



## Nations in Transit 2004 LITHUANIA\*

NIT RATINGS	1997	1998	1999	2001	2002	2003	2004
Electoral Process	2.00	1.75	1.75	1.75	1.75	1.75	1.75
Civil Society	2.25	2.00	2.00	1.75	1.50	1.50	1.50
Independent Media	1.75	1.50	1.75	1.75	1.75	1.75	1.75
Governance	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Constitutional, Legislative, and Judicial Framework	2.25	2.00	2.00	1.75	2.00	1.75	1.75
Corruption	NA	NA	3.75	3.75	3.75	3.50	3.50

### EXECUTIVE SUMMARY

Lithuania is a parliamentary democracy in which basic political rights and civil liberties are well secured and transfers of power are smooth. The Lithuanian authorities and people have remained committed to the sovereign state and the transformation of the economy into a market-based system since the country restored its independence in 1990. Press freedom is well established and protected. The civil sector is vibrant and growing. The legislative and judicial frameworks have been overhauled, and viable political parties—including members of the opposition—function at all levels of government. Corruption now poses the biggest challenge.

At the end of 2002, Lithuania was invited to join NATO and the European Union (EU). Since the beginning of the 1990s, Lithuania's strengthening relationship with the EU has meant a gradual liberalization of trade and the adoption of EU norms. Lithuania has established a functioning market economy and maintains strong macroeconomic positions. It is now the fastest-growing economy in the region, with fairly low debt and inflation levels, sound currency, and low interest rates.

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NOTE: Nations in Transit ratings 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 2004 ratings reflect the period January 1 through December 31, 2003. The ratings reflect the consensus of Freedom House, its academic advisors, and the author of this report. The opinions expressed in this report are those of the author.

In January 2003, Rolandas Paksas, leader of the fledgling Liberal Democratic Party (LDP), was elected president of Lithuania. Algirdas Brazauskas, leader of the ruling Lithuanian Social Democratic Party (LSDP), was reappointed prime minister and retained his cabinet. The outcome of the presidential election prompted the merger of the center-right parties—the Liberal Union, the Center Union, and the Modern Christian Democrats—into the Liberal-Center Union (LCU) to help secure victory in the 2004 legislative elections. This party merger and the establishment of the Labor Party by the wealthiest lawmaker, Viktor Uspaskich, marked the unofficial start of the October 2004 parliamentary elections. In 2003, Lithuania also completed reforms of the legislative and judicial frameworks that were initiated after the restoration of independence. In May 2003, Lithuanian citizens voted unanimously in a referendum for Lithuania’s accession into the EU.

**Electoral Process.** Rolandas Paksas defeated incumbent Valdas Adamkus in the second round of presidential elections in 2003. The election did not cause any major changes in government or policy. Yet Paksas’s adversarial relationship with the Parliament, caused mainly by his frequent changes of political affiliation, provoked some tension on the political scene. Various disputes relating to separation of powers and the leadership of top law enforcement agencies surfaced in the first months of the new presidency. In October 2003, Lithuania was shaken by allegations that tied the president, his top aides, and his biggest campaign contributor to organized crime. In mid-December, the Parliament initiated impeachment proceedings against the president on charges of divulging state secrets, illegally influencing privatization, and threatening national security. *Lithuania’s rating for electoral process remains 1.75.*

**Civil Society.** The rights of the independent civic sector are well established and secured in Lithuania. Civil society has been developing steadily in recent years, and the legal and regulatory framework for nongovernmental organizations (NGOs) has been improved. Grant-giving procedures and NGO management have been simplified, and many operational constraints have been removed. Yet certain restrictions and bureaucracy remain. Volunteerism remains underdeveloped. In 2003, Lithuania’s tax regime for private giving was overhauled. Lithuanian taxpayers may now allocate up to 2 percent of their income tax to public and private nonprofit entities; however, the traditional income tax deduction for private philanthropists was revoked. In March 2003, the concept of lobbying was expanded to include any actions by individuals or legal entities that influence legislative processes or express opinions about public policy issues. These amendments blurred the distinction between advocacy and paid lobbying and thereby minimized the scope for legitimate advocacy. *Lithuania’s rating for civil society stays the same at 1.50.*

**Independent Media.** The constitutional freedom to obtain and disseminate information is guaranteed and protected. The media are editorially independent and basically free from government interference. The government owns Lithuanian Radio and Television (LRT). Other media outlets, which represent a diverse selection of print and electronic sources of information, are privately owned and free of ownership concentration. The media continue to enjoy the highest degree of public trust. The use of the Internet is growing rapidly. In 2003, discussions intensified about the status and financing of the national broadcaster, LRT. The director-general of LRT resigned in March owing to growing political pressure. Private players have increasingly

criticized state funding of, and commercial advertising on, LRT as violating the principles of free competition. *The rating for independent media is unchanged at 1.75.*

**Governance.** The governmental system in Lithuania is stable. Elections and changes in government take place on the basis of established rules, and a system of checks and balances is in place. Legislative and executive authorities are subject to disclosure rules and function fairly openly, although the current government has limited public access to information and communication with the media. Civil service has been overhauled, but administrative reforms have been incomplete, and a comprehensive approach is needed to achieve more efficiency, responsibility, and accountability. Substantial power is decentralized to subnational levels of government. In January 2003, the Law on Local Government was fundamentally changed. Members of Parliament were banned from parallel work in local governments, and representative and executive powers in municipalities were separated. Mayors remained the heads of municipal councils, but their executive powers were delegated to the municipal council and administration. The Parliament started to debate a constitutional amendment in 2003 regarding direct elections of mayors—something that is supported on all sides of the political spectrum. *Lithuania's rating for governance remains 2.50.*

**Constitutional, Legislative, and Judicial Framework.** The constitutional rights to freedom of expression, religion, association, and property and business ownership are well established and protected. The Constitution provides for a separation of legislative, executive, and judicial powers, although there are problems in the division of the first two. Lithuania has completed a reform of the legislative and judicial frameworks. The court system has been modernized. A new code on civil procedure enforced in 2003 significantly simplified civil legal proceedings. A new penal code, penal process code, and penalty execution code were enforced in May 2003. The new penal code, which replaced the old Soviet code, redefined crimes and penalties and restructured pretrial investigation functions, but certain flaws may impede its proper implementation. The new penal procedure code provides for a faster completion of legal proceedings, investigations, and trials. A new labor code, enforced in 2003, liberalized certain employment regulations, although freedom of contract is still not fully recognized. Despite these reforms, numerous challenges remain toward improving the functioning of the legislature and the court system and securing equality before the law. *The rating in this category stays the same at 1.75.*

