious schools) to regional road construction. However, the true scope and scale of Islamic religious assistance is difficult to assess owing to the fact that many financial transfers are informal and nontransparent.

Following the collapse of the USSR, the desire in Uzbekistan to diminish the cultural and political influence of Russia increased. The governments of Central Asia initially were eager to attract financial support from the Moslem world and to encourage the revitalization of the cultural institutions of Islam. In a short period of time, hundreds of mosques were constructed with donated funds. When religious activism began to take on a political hue, tensions between church and state grew as the government became suspicious of the financial influence of informal Islamic investment. There are reports that in the last few years the Uzbek government has closed as many as 900 mosques.

The legal framework for NGOs is found in the 1991 Law on Public Associations and the 1999 Law on NGOs. The laws provide the foundation for civic initiative and action in a way that protects the rights of citizens to freely organize and at the same time protect the state from irresponsible use of public resources for private gain. Despite the fact that the laws are on the books, there have been complaints that the government has dragged its feet by not implementing them fully.

One complaint is that the laws provide for the right of legitimate noncommercial, public interest organizations to register. However, many NGOs complain that the registration process is complicated and threatening. It also has been reported that there is a widespread assumption within the Ministry of Justice and the Tax Service that many not-for-profit enterprises are merely fronts for tax evasion. Similarly, there is an assumption within the public order ministries that many NGOs are fronts for political activities. Taxation is the most problematic side of civic activity. Tax avoidance, if not evasion, is commonly viewed as one of the primary motivations of individuals involved in local NGOs.

The distribution of income in contemporary Uzbekistan precludes many citizens from engaging in direct public interest activities. As a result of this, local NGOs have a keen appreciation for the approaching horizon of declin-

ing foreign donor assistance. However, there have been few creative and realistic attempts to confront this eventuality. Proposals for the establishment of externally funded, local NGO support centers have met with caution due to concerns about the interference of the government (or other actors) after the withdrawal of managers representing the foreign donor organizations.

Trade unions exist in Uzbekistan as an instrument of management rather than as a means of interest group–based collective bargaining. About 25 percent of the country's labor force is in the main trade union that is under the aegis of the Ministry of Labor. Farmers' groups and small-business associations also exist but are primarily mechanisms for the dissemination of information rather than interest promotion.

Colleges and universities fulfill primarily a pedagogical function and have not traditionally supported research institutes. Public policy research institutes associated with government agencies tend to facilitate rather than analyze government policy. A few externally sponsored think tanks, such as the Center for Economic Research sponsored by the United Nations Development Program, have acquired a reputation for professionalism, but even these institutions do not represent themselves as independent of government policy.

The educational system is state supported, and universal primary education is guaranteed. State certification of educational content is carried out through the Ministry of Education. Higher education is also state supported, but it is not universal. While most students study on government support, an increasing proportion of students are enrolled in pay-for-service courses administered on a cost-recovery basis. All institutions of higher learning must be registered by the state as not-for-profit organizations. In 2002, the University of Westminster in London helped open the Westminster International University in Tashkent, an English-language institution that will offer classes in business, economics, law, and other subjects.

Independent Media

1997	1998	1999	2001	2002	2003
6.50	6.50	6.50	6.75	6.75	6.75

Uzbekistan is a challenging political environment for the media. Although the government officially eliminated state censorship in May 2002, harassment of journalists and self-censorship persist. Public criticism of the government remains limited. According to the Azerbaijan-based Journalists' Trade Union, "Sources in Tashkent report that self-censorship is still predominant among journalists, and most reporters still do not feel that they operate free of outside control.... Newspaper editors continue to be ap-

pointed by the government and therefore remain under the control of President Islam Karimov's repressive regime."

The constraints on openness begin with the highly bureaucratic annual reregistration process that is required of all media organizations. In late 1999, the republic's licensing commission closed two of the country's most progressive TV stations over licensing issues. Station directors claimed that the closures were politically motivated, citing their commitment to producing balanced reportage according to international standards. Government officials argued that the stations were not cooperative during the annual reregistration process. Media rights organizations charged that such closures and manipulation had a chilling effect upon independent TV stations in what was already a difficult media atmosphere. In 2001, the Uzbek Inter-Agency Coordinating Committee denied a broadcasting license renewal to ALC, an Urgench-based private television company that had provoked government suspicions and had been administratively shut down in the days just before the presidential elections in 2000.

The regulatory structure for the media includes a number of agencies and committees subordinate to the Cabinet of Ministers. The Agency for the Post and Telecommunication oversees telecommunications. The government recently established the Republic Radio and TV Industry Corporation (RTRC), which offers technical broadcasting services on contract to the state UzTeleRadio Company. UzTeleRadio provides about 80 percent of the revenue of RTRC. Empowered by a decree of the Cabinet of Ministers, the State Communication Inspection Committee carries out annual inspections of media organizations.

According to the Ministry of Justice, the country has 477 newspapers, 136 journals, 4 information agencies, 25 television studios, and 2 radio studios. Leading newspapers include *Tashkentskaya Pravda, Pravda Vostoka, Vremya I My, Toshkent Okshomi, Khalk Suzi,* and *Business Vestnik Vostoka.*

Since government policy prohibits live programming, all shows are prepared on tape. Government regulators say that the policy is intended to assure quality programming. Some broadcasters, however, feel that this is a mechanism for reserving the right to censor programming, which in turn encourages self-censorship.

Uzbekistan has a challenging economic environment for private commercial media organizations. Government-sponsored outlets are subsidized and thus not dependent upon advertising revenue. Some commercial stations complain that their low advertising income results in unfair competition, given that they find it impossible to maintain the technical standards of the government's subsidized organizations.

The newspaper distribution system remains under government control. There are several minor independent papers, particularly in Tashkent, that have a limited circulation and are available at some kiosks. These tend to be

business-oriented papers. There are also occasional appearances of illegal papers published by opposition groups in exile, usually in Moscow or Istanbul, that find their way into the country.

Libel, public defamation of the president, and irresponsible journalism—that is, spreading falsehoods—are all subject to financial penalty and possible imprisonment. This was underscored in the December 1997 Law on Media, which specifies the responsibilities and obligations of journalists. The Uzbek government has criticized foreign journalists, principally Russian journalists, for reporting libelous stories and has either pressured them to leave Uzbekistan or prohibited the distribution of their papers. This has been the case for journalists working for *Nezavisimaya Gazeta*, *Izvestiia*, and Interfax.

In 2002, Oleg Sarapulov, a freelance journalist and the deputy executive director of the Union of Independent Journalists of Uzbekistan, was detained by the Internal Affairs Department in the Yakasaray district, which claimed that Sarapulov was homeless. Sarapulov, who ironically was taken from his home, claimed that he was detained and beaten for his work as a journalist. Similarly, members of the Uzbek special security services harassed journalist Yevgheniy Dyakonov and his family for much of the year. Dyakonov is the founder of the on-line magazine *Zone*, which the government apparently wants shut down.

Also in 2002, the New York–based Committee to Protect Journalists (CPJ) conducted a nine-day mission to Uzbekistan and concluded that "the government's harsh policies have succeeded in creating a culture of self-censorship in the country. Local journalists rarely cover official corruption, human rights abuses, or the activities of opposition political parties and Islamic organizations." The CPJ mission also released recommendations for improving press freedom in Uzbekistan. These include releasing imprisoned journalists, ending the use of lawsuits to harass journalists, creating a "culture of openness and transparency in the government," and abolishing or reforming the State Press Committee and the Inter-Agency Coordination Committee, which together license and regulate the press.

A 1999 decree required all Internet service providers to route connections through a government server. The government maintained that the primary purpose of the measure was to protect citizens from information that the government considers harmful. Nevertheless, private Internet providers have increased in number and have taken advantage of the technological ease with which they can circumvent the law. In October 2002, Uzbekistan abolished the state monopoly on Internet access. Although a new system of Internet regulation is developing swiftly, the new law no longer requires users to access the Internet through the centralized state provider.

Governance

1997	1998	1999	2001	2002	2003
6.00	6.25	6.25	6.00	6.00	6.25

The surface indicators of political stability in Uzbekistan are numerous. For instance, reported approval ratings of the president and the government are high. But the level of control exercised by the government over the media, civil society groups, public associations, and private enterprise suggests that the actual situation is much more tenuous.

The Uzbek Constitution outlines the powers of Parliament, calling it the political authority of the country (Chapter 17). It is charged with initiating and passing legislation as well as executing policies through committee work. Parliament meets on a regular basis—two times a year plus special sessions—and has both public and closed sessions. Similar authority is given to the president—a fact that calls into question the actual powers of the legislature. In addition, the legislature spends most of its two sessions per year discussing and passing presidential proposals and decrees, suggesting that it is not a true rule-making body, but rather a ceremonial institution. The drafting of legislation takes place outside the deliberative process and exclusively under the control of the executive branch of government.

In terms of territorial organizations, Uzbekistan has a centralized political system of government, with ultimate authority resting at the national level. Within this system, there are 12 *veliyats,* 1 autonomous republic, and 1 city government (Tashkent). The president has the power to appoint and dismiss the *hokims,* the highest executive officers in the *veliats.* All policies made and enforced at the *veliat* level must comply with national laws. This also holds true for policies made and enforced at the level of the Autonomous Republic of Karakalpakstan. *Hokims* serve at the pleasure of the president. In turn, local officials serve at the pleasure of the *hokims.* In 1997 alone, over half of the regional *hokims* were dismissed for a variety of reasons, usually owing to poor harvest figures from their respective *veliats.*

Subnational political institutions below the *veliat* level are considered not as part of the government as such, but as a sphere of "local control." The *mahalla,* in particular, was identified in the 1992 Constitution as the elementary unit of political power. In 1993, Parliament adopted a Law on Local Self-Government relating to the *mahallas.* A new, more extensive Law on Local Self-Government was adopted in 1999. Under this law, the government shifted greater emphasis to local public order activities by adopting a community-based approach to public law and order. The *mahalla*'s novelty lies in its intensification of preventive measures in local communities

and residential areas. This work is carried out by so-called prevention inspectors who combine the duties of a neighborhood police officer, a public health inspector, and a Good Samaritan.