**Corruption.** Lithuania has a broad legal and institutional framework for fighting corruption. Executive and legislative bodies operate under audit and investigation rules. There are strict limitations on the participation of government officials in economic life. However, corruption is widespread, especially in the middle and lower tiers of government. The most vulnerable areas are courts, customs, public procurement, traffic police, and regulatory authorities. What is lacking is adequate enforcement of anticorruption legislation, including a national anticorruption program that recognizes prevention and deregulation as keys to fighting corruption. In May 2003, a new Law on Public Procurement was adopted to minimize opportunities for discretionary decision making and to enhance transparency in public procurements. In 2003, a chain of large-scale graft scandals in the judiciary, the diplomatic office, land-planning agencies, and, finally, the president's office reinforced concerns about the recurring cases of corruption and the government's inability to combat it. Amendments to the Law on State Service of July 2003

provided for the dismissal of state servants and the prohibition to work in state service for three years for abuse of official power and violations of ethics. *Lithuania's rating for corruption is unchanged at 3.50.*

**Outlook for 2004.** The major upcoming events in 2004 are Lithuania's accession to the EU in May, national elections to the European Parliament in June, and the national legislative elections in October. Despite progress made in fulfilling EU *acquis*, much remains to be done in adopting implementation legislation before accession into the EU. The parliamentary elections are likely to bring some changes in the country's political scene and government. It is anticipated that the ruling LSDP may fail to secure a majority in the next Parliament, while the LCU, the presidential LDP, and the newly founded Labor Party may be among the winners. A coalition government is the most likely. The outcome of the president's impeachment trial may have a profound influence on these developments. However, any radical shifts in domestic or foreign policy are unlikely.

## MAIN REPORT

### I. Electoral Process

Lithuania has a stable political system. There is public confidence in the electoral process, and the right to vote is universal. Elections are free and fair and are conducted by secret ballot. Half of the nation's parliamentarians are elected through multimandate proportional balloting, while the other half is selected in single-mandate constituencies. The threshold for legislative representation is 5 percent of the total vote. Electoral laws provide for equal campaigning opportunities, fair polling, and the honest tabulation of ballots.

Party life in Lithuania is vibrant, and citizens are free to form political parties or associations as long as their activities do not contradict the Constitution and laws of Lithuania. The Communist Party was banned after the failed coup d'état in Moscow in 1991. Until 2004 a party was required to have at least 400 members to be registered, and at the close of 2003 there were 37 political parties. All viable parties, including the opposition, function at all levels of government. After the 2000 elections, the Parliament included representatives of 13 parties, constituting 7 factions. Since June 2001, the Lithuanian Social Democratic Party (LSDP) and the Social Liberals have formed a ruling coalition and parliamentary majority. About one-third of Parliament constitutes the opposition.

On January 5, 2003, Rolandas Paksas—founder and leader of the fledgling Liberal Democratic Party (LDP)—was elected president in the second round of balloting in direct national elections. The elections did not cause any major changes in government. Paksas received 54.2 percent of the vote and defeated his rival, sitting president Valdas Adamkus, who gained 44.8 percent. Adamkus lost despite a first-round lead of 15 percentage points and support pledged to him in the second round by most of the other defeated candidates.

Unlike Adamkus, Paksas was guided by an active public relations campaign, which sometimes included promises that had no relevance to presidential powers, as noted by political commentators. His chief platform was to restore order and revive hope in Lithuania. Arturas

Paulauskas, who lost the 1997 elections by a narrow margin, ranked third among the 17 candidates with 8 percent of the votes. Presidential candidates must collect at least 20,000 voter signatures to register. To run for president, a candidate must be at least 40 years old, a Lithuanian citizen by birth, and a resident for the preceding three years.

Paksas, Lithuania's third president since the country regained independence in 1990, began his political career in 1997 when he was elected to the Vilnius City Council from the Conservative Party list. He then served twice as mayor of Vilnius and twice as prime minister—all for very short periods of time. During these years, he quit the Conservative Party and joined the Liberal Union. In spring 2001, Paksas left the Liberal Union and established the LDP. Criticism of Paksas focused on his frequent changes of political affiliation and weak support from other political forces. After the election, many of Paksas's chosen advisers were criticized as either incompetent or relatively unknown prior to their appointment.

Algirdas Brazauskas, leader of the LSDP, was reappointed prime minister and retained his cabinet with minor changes. However, the outcome of the presidential elections prompted the merger of the center-right parties. The Liberal Union, the Center Union, and the Modern Christian Democrats created the Liberal-Center Union (LCU) to help secure victory in the 2004 legislative elections.

In a May 2003 referendum, Lithuanian citizens voted unanimously for Lithuania's membership in the European Union (EU). Sixty-three percent of eligible voters cast their ballots, with 90 percent in favor of the membership and 9 percent against. At the close of 2003, the European Commission gave Lithuania the second-best grade of any accession country in making progress toward meeting EU standards. Lithuania will become a member of the EU in May 2004.

Various disputes dogged Paksas in the first months of his presidency in 2003. Paksas proclaimed that Lithuanian foreign policy would remain on its current course, but he was accused of violating the separation of powers in foreign policy matters. Tensions increased with allegations that the president's office and the LSDP attempted to have the Vilnius City Council oust Mayor Arturas Zuokas, the popular leader of the newly formed LCU. Political observers saw this as a plot to prevent Zuokas and his right-of-center bloc from winning the 2004 parliamentary elections. Also, allegedly at the behest of the president, the interior minister, Juozas Bernatonis, attempted to remove the popular police commissioner, Vytautas Grigaravicius, a move that provoked strident police and public protests across the country and led to the minister's resignation.

In October 2003, Lithuania was shaken by accusations that the president, his top aides, and his biggest campaign contributor—Russian-born Yuri Borisov—had links with organized crime and Russia's foreign intelligence service. The scandal broke as the security chief, Mecys Laurinkus, whose ouster had been prompted earlier by the president's office, submitted a report revealing these allegations to parliamentary chair Arturas Paulauskas. A special parliamentary commission, established to investigate possible threats to the national security, endorsed a report concluding that “the President has been and still is vulnerable.” The report found that Paksas had violated the Constitution and presidential oath on six counts. Paksas dismissed the numerous calls to resign from political leadership and civic groups and blamed the scandal on political

opponents. With the support of 86 members of Parliament, the legislature initiated impeachment proceedings on charges of divulging state secrets, illegally influencing privatization, and threatening national security.

A special impeachment commission of parliamentarians and lawyers was formed, and the investigation was scheduled to be completed by February 13, 2004. Given the president's adversarial relationship with the Parliament and the weak presence of the LDP among lawmakers, Paksas may face an uphill battle. A vote of 85 lawmakers is required to remove the president from office (versus 36 votes to commence impeachment proceedings). The investigation may be affected by the Constitutional Court ruling of December 30 that Paksas had violated the Constitution and presidential oath by granting citizenship to Yuri Borisov, who had lost Lithuanian citizenship the year before after receiving Russian citizenship. Observers note that the scandal has tarnished Lithuania's image in the international arena and is a test of Lithuania's democracy. In early December, Paksas's ratings plummeted from 48 percent to 18 percent, a record low according to the Baltic News Agency (BNS).

Lithuania's largest political parties represent a range of competing ideologies and platforms, but they are largely unanimous on most issues regarding the country's democratization process, transition to a market economy, and membership in NATO and the EU. Political discussions in recent years have focused mainly on EU-related issues, such as the sale of agricultural land to foreigners, which is strongly opposed by nationalist and small left-wing parties. Other debates have included the closure of the Ignalina nuclear power plant, the country's biggest energy producer, and topics of agricultural policy. Most of the smaller and less influential parties lack clear ideologies or platforms.

The LSDP, a highly experienced and disciplined political force led by former president and current prime minister Brazauskas, is the foundation of the left-wing bloc. The left-wing coalition proved victorious in the 2000 legislative elections by winning 51 seats in the 141-seat Parliament. Since June 2001, the LSDP has participated in a ruling coalition with the Social Liberals. They took office after the ruling center-right coalition of the Liberal Union and the Social Liberals—second- and third-place winners, respectively, in the national elections—proved unstable and relinquished power. The LSDP topped the opinion polls, and its victory in the December 2002 municipal elections confirmed its high level of public support.

The Social Liberals, led by parliamentary Speaker Arturas Paulauskas, is generally regarded as lacking a clear ideological identity and is believed to be dominated by its senior coalition partner. The party's ratings plummeted after a poor performance in the latest presidential and municipal elections. Paulauskas attributed this to a divided electorate, a divided coalition, and a divided party. Although some tension has strained the partnership, there are talks about dovetailing plans for the October 2004 parliamentary elections. However, some observers predict that the ruling left-wing coalition may fail to secure a majority in the next Parliament.

The establishment of the LCU in the spring of 2003 increased the efficiency of the right-of-center wing and strengthened the opposition. In 2003 the LCU had 24 members in the Parliament and ranked second in opinion polls. The establishment of the LCU continued a recent trend of party mergers. Since 2001, 11 parties have ceased to exist, owing mainly to mergers. The former

ruling Lithuanian Conservatives remain an influential opposition force. They regained their support in municipalities after the recent elections, coming in second overall. In June 2003, ex-prime minister Andrius Kubilius replaced Vytautas Landsbergis, the first and only leader of the party since it was founded in 1993. The Conservatives and the LCU are likely to cooperate in single-mandate constituencies during the 2004 elections. Former president Valdas Adamkus, the country's most popular politician, intends to work behind the scenes to bolster the center-right parties.

The fairly new LDP is aspiring to rival the old Lithuanian parties. However, it is labeled as a party without any concrete platforms or ideas whose existence is attributed solely to its charismatic founder, President Paksas. Observers have noted that the populist LDP has a good chance to be among the winners of the 2004 legislative elections, but the party is widely seen as "a wild card that makes any early predictions in the race all but impossible," reports the *Baltic Times*. Moreover, the party's future is now largely dependent on the outcome of the president's impeachment proceedings.

The latest example of a personality- rather than ideology-led party is the Labor Party, established in October 2003 by Viktor Uspaskich, the wealthiest member of the Parliament and a member of the parliamentary faction of the ruling Social Liberals. The Labor Party has declared a centrist orientation in order to work with any other currently existing political party. Its platform has therefore been labeled by some observers as vague and populist. Observers compared the party's instant popularity to that of the LDP during the time of its founding in early 2002 by Paksas, who one year later was elected president on a platform similar to that of Uspaskich's Labor Party. A coalition between the fast-rising Labor Party and the LSDP or the LCU is possible after the 2004 elections.

The municipal elections, initially scheduled for spring 2003, were conducted along with the first round of presidential elections in December 2002. The opposition severely criticized these joint elections as antidemocratic and politically motivated to secure the dual victory of the ruling parties. A total of 26 parties ran for 1,560 seats in municipal councils, and 22 received representation. The ruling LSDP came out on top, with 21.3 percent of the vote and 332 seats. The opposition Lithuanian Conservatives ranked second, with 12.4 percent and 193 seats. The Union of Farmers and New Democracy Parties (a single party) was third, with 12 percent and 190 seats. The Liberal Union and the Center Union followed with 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 each.

Low party membership and voter turnout reflects a public that is not engaged in political life. About 2 percent of Lithuania's 3.5 million people belong to political parties. Voter turnout has been fairly steady, with higher indicators for presidential elections. (Elections are valid if voter turnout is not less than 40 percent.) During the most recent presidential and municipal elections, voter turnout was 54 percent, compared with 74 percent in the 1997 presidential election and 56 percent in the 2000 parliamentary election. Ethnic and other minority groups can participate freely in the political process. Of the 37 registered parties, 4 represent ethnic minorities. One, the Union of Russians, joined the LSDP in the 2000 elections and formed part of the parliamentary majority. A lack of public confidence in political parties and state institutions is the main reason

for the public's apathy toward political engagement. Political parties and the Parliament appear at the bottom of the popularity list of public institutions, according to *Lietuvos Rytas*.