In a short period of time, ***mahallas*** have obtained a level of autonomy that has not been known for many years. Throughout the country there are 8,043 ***mahallas,*** each typically consisting of 2,000 to 3,000 people. ***Mahalla*** leaders are elected on the principle of competitive elections with secret ballots. In December 2002, speaking at the 10th anniversary celebration of the Uzbek Constitution, President Karimov declared 2003 the "Year of the ***Mahalla.***" Karimov vowed to take steps in 2003 to increase the status of the ***mahalla*** by expanding the scope of the legal authority of ***mahalla*** officials.

The financial system is unitary. ***Veliats*** and municipalities are responsible for collecting revenue (taxes and other mandatory payments), but expenditure decisions are made at the national level. Although few categories of legitimate own-source revenue are available to local officials for local policy programming, local officials wield exceptional interference powers. Lower-level bureaucrats, firms, and private parties that do not see eye-to-eye with local political officials find great difficulty in acquiring the necessary government approvals, licenses, and permits needed to carry out their activities.

Official government positions are highly sought after. Professional training institutions such as the Academy of Public Administration provide training in the theory and practice of government. However, the selection of government officials is not yet based on meritocracy. Top-down political pressure on the civil service continues to be seen as a mechanism to assure accountability. Moreover, there are frequent reports that the most sought-after civil service posts are routinely purchased rather than appointed. Although there are criminal penalties for such practices, there are few examples of prosecutions.

RULE OF LAW

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
6.50	6.50	6.50	6.50	6.50	6.50

Uzbekistan's Constitution, adopted in December 1992, consists of a preamble and 6 main divisions, including 26 chapters and a total of 128 articles dealing with the sovereignty of the republic, civil rights, the social contract, and the state legislative, administrative, and judicial systems. The Constitution describes a secular, democratic state in which "the people are the sole source of state power." The highest organ of power is the legislature, but

the actual functioning of the government is better described as a unitary, presidential system. The Constitution guarantees freedoms of speech, assembly, and religion, as well as the right to express one's national heritage.

The judicial system consists of the Constitutional Court, the Supreme Court, and the Supreme Economic Court. There is also an arbitration court of the Republic of Karakalpakstan. Judges of these courts are elected for five-year terms. The three-tiered judicial system is subordinated to the Ministry of Justice. The court system is funded from the state budget. To avoid partisanship, no judge may belong to a political party. The procurator's office is responsible for public observance of the laws. Procurators are appointed by the president and are restricted from any political or party activity. There are also local and neighborhood conflict resolution committees—the *mahallas*—which are reported to function effectively, particularly in rural areas.

The Uzbek criminal code was revised in 1994. The law initially included 13 articles envisaging capital punishment. In 1998, 5 of these articles were removed. In October 2001, the government announced that Uzbekistan had amended the criminal code to narrow the range of crimes punishable by the death penalty from eight to four. The death penalty now may apply only to crimes of first-degree murder and terrorism. The government also announced a reduction in prison terms and an increase in the number of offenses punishable by fines rather than prison sentences.

The government enforces criminal law energetically. At the same time, President Karimov has sought to present himself as a gracious and forgiving leader, issuing amnesties to prisoners on a periodic basis. For instance, prior to his June 1996 visit to the United States, he released over 80 prisoners, including 2 political prisoners. In August 2001, over 400 Uzbek women whose relatives have been convicted of being members of the outlawed Islamic organization Hizb-ut-Tahrir appealed to Karimov to include their relatives in a forthcoming amnesty. At a parliamentary session in August 2001, Karimov appealed to the parliamentarians to pass an amnesty in commemoration of the 10th anniversary of Uzbekistan's declaration of independence. Most female convicts, invalids, persons suffering from serious diseases, men over 55, foreign nationals, and persons who were minors at the time of their sentence were eligible for release, with the exception of those convicted of murder, terrorism, drug trafficking, or crimes against the Constitution.

The Constitution lists a wide range of rights (Chapters 7–10), including the rights to assembly, free speech, freedom of religion, due process, ownership of property, and gender and ethnic equality. Legislation also has progressed on these fronts, especially since 1996. In that year, new laws on the ownership of private property, the establishment of businesses, and the taxation of businesses were introduced. Economic rights have been of particular importance because the government continues to entice foreign investment in Uzbekistan.

Search warrants are authorized and issued by provincial or local police. There have been no successful challenges to the legality of such warrants. The Constitution guarantees accused parties the right to a legal defense at all stages of investigation and judicial proceedings. Legal defense is offered to citizens, enterprises, institutions, and organizations by the College of Barristers. The organization and procedure of the College of Barristers is described in the Law on Advocacy.

Judicial decisions are routinely enforced. Informal procedures seem to be in place that limit the extent and severity of decisions that tend to conflict with government policy. Accordingly, the executive branch of government seems to ensure effective enforcement of judicial decisions.

Corruption

1997	1998	1999	2001	2002	2003
na	na	6.00	6.00	6.00	6.00

There is separation of public and private roles, but the lines tend to be drawn on an ad hoc basis. The president withdrew from party participation, citing the need to maintain a separation of powers and noting that it would be inappropriate for a sitting president to also influence party competition. Major officials may not play a role in politics. Lobbying is considered illegal. However, these superficial rules do not relate well to a political culture that rests above all on personal interactions.

Since medieval times in the heavily populated Central Asian cities, government positions have been sold rather than earned. While it may seem backward that a person has to pay to receive a job, in fact this could be economically rational in many cases because government positions carry high prestige and an official can earn an income to pay his superiors by levying "extra" taxes, fines, and service fees. Such practices are alive today and constitute a significant drain on the efficiency and equity of government. As one observer noted, "At almost every level of government, 'extra' rates and tariffs are set for otherwise free services, and no query can be resolved without under-the-table cash. The mechanisms that were created to cope with corruption do not punish the wrongdoers but only serve to eliminate the undesirables."

Financial disclosure and conflict-of-interest law is underdeveloped in Uzbekistan. Routine practices of close connections between business and government regulators are seldom regimented by the legal system. Close connections based on family, clan, and regional patronage networks similarly evade the scrutiny of the legal system. On the other hand, those in positions of authority frequently abuse the existing legal statutes on conflict of interest. Highly politicized cases of corruption often involve vague viola-

tions of conflict of interest, financial reporting, and improper personal gain. Due to the nature of the allegations and the lack of evidence, few of these cases are ever discussed openly in the press. The legislature has an auditing commission, but there have been public revelations of investigations leading to dismissals of high officials.

The Uzbek government has undertaken a number of initiatives to respond to negative reporting on the prevalence of official corruption. The government announced in September 2000 an analysis of investigations concerning 11,430 cases of customs violations by businesspeople. This included 9,300 cases by organizations and 176 cases of officials who committed violations. Of these cases, 1,319 involved smuggling or drug trafficking. A customs whistle-blower hot line was established to identify violations.

Since 1996, Uzbekistan has upheld strict government controls over currency operations and maintained a tiered system of convertibility with an overvalued currency. The system benefits the government, and most likely certain government officials, at the expense of the country's foreign trade relationships. The bureaucratic burden of maintaining strict currency controls can be expensive and unavoidably creates an unfavorable climate for trade. A policy of overvaluation creates a rationale for extending police sanctions even to the extent of replacing the goal of public safety with that of regulating private behavior. This can give rise to an incentive structure in which private parties have an interest in avoiding or evading the legal framework through various forms of side payments and inducements. An overvalued currency also can be expected to lead to the depletion of foreign reserves, which, in turn, can bring about pressures for severe import restrictions and, eventually, the collapse of the free trade policy.

Official corruption within the civil service is widely regarded as extensive. Civil service compensation is considered by many to be inadequate, and civil servants often cite the need to supplement their official salaries. Uzbek citizens report that routine acts such as entering university, being admitted to the hospital, having a telephone installed, obtaining a business license, and applying for a passport or other official document are all subject to requests for bribes.

Only the government or government-sponsored organizations have carried out public surveys of corruption and economic crime. No fully independent and autonomous organizations have been permitted to conduct more objective surveys. With a score of 2.9, Uzbekistan ranked 68th out of 102 countries in Transparency International's 2002 Corruption Perceptions Index. The index measures public perceptions of corruption in a numerical range from 10 ("highly clean") to 0 ("highly corrupt").