## **II. Civil Society**

The rights of the independent civil society sector in Lithuania are well established and protected. Article 35 of the Constitution guarantees the right to freely form societies and associations, provided their aims and activities are lawful. Nongovernmental organizations (NGOs) have developed steadily in recent years, with significant improvements in the legal and regulatory framework for civil society groups. However, certain excessive constraints and bureaucracy remain. Volunteerism is a rare form of NGO support, mainly because Lithuania lacks a strong tradition of independently donating one's time to a cause; indeed, regulations even discouraged it until recently. State and municipal governments are now discussing how to involve NGOs on a wider scale.

Until 2004, there were four specific types of NGOs—membership-based associations, societal organizations, property-based public institutions, and charity and sponsorship funds (foundations)—regulated by four specific laws. In December 2003, a new Law on Charity and Sponsorship Funds was passed. A new Law on Associations replaced two previous laws by combining the concepts of associations and societal organizations. This new law will be applicable to 10,000–11,000 of Lithuania's 15,000 nonprofits. The biggest improvements are that associations will now be allowed to engage in commercial activities and management requirements will be eased significantly. Charity and sponsorship funds will no longer have to hire paid administrations, but they will be subject to more restrictions regarding the use of their property and funds. Despite these improvements, experts still insist that a single law on nonprofit organizations is the best solution.

The Non-Governmental Information and Support Center (NISC), a charity and sponsorship fund established in 1995 by the Open Society Fund–Lithuania, has been a major catalyst in transforming the Lithuanian NGO sector through networking and sharing information. In 2003, about 12,000 NGOs were registered in Lithuania. In February 2003, 1,505 societal organizations and 508 charity and sponsorship funds were registered with the Ministry of Justice. Sports and cultural societal organizations dominated. Most foundations were devoted to juvenile or cultural activities. There are fewer active NGOs: a NISC database contained information about 2,500 actively working NGOs in 2000. Most NGOs are registered in the largest cities, but regional groups constitute the bulk of functioning organizations.

Regional NGOs are growing in number. According to the Women's Information Center, for example, there are about 100 women's organizations, of which 41 were established in the five largest cities. Women's organizations are the most numerous, but ethnic groups are quite active in the country's civic and cultural life as well. The Russian community, for example, has 60 NGOs engaged in cultural activities. There are no actively extremist or intolerant institutions. The charitable activities of religious communities mostly include caring for the elderly, orphans, and the disabled. The Catholic Church runs a number of parish homes for elderly residents.

Public awareness about civil society groups remains rather low in Lithuania. Opinion polls show that 16.4 percent of the population donated to charity in the past two years, according to the polling agency SPINTER Rinkos Tyrimai, while 60 percent of Lithuanians said they did not earn enough income to give to charity. Volunteerism is underdeveloped. Until recently, in fact, volunteers could even be treated as illegal employees. Regulations for voluntary work at private or public nonprofit organizations were adopted only in December 2001, while legitimate tax-deductible volunteer expenses were approved in May 2002. Still, the regulations placed some excessive bureaucratic constraints on voluntary work. A Volunteer Center, established by NISC in February 1998, seeks to raise the public's perception of volunteerism, to attract and train people who wish to donate their time to specific causes, and to improve the legal status of volunteers.

The organizational and managerial capacity of NGOs has improved considerably in recent years. Efficient project administration, good management, and constituency building are increasingly viewed as key elements of sustaining an organization. It is also more common for NGOs to have permanent staffs and to recruit volunteers. NGOs are beginning 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 pose constraints. Likewise, advocacy remains an abstract concept for many groups at both national and local levels. NISC and other groups provide a number of technical, consulting, and training services. Information on NGO management is available in the Lithuanian language. The NISC Web site contains various guides to philanthropy, fund-raising, application writing, and other topics. The NISC library contains about 1,300 books and publications on NGO matters.

There are no serious obstacles to registering NGOs in Lithuania. All NGOs are able to acquire and own property. Donating to NGOs is regulated by the Law on Charity and Sponsorship. Grant-giving procedures and reporting were simplified, and anonymous giving was legitimized in 2001. The new laws on associations and charity funds will bring further managerial and operational improvements. Lithuanian NGOs may raise funds both domestically and overseas, but most groups lack permanent sources of income and sufficient fund-raising capabilities. NGOs also may bid for government contracts, including social, economic, and environmental services. However, this practice remains rather uncommon owing to a complex administrative process.

Starting in 2003, Lithuanian taxpayers may allocate up to 2 percent of their income tax to private or public nonprofit entities, but the traditional income tax deduction for private philanthropists was revoked. The "2 percent option" caused some controversy. Although this amendment will help reduce budget redistribution and allow taxpayers to support civic initiatives of their own choice, some worry that it threatens to distort philanthropic relationships and damage the reputation of NGOs. According to some observers, philanthropy may come to be associated with coercive tax collection, and voluntary giving may be discouraged. Also, there is room for narrow individual and group interests to abuse the new provision, which in turn may prompt tighter regulation of NGOs.

Public opinion polls show that 60 percent of society would use the 2 percent option to support NGOs, specifically educational, social, and health care initiatives, reports SPINTER Rinkos Tyrimai. In September 2003, the Parliament began debating a proposal to restore the tax deduction for individual charity donations. Legal entities can donate up to 40 percent of their annual taxable profits. In March 2003, the Parliament adopted a controversial amendment to the Law on Charity and Sponsorship allowing state-owned companies to donate money to charity as well. The parliamentary Anticorruption Commission and the opposition say this provision will invite corruption.

Citizens are free to form and join trade unions, which exercise broad powers. Unions sign collective agreements with employers on behalf of all employees, and the new labor code, enforced in 2003, requires all employers to comply. The Lithuanian Confederation of Trade Unions, the Lithuanian Labor Federation, and the Employees' Union are coalitions of labor groups. Industrial restructuring, privatization, and bankruptcies of large state-owned enterprises have adversely affected the trade union movement. Despite that, the proportion of workers belonging to trade unions has grown to about 15 percent, reports *Respublika*. In 2003, there were about 150 professional organizations, up from 80 in 2001. The largest trade unions are in construction, the food and chemical industries, and the energy sector.

Interest groups may take part in the political process through policy advocacy, counseling, and lobbying. Business associations and trade unions are the most active and influential players. The Lithuanian Industrialists Confederation is the leading advocacy group. Public hearings and joint task forces are being used to a greater extent. However, government cooperation and consultation with NGOs is not yet fully established. The media are receptive to independent public policy groups as reliable sources of information, but media coverage of other civil society organizations is not wide.

In March 2003, the legislation that regulates lobbying was amended. The concept of lobbying was expanded to embrace any actions of individuals or legal entities that are aimed at influencing legislative processes. Thus, lobbying regulations can now be applied to any publicly aired opinions on legislation or policy research. Since Lithuanian law does not regulate policy advocacy per se, these amendments blurred the boundaries between paid lobbying and advocacy. As a result, independent public policy groups may feel forced to register as lobbyists or to hire registered lobbyists to express their opinions. Experts note that this new broad interpretation of lobbying may discredit and disrupt advocacy groups and weaken the foundations of Lithuanian democracy.

### **III. Independent Media**

The constitutional freedom to “seek, obtain, or disseminate information and ideas” is guaranteed and protected in Lithuania, provided it does not “impair the rights and interests of other people.” The media in Lithuania are editorially independent and free of government interference; publications can be closed and journalists penalized only by court order. Journalists are also protected against physical attacks by state and nonstate actors.

The government owns Lithuanian Radio and Television (LRT) and a minority share in the Lithuanian news agency ELTA. Other media outlets are privately owned by numerous interests. Major media outlets are financially viable. Polls indicate that the media continue to enjoy the highest degree of public confidence, reports *Lietuvos Zinios*.

Private media comprise a diverse selection of print and electronic outlets. There are five national daily newspapers, including *Lietuvos Rytas* (with a reported circulation of 60,000), *Kauno Diena* (40,000), *Respublika* (35,000), *Vakaro Zinios* (65,000), and *Lietuvos Zinios* (15,000). The most popular dailies are *Lietuvos Rytas* (52 percent of readership), *Vakaro Zinios* (34 percent), and *Respublika* (24 percent), according to fall 2003 data from TNS Gallup. 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 established out of a former Soviet company.

Two public radio stations and more than 10 commercial stations operate nationwide. The state-run Lithuanian Radio enjoys the largest audience, with about a 21 percent share in fall 2003. Other popular radio stations are M-1, Russkoje Radio Baltija, Pukas, Lietus, and Radiocentras. There are 4 national commercial television stations and about 20 regional televisions. TV3 and LNK are the leading national broadcasters, capturing about 30 percent and 27 percent of viewers, respectively, according to December 2003 data. LTV (12 percent) and TV4 (9 percent) follow. In late 2003, LNK was bought by a Lithuanian concern, MG Baltic, which also holds a majority share in ELTA. This provoked talks about heightened consolidation of media ownership among a few influential business groups.

The government exerts some pressure on the national broadcaster, LRT, through budgetary controls. And politicians occasionally criticize LTV's commentary on political issues. In 2003, discussions intensified about the status and financing of LRT. Private TV channels have increasingly complained that LRT receives state funding and generates income from advertising, thus violating the principles of free competition. By law, a subscription fee for LRT was scheduled to be introduced in 2003, but this unpopular decision was postponed until 2005. In March 2003, LRT director-general Valentinas Milaknis resigned under "growing political pressure" and "constant attacks from politicians that paralyzed the operation of LRT," reported *Lietuvos Zinios*. Proposals to the Parliament have suggested raising the number of LRT council members appointed by civic organizations to prevent the influence of "political conjuncture" on the national broadcaster, according to the Baltic News Agency.

In February 2003, a scandal broke out regarding a campaign of intimidation by state authorities against the *Respublika* press group. Evidence surfaced that the State Security Department had been instructed to "deal with" the *Respublika* group and its owner, Vitas Tomkus. Video was broadcast on one of the TV channels showing a security agent trying secretly to persuade a TV journalist into revealing compromising information on the *Respublika* group. Also, over a period of several months, extensive tax inspections of all companies related to the daily newspaper *Respublika* were conducted. The World Association of Newspapers expressed its serious concern about "an apparent campaign of harassment" against the independent press and called on the Lithuanian president to take measures to halt these activities. The scandal ended with the

resignation of the security agent, who admitted to having acted on his own and exceeding his powers.

Journalists and media outlets are free to form their own professional associations, among which the Journalists Union is the most prominent. The Commission on the Ethics of Journalists and Publishers, the Office of the Inspector of Journalists' Ethics, and the LRT Council function as supervisory institutions. Most influential media representatives act in accordance with the ethical code of journalists and publishers. Attempts in 2000 to establish an ombudsman's office to control the media failed.

According to the Lithuanian criminal code, libel or the dissemination in print of false information defaming a person can result in a fine, two years in prison, or two years of penitentiary labor. However, there have been few cases of such punishments against journalists. By a 2002 decision of the Constitutional Court, journalists must reveal their sources upon a court order, but a ruling is required in all cases to determine whether concealing a source violates the law. The Constitutional Court also protects the media's right to publish information about a public figure's private life if it reveals facts important to society and does not cause the individual harm.

The public enjoys unhindered Internet access, which is growing rapidly. In early 2003, about 6 percent of Lithuanians were connected to the Internet, up from 2 percent in late 2000, according to Statistics Lithuania. The level of Internet usage is expected to double next year owing to new marketing campaigns by telecommunications companies. The Internet is being used more often in political and cultural debates. Some of the most popular information portals are [www.delfi.lt](http://www.delfi.lt) (targeting the Baltic states), [www.google.lt](http://www.google.lt), [www.takas.lt](http://www.takas.lt) (the Web site of Lithuanian Telecom), [www.lrytas.lt](http://www.lrytas.lt) (the Web site of the *Lietuvos Rytas* daily), [www.sala.lt](http://www.sala.lt) (the portal for radio station M-1), and the Web sites of the news agencies ELTA and BNS. A Law on Electronic Communication is in preparation, and in March 2003 legal regulations were adopted detailing self-regulating mechanisms for the electronic dissemination of information. These are derived from other Lithuanian regulations, such as the Law on Public Information, which apply to the press, radio, and television.