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Yugoslavia (Serbia and Montenegro)

Capital: Belgrade
Polity: Parliamentary democracy
Economy: Mixed statist
Population: 10,700,000
GDP per cap: $1,267
Private sector as % of GDP: 40
Ethnic Groups: Serb (63 percent), Albanian (17 percent), Montenegrin (5 percent), Hungarian (3 percent), other (12 percent)

Nations in Transit Ratings and Averaged Scores

	1997	1998	1999	2001	2002	2003
Electoral Process	na	5.00	5.50	4.75	3.75	3.75
Civil Society	na	5.00	5.25	4.00	3.00	2.75
Independent Media	na	4.50	5.75	4.50	3.50	3.25
Governance	na	5.00	5.50	5.25	4.25	4.25
Democratization Scores	**na**	**4.90**	**↓↓5.50**	**↑↑4.63**	**↑↑3.63**	**↑3.50**
Constitutional, Legislative, and Judicial Framework	na	5.00	5.75	5.50	4.25	4.25
Corruption	na	na	6.25	6.25	5.25	5.00
Rule of Law Scores	**na**	**na**	**6.00**	**↑5.88**	**↑↑4.75**	**↑4.63**

NOTE: The ratings and scores reflect the consensus of Freedom House, its academic advisors, and the author of this report. ↑↑ and ↓↓ indicate score changes of .25 or more; ↑ and ↓ for changes of less than .25. The opinions expressed in this report are those of the author.

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INTRODUCTION

The year 2002 laid to rest more optimistic hopes that the Democratic Opposition of Serbia (DOS), the political coalition that overthrew Slobodan Milosevic on October 5, 2000, could quickly pull the Federal Republic of Yugoslavia (FRY) out of the darkness of the Milosevic years.* More than anything else, the year was characterized by stalemate and deadlock on a variety of fronts: the relationship between the two most important political leaders in the country, Yugoslav federal president Vojislav Kostunica and Serbian premier Zoran Djindjic; the relationship between the two republics of the Yugoslav federation, Serbia and Montenegro; and the future of the disputed province of Kosovo. Owing to this state of affairs, the post-Milosevic reform process in the FRY ground to a halt in many respects during the year.

Disagreements between the Kostunica and Djindjic camps, as well as the significant power of organized crime groups together with their allies in the former Communist security services, prevented faster political, judicial, and constitutional reform within Serbia itself. On the Yugoslav federal level, disagreements among Kostunica, Djindjic, and Montenegrin president Milo Djukanovic dragged out implementation of an agreement on the formation of a new state entity between the two republics, despite significant mediation and support by the European Union (EU). On the issue of Kosovo, the year 2002 again made it abundantly clear that no one, whether in the region or in the international community, has a workable solution for ending the international community's involvement in the province without causing widespread regional instability.

This stalemate and deadlock in the reform process, moreover, significantly contributed to another notable phenomenon during the year: citizen apathy. Presidential elections in both Serbia and Montenegro in 2002 failed to draw the number of voters required for elections to be valid, leaving both republics by year's end without duly elected chief executives. In Serbia, this problem in the executive branch of government was compounded by a crisis in the legislative branch for much of the year. In the spring and summer of

* In March 2002, the two remaining republics of the Yugoslav federation signed a Constitutional Charter renaming their joint state "Serbia and Montenegro." As of the end of the year, however, the new state had yet to be formally established. Consequently, this report will continue to refer to the joint state of the Federal Republic of Yugoslavia.

2002, Serbian premier Djindjic dismissed over 40 members of Kostunica's Democratic Party of Serbia (DSS) from the Serbian National Assembly, charging them with absenteeism.

Djindjic's move brought to a head the struggle between the two men, which had been festering since the first days after Milosevic's overthrow. Kostunica was by far the most popular political figure in the country; yet given the limited authorities of his office, he was inferior in position to Djindjic, whose control of the Serbian government made him de facto the most powerful politician in the country. Thus, while Kostunica had a popular mandate, Djindjic had actual political power. Moreover, given Djindjic's skills as a political infighter, he was able to stymie most of Kostunica's attempts to influence reform strategy in a meaningful way. The Kostunica camp's efforts to call for early elections to redress this imbalance were consistently rejected by Djindjic and his faction during the course of the year, ostensibly because they would slow the reform process, but in reality because Djindjic would stand to lose considerable power in any electoral contest. The end result of this state of affairs was that each camp turned increasingly to extra-institutional means to pursue their power struggles, which would have significant implications for the future of democratization in the country.

Relations between Serbia and Montenegro exhibited similar problems. Since 1997, President Djukanovic's government had been distancing itself from the Milosevic regime in Serbia, and by September 2000, the Yugoslav federation in many ways existed in name only. Ironically, however, Milosevic's overthrow did little to bring Montenegro more fully back into the Yugoslav federation. Meanwhile, Montenegro itself remains seriously divided between a pro-independence faction (which comprises roughly 45–50 percent of the population, including Montenegro's ethnic minorities) and the segment of the population that favors continued union with Serbia (again, roughly 40–45 percent of the population). Thus, any attempt to secede from the FRY and create an independent state posed some danger that the violence associated with earlier periods of Yugoslavia's disintegration could be repeated.

Mindful of this fact, the international community, primarily in the form of the European Union, took an active role in mediating negotiations between Serbia and Montenegro in 2001 and 2002. The effort culminated in March 2002 with the signing of a Constitutional Charter outlining future relations between the two republics. Despite this success, however, the devil proved to be in the details, and passing the implementing legislation for the new agreement required another nine months of work. Few observers, however, have strong hopes for the new state, and many Montenegrin politicians have already publicly announced their intention to seek a referendum on full independence within three years as allowed for by the agreement.

Lurking in the shadows of these problems in both Serbia and Montenegro has been the continued influence and importance of organized

criminal gangs, many with ties to the former Milosevic regime. Organized crime had assumed considerable power in the 1990s, when, as a result of the breakdown of the former Yugoslav state, war, and international sanctions, criminal groups reaped tremendous profits by providing goods and services to an isolated population. The profits, moreover, bought political influence as well as politicians, and deals made with organized crime figures were important factors in the overthrow of Milosevic in 2000. Nevertheless, their activities and power contributed significantly to the obstruction of reform efforts during the course of the year.

The problem of the future of Kosovo adds to the continued uncertainty concerning the Yugoslav federation. The year 2002 witnessed increasing disagreements between local Albanian politicians and international administrators in the province over rights and responsibilities each side had in Kosovo's governing. Kosovo itself continued to have the worst human rights record in Europe, despite the presence of more than 25,000 international peacekeeping troops and several thousand international civilian administrators.

DEMOCRATIZATION

Electoral Process

1997	1998	1999	2001	2002	2003
na	5.00	5.50	4.75	3.75	3.75

During 2002, Serbia tried and failed three times to elect a new president. Similarly, presidential elections in Montenegro in December also failed to draw the required number of voters to the polls to make the elections valid. Such electoral instability contributed to overall institutional instability, and at various points in 2002 the Serbian presidency, legislature, and constitutional courts were all functioning with dubious degrees of legitimacy.

The electoral laws throughout the FRY allow for a free competition of political parties. Numerous political parties compete for and share power at all levels of government in Serbia, Montenegro, and Kosovo. There is considerable transparency in the organization and conduct of elections and sufficient safeguards to protect the security of the ballot box. However, criticisms of current electoral legislation note that the proportional representation formula adopted by the FRY (the d'Hondt model) favors larger parties at the expense of smaller ones and tends to preserve the dominance of the majority party. There are also problems concerning the vagueness of certain provisions in the electoral laws and on the rules regarding campaign financing. Parties competing in elections must obtain at least 5 percent of the vote to gain parliamentary representation.

Political parties and party life in Serbia, Montenegro, and Kosovo continue to be dominated by charismatic individuals rather than specific political ideologies or party programs. Moreover, in ideological terms, debate among rival political leaders on different ends of the political spectrum for the most part continues to focus on "the national question"—that is, defining and defending national interests. Although in recent years social, economic, and rule of law issues have increasingly become topics of political debate, unresolved issues such as the status of the Yugoslav federation, of Kosovo, and of Serb refugees from Bosnia and Croatia continue to make one's position on national interests the primary topic of political debate.

The Constitution of the FRY does not discriminate against individuals on the basis of ethnicity or religion; consequently, ethnic minorities are free to form their own political parties or join other non-ethnic political groups. Both Muslims from the Sandzak region and Hungarians in Vojvodina have formed ethnically based parties that provide important swing votes in Parliament, and several politicians from these groups have assumed prominent positions. For instance, Rasim Ljajic, a Sandzak Muslim, is currently the minister for human and minority rights in the federal government.

The most recent national legislative elections for the bicameral Yugoslav Federal Assembly occurred on September 24, 2000, concurrently with the elections for the FRY federal president. The Council of Republics is the popularly elected upper house, in which Montenegro and Serbia have equal representation. The lower house is the 138-member Council of Citizens, elected according to a complex formula in which 108 delegates are assigned to Serbia and 30 to Montenegro. In each case, some delegates are popularly elected (in Serbia, 54; in Montenegro, 24), with the remainder chosen according to constituency majorities. Delegates in both chambers serve four-year terms.

Pro-Milosevic parties controlled the composition of the Federal Assembly elected in November 1996. In the September 2000 elections, the DOS had to campaign under very unfavorable circumstances. The regime refused

2000 FRY Federal Assembly Elections: Council of Citizens

PARTY/COALITION	MANDATES
Democratic Opposition of Serbia (DOS)	58
Socialist Party of Serbia/Yugoslav United Left (SPS/JUL)	44
Serbian Radical Party (SRS)	5
Union of Vojvodina Hungarians (SVM)	1
Socialist People's Party (SNP)	28
Serbian People's Party (SNS)	2
Total	138

Source: Official Web site of the FRY, available at www.gov.yu

to allow the opposition access to the most important media, and the DOS coalition was frequently subjected to harassment from state security organs. Nevertheless, this opposition grouping scored a significant victory against pro-regime parties. Together with a reformed Socialist People's Party (SNP), the DOS coalition took a strong majority (see tables).