Freedom House's annual *Survey of Press Freedom* has rated Lithuania "Free" since 1994. In 2003, Reporters Without Borders ranked Lithuania 17th among countries with a free press. The U.S.-based Institute for Public Relations ranked Lithuania 17th for press honesty.

#### **IV. Governance**

The governmental system in Lithuania is stable. The nation's Constitution and laws provide for elections and changes in government, aided by a well-functioning system of checks and balances. Policy changes are made on the basis of established rules. Lithuanian law provides for the disclosure of official documents and the imposition of sanctions such as no-confidence votes and impeachment. Self-policing mechanisms such as ethics committees are also well established. Substantial power is decentralized to subnational levels of government. Lithuania has one level of local government, which includes 60 municipalities led by elected councils, and 10 regional administrations governed by central appointees. The civil service system was overhauled in

2002. The responsibilities and oversight of civil servants are defined by law. Yet comprehensive administrative reforms are still needed to enhance efficiency, responsibility, and accountability in public administration.

The Parliament operates openly. Bills and other legislation are posted on the Internet—from introduction through adoption. The practice of public hearings is being used to a greater degree in parliamentary committee debates. Also, authorities are beginning to use the Internet more widely to encourage public discussion on important national strategies and programs; however, these efforts are not yet systematic or properly focused. The 2000 Law on Public Information establishes freedom of information and requires that it be truthful, accurate, and impartial.

Although legislative and executive authorities are becoming more open, draft legislation is not always readily available to the public. A recent draft budget proposal, for example, was not made public until it was submitted for parliamentary debate. New regulations are often adopted without prior notice or public scrutiny, although executive authorities are required by law to announce policy proposals on the Internet. The principles of strategic planning and program budgeting are endorsed, but full transparency is lacking.

The current government provides limited public access to information and communication with the media. Cabinet sessions take place behind closed doors, and since July 2002 the government has ceased the once regular release of draft decrees and other documents to the public, NGOs, and the media. Journalists and reporters may communicate with cabinet members only in a remote press hall in the government's building, instead of a room near the cabinet hall where they used to conduct interviews. Direct radio broadcasts of cabinet sessions have been terminated.

At the municipal level, officials are elected in general elections. Candidates can run for local government seats through party lists only. The tenure of municipal councils is four years, and these elected councils appoint mayors. The 2003 election of the mayor of Vilnius, which occurred amid political battles, intensified calls on all sides to establish the direct election of mayors. This prompted parliamentary debate on a constitutional amendment that would allow citizens to vote directly for local candidates of their choice, regardless of party affiliation. Opinion polls show that the majority of Lithuanian citizens are in favor of direct elections, reports *Kauno Diena*.

In January 2003, Parliament changed the Law on Local Government to comply with a 2002 Constitutional Court ruling that found the authorities in municipal councils in violation of accountability and subordination principles. Specifically, the ruling said that members of Parliament could hold only one post and could not serve concurrently on municipal councils, while mayors were forbidden to serve simultaneously as heads of municipal executive authorities and as leaders of elected municipal councils. Thus, the Parliament banned its members from parallel work in local governments and separated representative and executive powers in municipalities.

With regard to the latter, mayors remained the heads of municipal councils, but their executive powers were delegated to the municipal council and administration, led by a director who is appointed by the council at the suggestion of the mayor. The director of administration is now

responsible, among other things, for administering municipal funds and implementing decisions of the council. The press labeled the new model “municipal revolution.” Opposition right-wing parties and local governments opposed it, arguing that elected mayors, not appointed functionaries, should exercise real power in local governments. It was also noted that the new model and limited powers of mayors would make direct elections of mayors meaningless.

The responsibilities of local government are delegated as independent functions and duties. These include municipal development, primary and secondary education, primary health care, environment protection, social assistance, and public utilities. 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. The government program for 2001–2004 anticipates further decentralization of state governance. Oversight of the agricultural sector was recently passed from regional administrations to municipalities. However, municipalities will perform these functions on behalf of the state and with state subsidies—hardly a strong sign of decentralization. Municipal governments generally lack sufficient funds to meet their financial obligations, owing to mismanagement and the expansion of local government authority. Municipalities can transfer funds among categories, with the exception of delegated functions. The bulk of municipal revenues are raised and transferred by the central government, and changes are negotiated between municipalities and the central government and approved by the Parliament. Approximately 50 percent of municipal revenues come from personal income tax, roughly 20 percent from central budget subsidies, and the rest from local fees and dues. The fiscal capacities of local governments are equalized according to expenditure-need projections.

Civil servants are divided into four categories: career, politically appointed, institutional heads, and acting (or temporary). The ongoing reforms of the public service system notwithstanding, civil servants are often criticized for lacking competence. The professional skills and managerial abilities of local officials vary significantly across municipalities. Civil servants are frequently inclined toward excessive interventionism and are affected by political connections and cronyism. These factors—coupled with slow reforms, entrenched bureaucracy, and corruption—explain the high degree of public mistrust of government. As public opinion polls show, about half of the public do not trust municipal governments and even more do not trust the central government, reports the market research and public opinion company Baltijos Tyrimai.

In August 2003, the government approved a civil servant code of conduct that establishes the principles of ethical, loyal, and honorable state service, as well as a legal mechanism for punishing ethics violations. The code will fill the existing legal vacuum that has caused difficulties in judging both norms of conduct and violations of ethics. Yet critics charge that the code will prove futile because it is too vague and abstract and lacks an adequate enforcement mechanism.

## **V. Constitutional, Legislative, and Judicial Framework**

Lithuania has completed reforms to the legislative and judicial framework that were initiated after the nation regained independence. All codes, including the civil and civil procedure codes, the penal and penal procedure codes, and the labor code, have been overhauled. The court system

has been modernized. A post-Communist, democratic Constitution, adopted by referendum in October 1992, provides for the separation of legislative, executive, and judicial powers, with some difficulties in the division of the first two.

Constitutional rights, including freedom of expression, religious freedom, freedom of association, and the right to own property and businesses, are guaranteed and well established. The Constitutional Court, which in 2003 celebrated its 10th anniversary, adjudicates legislative constitutionality and has proved to be an independent, powerful, and reliable guardian of constitutional rights. Despite these reforms, work still needs to be done to secure equality before the law.

Freedom of religious conviction, freedom of expression, freedom of association, and the rights of ethnic minorities are the most protected. The human rights situation in Lithuania is “very good in the world context,” according to a 2001 survey commissioned by the United Nations Development Program. In the region, Lithuania is notable for the performance of its ombudsmen, but property rights are not yet adequately protected and enforced. Lithuania’s inclusion under the jurisdiction of the European Court of Human Rights and the process of adopting EU *acquis* have further accentuated these problems. Employment relationships and the freedom of contract are somewhat restricted.

Lithuania’s various religious communities are vital, autonomous social institutions and represent more than 30 religious denominations. About 70 percent of Lithuania’s inhabitants consider themselves Roman Catholic. The second largest religious group is the Orthodox Church. The Lithuanian state recognizes nine religions as traditional. By law, nontraditional religions can be officially recognized by an act of Parliament if they maintain public support and do not violate public laws. As a result, there is a four-tier system of traditional, state-recognized, registered, and unregistered religions. Both traditional and state-recognized religious communities can receive state subsidies and do not pay social and health insurance contributions for clergy.

Although the legislature is the official rule-making institution, approximately two-thirds of bills are prepared by the government. Delegating lawmaking powers to lower-tier executive authorities is widespread, leading to arbitrary law enforcement and abuses of official power. The legislature is frequently criticized for overregulation and interventionism, and the high volume of often inconsistent legal acts is a serious complaint. These flaws result from adopting laws chaotically and hastily, before state objectives are clearly defined.

There is in fact an established methodology for drafting new laws and replacing existing ones—requiring a rationale for adopting a new law, an impact analysis, and an analysis of international legal norms. Yet compliance with this methodology is poor. There are also delays in formulating secondary legislation caused by executive authorities who fail to keep pace with a quick and prolific legislature. A lack of competence among lawmakers and kowtowing to narrow-interest groups are other frequently cited problems. These flaws cause legal collisions with the Constitution. Over the past 10 years, the Constitutional Court has found 233 cases where legal acts or their provisions were deemed unconstitutional. Laws are frequently amended immediately following their adoption, diminishing the stability of the legal framework.

The Constitutional Court resolves conflicts between the Constitution and legal acts. It also defends basic human rights against interference and overregulation by legislative and executive authorities and the president. The court settles disputes between the legislative and executive branches, deciding about 20 cases annually. Appeals from lower-tier courts account for 70 percent of all cases lodged with the Constitutional Court, according to *Kauno Diena*. The chair of the legislature, the chair of the Supreme Court, and the president each nominate one judge to the court.

Formally, all citizens are equal before the law, but in practice different principles are frequently applied to specific areas or interest groups. The principle of equality before the law is frequently affected by political considerations. For example, a constitutional amendment adopted in January 2003 allowed Lithuanian legal entities and foreigners to purchase agricultural land in Lithuania. (Foreigners will obtain this right seven years after Lithuania joins the EU.) However, a supporting legal document, called a “safeguard law,” has imposed restrictions on property rights. It places limits on the amount of purchased land allowed and sets residential requirements and qualifications for landowners. Such safeguards contradict the principles of equality before law, freedom of movement, and freedom of economic activity. The opposition opposed this law as unconstitutional.

A new civil procedure code, introduced in 2003, has significantly eased civil legal proceedings. A new penal code came into effect in May 2003, along with a new penal procedure code and the penalty execution code that Parliament approved in 2000. The new penal code replaced the old Soviet penal code, adopted in 1961. The new penal code divides unlawful activity into crimes and criminal offenses (a new concept) and prohibits prison sentences for the latter. The new provisions are designed to prevent unjustified imprisonment and to tighten responsibility for repeated crimes.

Notably, criminal penalties in Lithuania have been among the strictest and the number of prisoners among the highest in Europe. The new penal procedure code is tailored to speed up investigations and trials. Judges will now be more involved in the pretrial stage of investigation. The new penalty execution code removed some excessive restrictions on the rights and liberties of convicts and improved the mechanism for filing and investigating their complaints.

However, both experts and the judiciary admit that the new codes contain serious flaws that will impede their proper implementation. Redefining crimes and the changes in applicable penalties is expected to cause the most difficulty. One of the biggest novelties causing some confusion and uncertainty is the delegation of pretrial investigations to police officers. The legal qualifications of many police officers, especially interrogators, are inadequate for performing this function. It is feared that these defects will increase the workload of courts.

The presumption of innocence and the right to a fair and public hearing are guaranteed by law and secured in practice; the state must provide public defenders. Criminal investigations and trials are frequently protracted, and court hearings are lengthy. However, tighter control of investigations at courts has helped to reduce the number of protracted cases fourfold in the past few years. The new penal procedure code is expected to finally bridge these gaps. Although the legal framework secures an adequate protection of suspects and prisoners, there are some

concerns over detention without trial, arbitrary arrests, and other prison abuses. The lockup conditions of police detainees are inadequate, and overcrowding at Lithuanian prisons is a serious problem. Most of the complaints received and investigated by the state ombudsman during 2002 concerned correctional matters and living conditions while in custody.

The government has no formal control over court decisions except in matters of technical support. A new Law on Courts, adopted in early 2002, created the proper legal basis for an independent judiciary. It prohibits interfering in the financial, material, and technical conditions of courts, except if Lithuania's general economic and financial situation deteriorates. This law filled a legal vacuum dating to a 1999 Constitutional Court decision that voided much of Lithuania's court law.