2000 FRY Federal Assembly Elections: Council of Republics

PARTY/COALITION	MANDATES
Democratic Opposition of Serbia (DOS)	10
Socialist Party of Serbia/Yugoslav United Left(SPS/JUL)	7
Serbian Radical Party (SRS)	2
Serbian Renewal Movement (SPO)	1
Socialist People's Party (SNP)	19
Serbian People's Party (SNS)	1
Total	40

Source: Official Web site of the FRY, available at www.gov.yu

Elections were also held in December 2000 for the unicameral Serbian National Assembly. The DOS again scored a significant victory over Milosevic's SPS, which was decisively trounced in the first post-Milosevic parliamentary elections.

2000 National Assembly of Serbia Elections

PARTY/COALITION	MANDATES
Christian Democratic Party of Serbia	7
Civic Alliance of Serbia	9
Coalition Vojvodina	3
Democratic Alliance of Vojvodina Hungarians	1
Democratic Alternative	6
Democratic Center	4
Democratic Party	47
Democratic Party of Sandzak	2
Democratic Party of Serbia	45
League of Vojvodina Social-Democrats	6
Liberals of Serbia	9
New Serbia	8
Party of Serbian Progress	2
Vojvodina Reform Democratic Party	4
Serbian Radical Party	23

Serbian Resistance Movement–Democratic Movement	1
Serbian Unity Party	13
Social Democratic Party	13
Socialist Party of Serbia	32
Socialist People's Party	5
Alliance of Vojvodina Hungarians	6
Association of Free and Independent Trade Unions	1
Peasants' Party of Serbia	2
League for Sumadija	1
Movement for a Democratic Serbia	2
Total	252

Source: www.parlament.sr.gov.yu

The composition of the Serbian Parliament, and in fact the entire DOS coalition, underwent a significant revamping in the summer of 2002, when Serbian premier Djindjic removed the 45 representatives of Kostunica's DSS from the Serbian Parliament. The alleged reason for doing so was a boycott by DSS representatives in Parliament, but Djindjic had no constitutional authority for such a move and in fact ignored a ruling by the Yugoslav Constitutional Court to reinstate the DSS representatives.

The latest elections to the Montenegrin Parliament were held in October 2002. Disagreements among the various Montenegrin political parties over controversial amendments to the Law on Elections cast some shadow over the run-up to the elections and forced them to be postponed, but eventual compromises allowed them to proceed in early fall. The elections were deemed essentially free and fair, but the Organization for Security and Cooperation in Europe (OSCE) did criticize several aspects of the Montenegrin vote, including the ability of political parties and coalitions to control the mandate of individual representatives and the low percentage of women running as candidates. The outcome of the elections, moreover, showed that a serious divide remains in Montenegrin society between pro-independence forces and those favoring continued union with Serbia.

Even in the post-Milosevic period, the character of relations between the government and the opposition has been turbulent to an extent that exceeds such usual conflicts in older democracies. This is the result of several factors. First, in general terms, compromise is not a widely respected notion in the political culture of the region; hence, there is a strong tendency among political actors to play zero-sum games without seeking a more moderate course. Second, the democratic rules of the game are still not well established in post-Milosevic Yugoslavia; consequently, the competencies and responsibilities of the government and the opposition, or of the differ-

ent branches of government themselves, are still not clear. This was shown in the above-mentioned unwillingness of Serbian premier Djindjic to respect the rulings of the FRY Constitutional Court to reinstate DSS parliamentarians.

Elections for the Serbian presidency took place in 2002. In three separate attempts to elect a president—two rounds in September and October and a third in December—Yugoslav president and DSS party leader Vojislav Kostunica clearly emerged as the strongest candidate, outdistancing his opponents by an almost two-to-one margin. However, lack of the required 50 percent turnout caused each set of elections to be declared invalid. Although international organizations and monitoring groups deemed the elections free and fair, there were several complaints (primarily from the DSS) about voting procedures and voter lists. For instance, DSS officials claim that there may be over 400,000 extra voters on Serbia's voter's lists (compiled during the Milosevic era), a fact that artificially inflates the number of voters required to make an election valid.

2002 National Assembly of Montenegro Elections

PARTY/COALITION	% OF VOTES	MANDATES
DPS-SDP Coalition	47.9	39
SNP-SNS-NS Coalition	38.4	30
Liberal Alliance of Montenegro	5.7	4
Patriotic Coalition	2.81	0
Albanian Coalition	2.4	2
Bosniak Democratic Coalition	0.7	0
Bosniak Coalition	0.6	0
Others	1.1	0
TOTAL		75

Source: OSCE-ODIHR Election Observation Final Report, November 28, 2002

Registration requirements for presidential elections in Serbia are generally considered to be in accordance with contemporary standards. Candidates for the Serbian presidency may be nominated by political parties, political organizations, or groups of citizens or run as independents. In all cases, candidates must receive 10,000 voter signatures. As the failed elections of 2002 show, one of the most urgent tasks facing lawmakers is amending the rule requiring a 50 percent turnout for elections to be deemed valid.

The 1992 Law on Presidential Elections governs Montenegrin presidential elections. Theoretically, the law was conceived to allow for elec-

tions to be held within a democratic framework; however, as in the case of the Serbian presidential Law on Elections, the 50 percent turnout requirement caused the failure of elections in December. Another provision needing revision is one that requires the same candidates to run in repeat elections if the first round does not attract sufficient voters.

As noted above, 2002 was a bad year for voter participation throughout the FRY. In the votes in 2000 for the Yugoslav federal presidency pitting Milosevic against Kostunica, and then again in the Serbian parliamentary elections that soon followed, voter turnout was over 70 percent. By 2002, however, public apathy and disappointment with the slow progress of reforms resulted in voter turnouts lower than 50 percent. A similar situation occurred in Montenegro. In Kosovo as well, voter turnout for the October 2002 municipal elections declined considerably from previous elections, with only 54 percent of registered voters casting a ballot. Among Kosovo Serbs, turnout was significantly lower amid claims that the security situation did not allow them the freedom of movement to travel to polling places. A boycott by some politicians also contributed to the lower turnout.

Civil Society

1997	1998	1999	2001	2002	2003
na	5.00	5.25	4.00	3.00	2.75

There has been tremendous growth in the number of nongovernmental organizations (NGOs) active in the FRY over the past decade. In Serbia, throughout the Milosevic period the relationship between most NGOs and the government was hostile. Since the DOS came to power, though, a new era of cooperation, or at least acceptance, has begun. In Montenegro, although the government's attitude toward NGOs has been more tolerant, economic difficulties and a lack of local talent have made the operating environment somewhat more difficult. Nevertheless, as of February 2002 some 1,550 NGOs were registered in Montenegro. Similar problems hold true for Kosovo, where since 1999 an average of 380 new NGOs have been registered annually. Most estimates, however, suggest that less than 20 percent of these organizations are active.

Traditionally, NGOs in the region have suffered from the fact that such forms of social activism are not traditional. Consequently, the local population in Serbia and to some extent in Montenegro has often viewed NGO activists as "mercenaries" working for foreign interests. The Milosevic regime contributed to the problem by disseminating propaganda that was hostile toward NGOs. Although there has been a sea change in the attitude of government officials in Serbia toward NGOs, groups have yet

to establish strong ties with the business community. Likewise, society at large still does not understand the role that NGOs are supposed to play in the country's life. For their part, local NGO personnel often lack basic skills in lobbying or promoting their activities. Both independent and official media now present NGOs in a positive light.

In Montenegro, the Djukanovic government has generally been supportive of NGO activity, and this has been reflected in media coverage as well. The Montenegrin government also has encouraged the involvement of NGOs in the policy formulation process. In Kosovo, international organizations such as the OSCE and the UN Interim Administration Mission in Kosovo (UNMIK) have been very supportive of the NGO community and on numerous occasions have solicited the advice of local NGOs in developing new policies. Throughout the 1990s, the NGO sector in Kosovo benefited from the Albanian population's extensive involvement in civil society initiatives, but fatigue has apparently set in there as well. Recent reports claim that the level of volunteerism in Kosovo is now near zero.

The activities and focus of NGOs in the FRY has varied over time according to the country's most pressing needs. In the aftermath of the NATO bombing campaign, most NGOs focused their efforts on humanitarian assistance, psychological services for displaced persons from Kosovo, and educational activities for displaced children. After elections were announced in the summer of 2000, most NGOs shifted their focus to organizing local and national campaigns to mobilize voters. Throughout the region, however, economic difficulties often make it impractical, if not impossible, for people to engage in significant levels of volunteerism.

NGOs in the FRY are considered by many to have made a decisive contribution to the overthrow of Milosevic. Currently, the most influential NGOs in Serbia are involved in civic education, economic development, and human rights activities. Especially prominent are Group 17, an organization of independent economists, and Otpor, the student's group that played a large role in mobilizing youth opposition to the Milosevic regime. Several women's rights groups are also active. Among the most prominent are the Belgrade-based groups Women in Black, Krajina and Tara, Tera, and Woman; and the Pristina-based groups Mikya and the League of Albanian Women.

Throughout the region, churches and religious organizations play prominent roles in organizing philanthropic activities. The Serbian Orthodox Church, which has emerged as one of the most trusted institutions in Serbian society, is active in providing charitable assistance to refugees and the poor. The role of the Serbian Orthodox Church in Serbian society, however, is not limited to that of charitable or spiritual institution, for in recent years it has taken on an increasingly important position in the country's political life. Although some church hierarchs supported the Milosevic regime, most church leaders were openly hostile to Milosevic and his regime, and the

overthrow of Milosevic in October 2000 could scarcely have been carried out without the support of Serbian patriarch Pavle. The Serbian Orthodox Church has also, and more controversially, supported Serbs in Croatia and Bosnia-Herzegovina during the recent wars in those states. The Roman Catholic and Hungarian Evangelical Churches and the Islamic and Jewish communities are also engaged in charitable work.

The legal and regulatory environment for NGOs in Serbia has improved drastically since the DOS came to power, and the new authorities consider drafting new NGO legislation an important priority. In July 1999, the Montenegrin Parliament passed a new Law on NGOs, replacing the earlier Law on Citizens' Organizations. The new 35-article draft legislation was written with the help of the Center for Democracy and Human Rights in Podgorica and was reviewed by other NGOs in Montenegro. The legislation simplified registration procedures, detailed taxation benefits, and granted foreign and domestic NGOs equal status. In Kosovo, UNMIK has implemented regulations creating a favorable legal environment for NGOs. However, the NGO registration office in Kosovo is considered to be suffering from both a lack of qualified staff and limited funds. In Kosovo and Montenegro, there are simple registration procedures for NGOs.

In Serbia, NGOs do not receive any tax exemptions, apart from grant funds, while in Montenegro a separate tax law allows for corporate donations to public benefit, sports, or religious organizations of up to 3 percent of the corporation's total income. Individual donations to these organizations are deductible up to 10 percent of taxable income. In Kosovo, organizations with public benefit status must submit an annual report with programmatic and financial information in return for exemptions on customs duties and excise and sales taxes on imported goods.

The organizational capacity of most NGOs in the FRY is generally poor. NGOs in Serbia are considered to be the strongest, yet even there 50 percent of NGOs do not have a single computer, and 77 percent have no paid staff. In Montenegro, poorly defined missions, limited staffing, equipment shortages, and a lack of effort in trying to build larger or broader constituencies are frequently cited problems. In Kosovo, there is a wide gap between the organizational capacity of older, more established NGOs and those that have sprung up since 1999. Hundreds of NGOs have been created in response to announcements of grant programs and quickly cease to function after the money runs out. Older NGOs have more permanent and better-quality staff, but even in this category the stronger NGOs still have problems retaining their best people. Internal management structures are considered weak, with most NGOs dominated by one or at most a few dynamic leaders. In all three areas, however, there is a core of experienced local practitioners and trainers, and information is available in local languages for purposes of training and instruction.

As should be expected, poor economic conditions significantly affect the viability of FRY NGOs, leaving them dependent on the international donor community for the foreseeable future. Most NGOs operate on shoestring budgets throughout Serbia, Montenegro, and Kosovo, make do from grant to grant, are dependent upon a single donor, and rely on volunteer support for much of their activity. Activists generally lack fund-raising skills. Some NGOs have received in-kind support, like the use of office space from reform-minded municipal authorities in cities and towns previously run by the opposition. Another way for NGOs to raise funds is by charging for services and engaging in other revenue-raising activities, but it is difficult for NGOs to earn income from their products or services because their customers or beneficiaries cannot afford to pay.

Workers in the FRY have a constitutional right of association, and many free trade unions are active. Some 60–70 percent of workers in the socially owned state sector (approximately 1.1 million to 1.3 million workers) are union members. In the private sector, only 4 percent of workers are unionized, and in agriculture, 2–3 percent. The Serbian government passed a new Law on Labor in December 2001 that won the approval of the International Labor Organization.

Public opinion surveys conducted prior to the change of power in Belgrade showed that only 12 percent of the population had much faith in either the official governmental or independent trade unions. During the Milosevic era, the Savez Sindikata Srbije (SSS) was in a highly favored position vis-à-vis the government, which allowed the group to inherit all of the property belonging to trade unions from the Communist period and let it distribute scarce consumer goods as well. The Milosevic regime also considered the SSS its only official interlocutor in labor negotiations. Labor activists claimed the government had turned down some 300 requests to officially register other potential unions. The FRY's trade union movement has assumed increased importance since the independent United Branch of Independent Labor Unions became an unofficial 19th member of the DOS coalition in 2000. In Kosovo, the Confederation of Independent Trade Unions of Kosovo represents 24 unions with some 250,000 workers.

Articles 39 and 41 of the FRY Constitution grant citizens freedom of assembly and the freedom to form political parties and organizations. There are numerous organized interest groups in the country representing ethnic constituencies, business interests, women's rights, and other issues. Public policy institutes such as Group 17 often play a visible role in policy making in the FRY. A similarly prominent organization in Montenegro has been the Center for Democracy and Human Rights, which is frequently involved in policy formulation.

The educational system has been in a deep crisis in the FRY for the past decade. Throughout the Milosevic years, the regime regularly violated aca-

demic freedoms by dismissing critical voices from the academy and installing regime favorites. In April 2002, the Serbian government passed a new Law on Universities that attempted to address many of these problems. The new law confirms the university's place as an autonomous scientific, artistic, and educational entity; guarantees its freedom of creativity and expression; and forbids political or religious organization or activity on the university's behalf. There were no reports of attempts by the government to restrict academic freedom in 2002. In Kosovo, the most serious problem regarding education remains ethnic minority access to educational institutions. In September 2002, the coordinator of UNMIK's science and education efforts announced he was leaving his post after complaining that it was proving impossible to stop discrimination against Serbs and other local ethnic minorities in educational institutions.

Independent Media

1997	1998	1999	2001	2002	2003
na	4.50	5.75	4.50	3.50	3.25

All of the constituent parts of the FRY boast very lively media. Although the media had been persecuted in various ways under the Milosevic regime, ironically, the same period also witnessed the rebirth of independent media in Yugoslavia. Legal protections for freedom of the press are guaranteed by the Yugoslav Constitution, the respective Constitutions of Serbia and Montenegro, and the Constitutional Framework for Provisional Self-Government of Kosovo.

By and large, the media throughout the FRY are editorially independent. Nevertheless, the fact that many electronic and print media outlets are affiliated in some fashion with different political parties affects their coverage of various issues. Another problem facing media in the FRY since the fall of Milosevic has been the uncertain legal environment in which they operate. One of the DOS government's first acts upon coming to power was to repeal the much hated Milosevic-era Law on Public Information. However, the difficulties in drafting and passing new legislation governing the media in the interim created a legal vacuum in which the rules were unclear. Critics of the media in the FRY have accused various journalists and state-run outlets throughout the country of being unduly loyal to the DOS government—in effect, of having traded their subservience to the Milosevic regime for uncritical coverage of the new authorities.

As of 2001, there were over 600 radio and 300 television stations in the country, along with hundreds of daily and weekly newspapers, tabloids, and magazines, published in a variety of languages. The vast majority of these are privately owned, but under current regulations it is easy to conceal the real

owners of media outlets. This in turn makes it difficult to determine the political and/or business connections between various political factions and different media outlets. Given the economic condition of the country, electronic media have become the main source of public information throughout the country; newsprint, satellite, and Internet access are too expensive for most individuals. The largest and most influential source of electronic media in Yugoslavia remains the state-run Radio Television Serbia (RTS), whose signal covers most of the country. When Milosevic was in power, RTS's editorial policy was strictly pro-government. In the run-up to the September 2000 elections, for instance, RTS news programs devoted 9½ hours to covering SPS/JUL activities and only 21 minutes to those of the DOS.

The Belgrade-based *Politika* (estimated circulation 60,000–80,000), the largest print daily in Yugoslavia, is one of the oldest and most respected papers in the country. Milosevic had gained control of *Politika* in the late 1980s and made it the semiofficial mouthpiece for his regime until the events of October 5, 2000, when *Politika*'s editorial staff revolted against management and demanded a complete overhaul of its leadership. Other important dailies include *Danas* and the tabloid *Blic*. The Belgrade-based news weeklies *Vreme* (portrayed as having a civic, non-nationalist editorial policy; circulation 15,000), *NIN* (with a more traditionally Serbian/conservative editorial stance; circulation 15,000), and *Reporter* (also more civic oriented; circulation figures unavailable) are popular throughout the country, as is *Nedeljni Telegraf*, a tabloid-style weekly (circulation 85,000).

Apart from RTS, the most highly watched stations include BK Television and TV Pink. BK television is run by the Karic brothers, who own what might be the largest business empire in the country. TV Pink, mainly an entertainment channel, was close to the Milosevic regime. Both stations have changed their editorial positions substantially since October 2000 and currently are considered closest to Djindjic's Democratic Party (DS). Perhaps the most important radio station in the country is Radio B92, which gained international renown for its opposition to Milosevic. During the Milosevic period, B92 organized a network of 24 opposition radio stations throughout Serbia, Vojvodina, and Montenegro. All told, the network's program reaches 70 percent of Serbia's population. Another prominent Belgrade radio station is Radio Index.

Apart from government harassment, the main problem facing independent media in the FRY over the past decade has been making a profit. With the exception of BK Television and TV Pink, practically none of the independent media outlets are financially viable, and most, such as *Vreme* and Radio B92, depend on foreign donations to survive. Few radio and television stations are expected to survive the transition to a market economy. Most media outlets lack experience and skill in selling advertising, and a recent study found that over 50 percent of the estimated US$15

million spent on advertising in Serbia went to just two television stations.

Officially, Articles 36 and 38 of the FRY Constitution guarantee freedom of the press and prohibit censorship, with one stipulation: Media outlets enjoy these freedoms only if they are registered with the government. Independent or alternative media were frequently subjected to harassment during the Milosevic era, especially under the infamous 1998 Law on Public Media, which provided the government with a variety of weapons, including extensive libel provisions, for attacking them. The DOS government rescinded the 1998 Law on Public Media and drafted several important pieces of legislation intended to more clearly protect freedom of the press, including a new Law on Telecommunications, Law on Broadcasting, and Law on Public Information. However, factional disagreements in Parliament prevented these laws from being passed as of December 2002. Libel laws remain in the criminal code, but media analysts support current efforts to have them removed and incorporated instead into the civil code. One important effort by the new authorities to make up for the mistakes of the previous regime came in June 2001, when several independent media outlets were reimbursed for the huge fines the Milosevic regime had imposed upon them.

The main journalists organizations in Serbia include the Independent Association of Journalists (NUNS), which was founded in 1994 and has a current membership of 2,100. No information is available on the number of women within NUNS, but the president is a highly regarded female journalist from Belgrade. Other important professional journalistic organizations in Yugoslavia are the Association of Independent Electronic Media, the Association of Independent Print Media, and LOCAL PRESS, an organization of independent local magazines in Serbia. Information on the proportion of women in their membership is not available.

Montenegro and the provinces have their own state television services as well. The government has announced its intention to reform the state-run broadcasting system, with the goal of turning state-run TV and radio into public service broadcasters. Montenegro has 5 daily newspapers, several weeklies, and some 30 radio and television stations, the majority of which are privately owned. The most important newspapers are the pro-government *Pobjeda* (scheduled to undergo privatization soon) and *Vijesti* and the pro-opposition *Dan*. The most prominent Montenegrin news weekly is the Podgorica-based, privately owned *Monitor*. (Circulation figures for print media are unavailable, but, as throughout the Balkans, an estimated four to five people read every newsstand issue sold.) The most important television station is the state-run TV Crna Gora, whose signal covers the entire republic. Montena TV is another popular station. The most important radio stations include Radio Montena, Antenna M, and Radio Niksic. Media outlets from Serbia proper also attract a large audience among some segments of the population. Few privately owned media outlets in

Montenegro are financially viable. Poor financial management, unfair competition from state-run media, and limited advertising possibilities combine to make it difficult to turn a profit.

Legally, the media in Montenegro enjoy considerable editorial independence through the 1998 Montenegrin Law on Public Information, which guarantees the right of citizens to free speech, access to information, and the freedom to set up media enterprises. The law also stipulates that editorial policy is completely up to publishers and owners of these enterprises. Nevertheless, the government, political parties, powerful businesses, and other types of organizations have numerous ways of manipulating both state-run and independent media. These include releasing privileged information to more "cooperative" media enterprises and influencing the distribution of indirect state subsidies that are available to independent media. There is also a range of topics that journalists have been reluctant to cover in Montenegro, including corruption among state officials, smuggling, mismanagement, and abuse of power. Concerns over personal safety often result in a certain degree of self-censorship. Over the past several years, state-run media have assumed a more and more blatant pro-Djukanovic, pro-independence editorial position. This was especially clear during the April 2001 parliamentary election campaign, when pro-Djukanovic dailies such as *Vijesti* and *Pobjeda* were found to have "gravely violated journalism ethics." Similar problems arose with the state-run electronic media.

Libel remains a criminal offense in the FRY. Although there were no reported cases of the government using libel laws to harass the media in 2002, former Milosevic associates and some members of government individually took advantage of the low threshold defining libel to obtain court settlements against various media. In 2001, the Djukanovic regime in Montenegro made extensive use of libel laws, most prominently with the prosecution of the editor in chief of the daily *Dan,* who was sentenced to three months in prison for republishing a series of exposés, originally published by a Croatian news weekly, on Djukanovic's involvement in organized crime and cigarette smuggling. Among the major journalists organizations in Montenegro are the Association of Young Journalists, the Montenegro Media Institute, and the Union of Independent Media of Montenegro. Information on the number of women in these organizations is unavailable.

The Internet has become very popular in the FRY over the past decade. There were 13.38 Internet hosts per every 10,000 people in the FRY in 1999, and 20.7 personal computers per 1,000 people. Official statistics claim that 80,000 people have access to the Internet, but anecdotal evidence suggests the number is much greater. Limited access to the Internet is the result more of a lack of computers than of government restrictions. Many individuals have access to the Internet through academic and governmental in-

stitutions or through various business enterprises; according to some informal estimates, the total figure stands at approximately 300,000 people. Most larger towns and cities also have numerous "cybercafés."

Ethnic minorities in the FRY are generally considered to have adequate media in their native languages. In Kosovo and Vojvodina, there are RTS broadcasts in Albanian and Magyar, respectively, but the editorial slant had traditionally been pro-Milosevic. Yugoslavia also has print media for ethnic minorities, published in their native languages. Novi Sad's *Magyar Szo,* for example, is a Hungarian-language daily with an estimated circulation of 26,000.

Kosovo today has numerous media outlets. The province's approximately 90 television and radio stations are mainly privately owned. The most important of these is Radio-Television Kosova (RTK), the public broadcaster, which holds one television license and two radio licenses. Other important television and radio stations with licenses to broadcast provincewide include Radio-Television Pristina, KohaVision, and Radio Dukagjini. The main print media in the province include *Koha Ditore*, an Albanian-language newsmagazine edited by the well-known Albanian activist Veton Surroi; and *Koha Sot,* another daily that began publishing in 1998 and whose editorial line tends to fall between the more militant *Koha Ditore* and segments of the Albanian population who support Ibrahim Rugova, the head of the Democratic League of Kosovo. Kosovo currently has another 4 dailies and 11 periodicals. There are no Kosovo-based television stations for the Serb population, but RTS's signal reaches many parts of the province. A small number of Serbian-language news and information programs are produced in Kosovo.

With so many media for a relatively small population, most of the existing media in Kosovo are not considered viable in the long term. They likely will cease to exist once foreign donations run out. Since local journalists have little knowledge of the business side of managing media operations, sales and advertising are hardly developed, and there is considerable competition for what little advertising revenue is available. Of Kosovo's 17 print publications, only 2 (*Koha Sot* and *Koha Ditore*) are considered sustainable without foreign donations.

Under the current UN administration of Kosovo, UNMIK and the OSCE control much of the media environment in the province. Although media are generally editorially independent, most journalists feel that they are charged with supporting a political party or viewpoint and thus are unable to function as unbiased news reporters. Added to this is the fear many Kosovo journalists and editors have about investigating issues such as the widespread, endemic nature of organized crime. Legal protections for press freedom are guaranteed in various OSCE and UNMIK proclamations, such as the May 2001 Constitutional Framework for Provisional Self-Government. Nevertheless, many local Albanian journalists frequently express their

dissatisfaction with UNMIK or the OSCE in their handling of the media situation in the province. Kosovo does not enjoy a tradition of independent journalists organizations.

Koha Ditore established Kosovo's first e-mail system, Zananet, in 1994. By March 1999, there were four service providers in the province: Pronet (owned and managed by Albanians), Eunet, Co.yu, and the PTT. Prior to the NATO bombing campaign against Yugoslavia, Pronet's staff frequently had to hide its equipment from police raids. Pronet was estimated to be serving several hundred users. Radio 21, an independent Albanian radio station based in Pristina, also broadcast its reports via the Web. Currently, Internet access and usage in Kosovo are considered limited.

Freedom House rated Yugoslavia "Not Free" from 1991 to 1999 in its annual *Survey of Press Freedom*. Since then it has been rated "Partly Free."

Governance

1997	1998	1999	2001	2002	2003
na	5.00	5.50	5.25	4.25	4.25

The governmental system in the FRY has shown precious little stability over the past decade. During the Milosevic years, the FRY's political space slowly disintegrated into three separate entities, with Montenegro going its own way, Kosovo falling under international administration, and Serbia proper (along with Vojvodina) being held hostage to Milosevic's erratic and idiosyncratic rule. Assassinations of leading political figures became commonplace in the 1990s, and the corruption of public institutions became widespread. Although significant progress has been achieved since October 5, 2000, disagreements among different factions in the anti-Milosevic coalition over proper reform strategies for the country, together with continuing difficulties in reaching a meaningful agreement on the future of the federation with Montenegro, have significantly stymied progress toward improving governmental efficiency, capacity, and transparency.

Political forces close to Serbian prime minister Djindjic have favored faster reforms and have been willing to ignore legal and constitutional niceties to obtain results. The Djindjic camp has also tried desperately to avoid new elections, ostensibly because they would slow the reform process, but in reality because Djindjic and his allies would face political defeat at the polls. Forces closer to FRY president Kostunica, on the other hand, have favored a more evolutionary and slower approach to reform. The Kostunica camp has laid more stress on achieving a fundamental constitutional and political reform of Milosevic's system as a way of laying the groundwork for the evolution of a democratic polity and market economy. This strategy, however, has had significant drawbacks, not least being the

fact that slower reform has meant keeping more Milosevic-era cadres in positions of authority. It also forced Kostunica and the DSS to adopt a strategy of boycotts of Parliament and political obstruction, since they were unable to influence in any meaningful fashion Djindjic's chosen political and economic strategies.

As a result of the struggle for power between these two factions of the DOS coalition, many aspects of the reform process in the FRY came to a halt in 2002. Although Kostunica was by far the most popular politician in the country throughout the year, and despite the fact that Kostunica's DSS probably would have scored a notable success in parliamentary elections, Djindjic's skill at political infighting and controlling the Serbian government made him the country's most powerful politician, albeit one without democratic legitimacy.

A concomitant result of the Kostunica-Djindjic struggle for power has been the breakdown of political institutions governing the country. During the course of 2002, several events contributed to the instability. First, Serbia and Montenegro were unable to resolve their differences over the future of the Yugoslav federation. Second, neither republic was able to elect a new president. Third, the legitimacy of the Serbian National Assembly was brought into question when Djindjic dismissed the elected representatives of Kostunica's DSS from Parliament. Even the authority of the Yugoslav federal court system was brought into question by Djindjic's refusal to reinstate the dismissed DSS deputies. Thus, the executive, legislative, and judicial branches of government in the FRY all failed in 2002 to function with any degree of normality.

Legislative bodies in the FRY have not been effective rule-making institutions. The parliamentary systems in both Serbia under Milosevic and Montenegro under Djukanovic have generally assured that the legislatures provide rubber-stamp approval of executive decisions. With Milosevic's overthrow, however, the federal and Serbian legislatures began assuming a more prominent role in formulating and enacting legislation. President Kostunica's dedication to "constitutional legalism" made him more respectful of Parliament's authority, and in any case he did not have the power to rule as autocratically as Milosevic did. Similarly, in Serbia, the inability of any single political party to totally dominate political life as Milosevic's SPS had in the 1990s has meant that parliamentary deliberations have assumed more meaning and importance in the policy-making process.

Another legacy of the Communist and Milosevic eras is that the legislatures do not have established traditions of investigative and oversight authority of executive actions. Here again, however, Milosevic's overthrow has opened up possibilities for much more legislative freedom. Over the past year, legislative committees in the federal Parliament have been very active in overseeing government policy toward Kosovo and investigating various crimes and corruption involving the previous regime.

In Kosovo, UNMIK has almost unlimited authority to govern the province on the basis of UN Security Council Resolution (UNSCR) 1244 (June 1999), which made Kosovo an international protectorate. Most executive authority in Kosovo is vested in the special representative of the UN secretary-general, a post currently held by German diplomat Michael Steiner. The UNMIK special representative, however, must formulate policy by taking into consideration the interests of a variety of other parties, including the FRY, neighboring countries, the EU, the United States, and Russia. In May 2001, international officials and representatives of local Albanian parties agreed to a Constitutional Framework for Local Self-Government. (Serb political bodies refused to participate in the process to protest their belief that the process was leading to the independence of the province.) The constitutional framework established a Parliament of Kosovo, which in turn has the power to elect a president for the province. Several other important powers, such as those pertaining to the security environment and judicial review, remain the prerogatives of the special representative, who also has the right to overturn parliamentary decisions not in compliance with UNSCR 1244. This includes, for instance, any possible declaration of independence for Kosovo by the Parliament. The Kosovo Parliament was elected in November 2001, and over the course of 2002 most observers were disappointed with its performance. On several issues (such as a vote rejecting a border agreement between the FRY and Macedonia and an attempt to establish a special regime regulating relations with Albania), it has tried to adopt legislation that it is not legally authorized to do, and in each case the special representative has had to declare such moves null and void.

FRY parliamentary bodies, both at federal and republican levels, operate with some openness and transparency. Parliamentary proceedings are frequently televised live and sometimes draw large audiences. Draft legislation is published in newspapers and on government Web sites, and government officials make frequent appearances on TV talk shows to lobby for new policies. A new Law on Freedom of Information has been drafted but had not passed by the Serbian Parliament by year's end. In Kosovo, under UNMIK there is considerable public transparency and discussion about proposed legislation.

The constitutional and legislative environment regulating subnational levels of government in the FRY can be described most succinctly as being conflictual. Even in the post-Milosevic period, Montenegrin authorities continue to refuse to recognize the authorities of federal institutions. Under the FRY's federal structure, substantial power is decentralized to subnational levels of government, primarily the republics and, to a lesser extent, Serbia's two autonomous provinces, Vojvodina, and Kosovo (the latter of which is under UN administration). The republics enjoy all residual powers and authorities not specifically granted to the federal government by the Constitu-

tion. The republics themselves, however, are highly centralized. For instance, the republican Ministries of Education design school curricula and textbooks, which then have to be implemented throughout the republic. Similarly, prices for various utilities are determined at the republic level, not at the federal or municipality levels. Most important, control over police forces is the responsibility of the republics, and in both Serbia and Montenegro authority over these institutions is highly centralized.

Given this level of centralization, local (that is, municipal) governments in the FRY do not have many autonomous sources of revenue at their disposal. All told, local government spending accounts for only 10 percent of all government spending in the FRY (excluding Montenegro). Although municipal governments do raise some revenues autonomously, most rely on supplemental funding from the central government.

Civil servants in the FRY are on the whole competent and professional. However, as with much of the country, they have suffered from the general economic deterioration of the past decade, which has affected the government bureaucracy's ability to modernize with state-of-the-art computer technology. Another element of this problem is the fact that the Milosevic regime was very adept at co-opting members of the civil service. The general economic malaise of the country also has made it fairly common for civil servants to engage in bribe taking. Since core wages in the civil service are extremely low, as are salary differentials, it is difficult to keep highly skilled professionals in government service. Reform of public sector employment is considered a pressing issue.

RULE OF LAW

Constitutional, Legislative, and Judicial Framework

1997	1998	1999	2001	2002	2003
na	5.00	5.75	5.50	4.25	4.25

The FRY's official system of checks and balances comes in two forms: the division of powers between the federal government in Belgrade and the republican governments of Montenegro and Serbia; and the division of authorities among different governmental institutions at both the federal and republican levels. According the FRY Constitution, the federal government is responsible for maintaining a common market and foreign and defense policies. In reality, however, since 1997 the Djukanovic regime has de facto been running its own affairs. It also has stopped contributing to the federal budget, despite its legal obligations to forward customs duties and other taxes to Belgrade.

At both the federal and republican levels, there is formally a division of power among executive, legislative, and judicial branches of government. A legacy of the past 50-plus years of communism and Milosevic, however, is the accumulation of powers by the executive. Charismatic authority, centralized party discipline, and an unwillingness to compromise with the political opposition have provided leaders like Tito, Milosevic, and Djukanovic with powers far in excess of their constitutional prerogatives. Since Milosevic's removal, critics on either side of the Kostunica-Djindjic divide have been accusing the two men of setting up extraconstitutional parallel institutions of power to bypass normal channels of parliamentary procedure. In addition to this legacy of reliance on strongman rule, events in 2002 showed that behind-the-scenes maneuvering among rival political factions continues to be more important than open legislative debate and procedures in determining policy and setting forth the rules of the political game.

Since the fall of Milosevic, constitutional reform of both the federation between Serbia and Montenegro and of the Serbian republic itself has been among the most pressing issues on the political agenda. On March 14, 2002, under intense pressure from international mediators, the governments of Serbia and Montenegro and the Yugoslav federal government agreed to form a new, loosely knit common state to be known simply as "Serbia and Montenegro." Drafting the Constitution of the new state entity, however, dragged on to the end of 2002. The new state will have a unicameral legislature, a presidency, and a Council of Ministers (including five ministries: foreign affairs, defense, international economic relations, and protection of human and minority rights), but separate economic, fiscal, and monetary policies. Three years after final ratification, each republic will be allowed to hold a referendum on total independence. Early estimates of the chances for survival of the new state are not optimistic.

Serbian premier Djindjic's dismissal of parliamentary representatives of Kostunica's DSS provides an example of the confused legal and constitutional state of the FRY in 2002. Although the Yugoslav federal Constitutional Court ordered that the dismissed representatives be reinstated, the republican-level Serbian Constitutional Court ruled that the move had been legal. To make matters more complicated, due to a lack of judges this was the first ruling the Serbian Constitutional Court had made in over a year. With the DSS representatives dismissed from Parliament, however, Djindjic allies were able to vote in six new judges to the Constitutional Court, who promptly ruled in Djindjic's favor. Thus a deadlock ensued, as there was no higher judicial authority in the country that could resolve the dispute. (Djindjic did back down in November 2002 and allowed the DSS representatives to retake their seats following Kostunica's strong showing in the September-October rounds of Serbian presidential elections.) The case of the dismissed judges was indicative of larger-scale issues confronting the judi-

cial system in the FRY: continued political interference in the work of judicial organs, poor cooperation and coordination among judicial bodies and other branches of government, and the large number of incompetent, corrupt judges left over from the Milosevic era.

The Kostunica-Djindjic struggle manifested itself in several other aspects of public policy, such as reform of the criminal code and criminal law. Although a substantial amount of legislation has been passed on reforming the judicial system in the FRY, the political deadlock has prevented the implementation of many new laws. At the federal level, a new criminal procedure code came into effect in March 2002 that analysts say provides better guarantees to suspects and defendants in criminal proceedings. According to the new code, citizens may be arrested only after a judge has issued a warrant. Torture and other forms of cruel punishment are prohibited by Yugoslav law; however, there were reports of police beating detainees on a few occasions in 2002. The judicial system throughout the FRY is still plagued by an excessive backlog of cases, and it is not uncommon for it to take years to resolve cases brought before the courts.

The FRY Constitution provides for a strict separation of powers among the executive, legislative, and judicial branches of government (Article 12). Justices in the Yugoslav federal Constitutional Court and federal court and the federal public prosecutor are not allowed to belong to political parties (Article 42). In practice, however, on matters of political importance to the Milosevic regime the judicial system often acted as an adjunct of the SPS. When the DOS came to power, it launched a purge of the judiciary, and by March 2001 several leading judicial figures from the Milosevic era had been dismissed. Seventeen judges dismissed by Milosevic also were reinstated.

The Ministry of Justice has considerable influence on the legal system through its financial and administrative control over the courts. In practical terms the minister of justice is believed to have extensive control over the judicial appointment process. Public confidence in the court system is considered to be eroding based on the decreasing number of cases brought before the courts since the early 1990s.

In Kosovo, there is little judicial independence to speak of. Local judges are afraid to rule against the interests of powerful organized crime bosses or local political leaders (who are often one and the same) or to prosecute crimes against non-Albanian ethnic minorities. To overcome this problem, foreign judges have been brought in to try some cases, but investigations conducted against leading Kosovo Albanian politicians are frequently blocked by international officials at very high levels for fear that they could "jeopardize the peace process" or lead to retaliatory attacks against international personnel.

Court proceedings throughout the FRY are conducted in public, unless there is a perceived need to protect government secrets, public order, or public morality. An important exception to this rule is the military court

system, which operates with little transparency. According to the new Constitutional Charter agreed to by Serbia and Montenegro in 2002, the civilian judiciary is to take over the responsibilities of the military court system in the first half of 2003. Throughout the FRY, the state is obligated to provide public defenders for individuals unable to provide for their own legal representation. Accused persons also have the right to have court proceedings translated into their native language.

For much of the past decade, enforcement of judicial decisions has depended upon the consent of executive bodies. Since the courts rarely ruled against the interests of the Milosevic regime, law enforcement and security institutions did enforce rulings made by the courts. This general rule became more complicated, however, by the Djukanovic government's drive to increase Montenegro's autonomy from Belgrade. The federal Constitution declares that it is up to the constituent republican authorities to enforce decisions of the federal Constitutional Court; however, since the Djukanovic government stopped recognizing that Court's rulings, it has also refused to enforce any of its decisions.

The FRY Constitution guarantees Yugoslav citizens all human rights and civil liberties, regardless of ethnicity, race, gender, religion, or political creed, in accordance with international practice. Citizens are guaranteed freedom of assembly, a free press, the right to own property, and the right to engage in the profession or vocation of their choice. National minorities have the right to use their own language in educational institutions and in legal proceedings. Since the DOS's assumption of power, these rights have been recognized and respected. However, differences have been reported in the human rights records of Serbia and Montenegro, as the latter's security apparatus has been found to be "relatively clean...since 1995."

Kosovo's Constitutional Framework for Provisional Self-Government provides for all human and civil rights endorsed by most international conventions. In practice, however, ethnic minorities in Kosovo must deal with a considerable degree of oppression, which international officials believe is tacitly accepted or even sanctioned by local Albanian leaders. Freedom of movement for ethnic minorities in Kosovo is a particular problem that prevents them from participating in everyday activities such as finding employment, going to hospitals, and attending schools. This state of affairs is believed to contribute to the continuing outflow of ethnic minorities from the province.

Constitutional documents throughout the FRY have all the standard antibias and antidiscrimination laws, including measures protecting ethnic minorities and prohibiting discrimination on the basis of gender. Articles 44 to 48 of the FRY Constitution guarantee national minorities the right to education and information media in their native language, the right to form educational and cultural institutions, and the right to foster relations with

co-nationals outside the borders of the FRY. Article 50 renders unconstitutional the incitement or encouragement of national, racial, or religious hatred and intolerance. During the Milosevic era, these rights were frequently abused, but the situation has improved considerably under the new authorities. One symbolic indication of this has been the appointment of Rasim Ljajic, a Bosniac from the Sandzak region, as federal minister for ethnic minorities. Women's organizations have complained that during the period of nationalist mobilization, the rights of women as a group were frequently ignored. In many rural parts of Kosovo, medieval Albanian clan codes of conduct still allow women to be treated as chattel property.

In Serbia and Montenegro, traditional religious groups function freely, among them the Serbian Orthodox Church, the Roman Catholic Church, the Islamic community, the Jewish community, and several smaller Protestant and Evangelical organizations with long histories in the region. Restitution of church properties nationalized during the Communist period has yet to be resolved. Religious persecution has been a particular problem in Kosovo over the past decade. During the conflict in Kosovo in 1999, Serbian forces destroyed numerous mosques used by the Albanian community. In the period since NATO occupied Kosovo, over 100 Serbian Orthodox churches and other church buildings, including valuable medieval monasteries, have been destroyed or seriously damaged, and Serbian clergy are frequently the victims of public harassment outside of small Serb enclaves.

Corruption

1997	1998	1999	2001	2002	2003
na	na	6.25	6.25	5.25	5.00

Under the Milosevic regime, the FRY was considered one of the most corrupt states in the world. The DOS government came to power promising to quickly change this state of affairs, but the past two years have shown that corruption is so endemic, both in the FRY and in Balkan political culture, that tackling it will be a long, arduous process.

As a consequence of half a century of communism and a decade of Milosevic's rule, legal and ethical standards and boundaries between public and private sector activity in the FRY have been blurred considerably. In the past decade especially, activities such as black marketeering, illegal trade in hard currencies, employee theft, illegal construction, and bribery had all become so commonplace, public opinion polls showed that most citizens did not consider these activities to be serious moral or legal offenses. Many leading governmental officials in Serbia, such as the current minister of the interior, continue to directly operate their own businesses or to sit on the boards of various economic enterprises.

Much the same holds true in Montenegro. Many members of the political establishment in Montenegro, up to and including President Djukanovic, have well-known links to businesses and organized crime. Djukanovic himself is reported to have profited considerably from his ties to cigarette smugglers in the Balkans. In Kosovo, the situation is perhaps even worse. The intricate ties among the political leadership, the guerrilla leadership of the now formally disbanded Kosovo Liberation Army (KLA), and organized crime figures is so great that one U.S. military official serving in Kosovo remarked, "We call it a thugocracy. The Mafia, the politicians, and the so-called freedom fighters are all connected." UNMIK has yet to pass regulations requiring financial disclosure for public figures or disallowing conflicts of interest.

Prior to the DOS's assumption of power, financial disclosure laws for politicians did not exist; nor did laws on conflict of interest that would force them to declare gifts, investments, credits, and other sources of income. There are laws on the books prohibiting racketeering and other forms of organized crime; however, owing to the fact that such activities had become an integral part of the Milosevic regime's structure of rule, little effort was spent to thwart such activities. Similar problems have emerged in Kosovo as well, where international officials claim that the former KLA leadership is deeply involved in extortion, racketeering, smuggling, and kidnapping. Although international organizations such as UNMIK are trying to curb such abuses, lack of personnel and funds has made corruption in Kosovo difficult to investigate or control.

The fight against corruption has been prominent in post-Milosevic Yugoslavia. One of its primary thrusts has been reform of the customs service, which under Milosevic had been a major source of revenue for his cronies. This effort has included a thorough reform of the operating procedures of the Ministry of Customs, a purge of many of its officials, and a public awareness campaign carried out with the NGO Otpor named "Let's Return Dignity to the Customs Officer." The Serbian government has also cooperated with Transparency International (TI) in developing new legal regulations for public tenders, and the Belgrade director of TI is now a member of the working group for public tenders. The Serbian Ministry of Justice has instituted an ombudsman's office to protect citizens against arbitrary interference from government officials. The Serbian Chamber of Commerce is participating in anticorruption efforts by drafting proposals for streamlining and downsizing Serbia's bloated state bureaucracy. Finally, the Serbian government has formed a Committee for the Fight Against Corruption that includes members of prominent NGOs.

In 2001, corruption charges were brought against some 1,216 policemen. In 2002, a further 220 police officers were charged, and of these, 42 were convicted and 70 dismissed from active duty. Serbia has also formed 26 anticorruption teams to collect information through telephone hot lines.

There have been no major anticorruption cases against leading government officials of the DOS government since it came to power. There have been, however, investigations of individuals from the Milosevic regime, including the former president himself. In April 2001, the federal public prosecutor announced charges against Milosevic for a variety of crimes, including embezzlement of state funds, involvement in political assassinations, and electoral fraud. In October 2001, Serbian government officials announced criminal indictments against 47 other individuals associated with the former Serbian government for illegal expenditure of government funds.

Montenegro has also been engaged in what is on the surface a broad effort to put together an anticorruption legislative program, but the Djukanovic regime's deep involvement in various shady activities leaves many analysts skeptical of its true desire for reform. Measures recently undertaken to combat corruption include the passage of a law establishing an independent anticorruption agency. The political opposition in Montenegro, led by the SNP, has repeatedly called for an investigation of allegations of corruption against President Djukanovic, but his alliance's control of the Parliament has prevented serious work.

Given the size of the public sector in the FRY (approximately 60 percent of gross domestic product), the scope for corruption in the country during the Milosevic years was considerable. In public surveys from this period, respondents consistently claimed that customs officials and managers of socially owned or state-owned firms were among the most corrupt in Yugoslav society. A study completed in the first half of 2000 showed that one out of every five citizens in Serbia proper (that is, excluding Montenegro and Kosovo) claimed to have been asked for a bribe. One out of every four citizens claimed to have offered bribes on various occasions to doctors, potential employers, customs officials, and others. Overall, they believed that more than 75 percent of government employees were involved in some form of corruption. Surveys also indicated that business operators had to pay 1 to 10 percent of their yearly income in bribes. With Milosevic's overthrow, popular expectations that the DOS authorities will clamp down on corruption have been considerable. Some surveys show that up to 60 percent of the population considers a campaign against corruption to be among the main tasks confronting the new authorities, alongside healing the economy, resolving unemployment, reforming the health care system, and improving the state of interethnic relations.

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