Judges receive adequate legal training before assuming the bench. Yet the quality of court performance, especially the work of lower-level courts, has raised concerns. Statistics show that 30 percent of rulings passed by circuit courts are corrected by higher courts. The new Law on Courts will likely improve the quality of court performance. A broad examination of judge candidates and a flexible system of upgrading professional qualifications are in place. Overall, the quality of court performance has been affected by administrative inefficiency. Although the legal workload of judges has grown dramatically over the years, court chairs and district and circuit court judges still perform numerous administrative and technical functions. The position of court chancellor, introduced in 2002, has not been established in all courts.

The president nominates, and the Parliament approves, the chair and judges to the Supreme Court and the court of appeals. A recent study by the Open Society Fund–Lithuania concluded that the president and Parliament have played a symbolic role in approving or appointing judges or moving them to higher positions. It is noted that the prime minister and cabinet, which under the Constitution are responsible for the formation of the court system, fail to fulfill this function properly. Unlike judges and chairs of other courts, the judges and department chairs on the Supreme Court are appointed and dismissed at the recommendation of the chairman of the Supreme Court rather than the Court Council. Critics charge that this may increase judges' dependence on the chair of the Supreme Court.

The president appoints district court judges. The country's prosecutor-general is appointed and discharged by the president upon approval of the Parliament. Court chairs, court department chairs, and deputy court chairs are appointed for one term. The number of terms is not limited. Circuit court judges are first appointed for five years and then until 65 years of age. The first term is considered too lengthy, as judges may feel forced to accommodate the interests of both the government and the judiciary.

To increase transparency, the Court Council approved procedures and criteria in February 2003 for evaluating candidates for judicial posts. A selection commission composed of various tiers of government was established. Experts claim that the commission's independence was not properly secured, as five out of seven members were appointed by the president, the parliamentary Speaker, and the justice minister. Also, apart from evaluating a candidate's legal work record, the evaluation criteria for selecting judges are too abstract.

Most judges rule fairly and impartially, but public mistrust of judges is high. Courts continue to appear at the bottom of the popularity list in public opinion polls, reports *Kauno Diena*. Lower-tier courts are trusted the least. Corruption, protraction of trials, a lack of respect for trial participants, and organizational disorder are the main factors that have undermined public confidence. Politicians and the media also distrust the judicial branch. As a result, judges work in a hostile atmosphere. Yet statistics show that a very small percentage of verdicts are appealed.

The judiciary in Lithuania is increasingly accused of becoming “a closed system” and “an absolute and completely unaccountable government,” according to the Open Society Fund–Lithuania. Indeed, the law does not establish any form of accountability for the judiciary, and there is no system for evaluating the performance of judges. The Court Council has established a task force to address some of these issues in the face of mounting criticism.

## **VI. Corruption**

Lithuania has a comprehensive legislative and institutional framework for combating corruption. Executive and legislative bodies operate under audit and investigation rules. There are strict limitations on the participation of government officials in economic life. Yet corruption is a systemic problem in Lithuania, present in all layers of state governance and public administration, especially in the middle and lower tiers. Most problems are associated with loopholes that grant excessive authority to public officials and create conditions ripe for the abuse of official power. In many cases, mechanisms for investigating and prosecuting corrupt government officials and civil servants are applied in a formal or fragmented manner. A chain of scandals that broke in 2003 led analysts to reiterate concerns over the recurring cases of corruption and to question the government’s ability to fight it.

The Special Investigation Bureau (SIB), an independent institution established in 1997, is in charge of official anticorruption activities, including implementation of the 2002 National Anticorruption Program. This program is tailored to streamline interagency structures and reduce bureaucracy as key mechanisms for fighting administrative corruption. The main focus is on eliminating legal loopholes, such as simplifying the issuance of permits, licenses, and customs procedures, and instituting a one-stop-shopping system in public institutions. The program also seeks to make public officials personally responsible for having enacted inadequate regulations or administrative decisions.

Corruption risk analysis of institutions and laws is the main instrument of prevention prescribed in a 2002 Law on Corruption Prevention. The SIB has cooperated closely with the Competition Council and the parliamentary Anticorruption Commission to pass amendments to important legislative proposals. Overall, however, the law may prove only nominal owing to the inadequate attention paid it by government institutions. Also, the law caused some controversy by providing for the registration of persons and companies that have committed corruption-related offenses, administrative infringements, or offenses of civil service. It can be argued that this provision violates civil and political rights as well as the principles of justice and proportionality of criminal punishments.

The participation of civil servants in economic life is strictly limited. They are not allowed to sit on enterprise boards, represent enterprises, or make contracts with related entities, according to the Law on Civil Service. Civil servants may not represent 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 disclosure by politicians, CEOs, and their spouses. Presidential, parliamentary, and local council candidates must publicly declare their property and income before elections. Elected politicians and political appointees in the civil service must make annual declarations of their income and property.

The Seimas Ombudsman's Office, established in late 1994, is responsible for investigating citizens' complaints concerning the abuse of public office and bureaucracy by government officials. A growing number of citizens' complaints shows that the ombudsman's office has secured its reputation as a trustworthy institution. In total, 70 percent of proposals and recommendations made by ombudsmen were implemented in 2002, reported *Kauno Diena*. Equally principled are the parliamentary Commission on Ethics and Procedures and the Supreme Commission on Public Service Ethics. They have found many lawmakers to be involved in conflicts of public and private interest, leading high-ranking officials, including four ministers, to resign.

Observers note that the current government is not sufficiently attentive to the conclusions of the Supreme Commission. Legislative amendments that would prohibit the commission from investigating possible conflicts of interests of the president, parliamentary Speaker, and prime minister are under way. It is alarming that all parliamentary parties, except for the Conservatives, disputed the commission's right to investigate and control corruption of high-ranking politicians and officials.

In the penal code, punishments for accepting or requiring bribes include denying offenders the right to hold certain professional positions and imprisonment from three to eight years. Punishments for the abuse of official power include fines, denying the right to hold certain positions, and imprisonment from four to six years. In July 2003, the Law on State Service was amended to allow the dismissal of state servants for the abuse of official power and violations of ethics, punishable by a three-year prohibition from state service.

These amendments were prompted by a large-scale land-planning scandal that broke in the spring of 2003. More than 3,000 land officers, regional governors, and other state officials came under suspicion for abuse of official power in acquiring land during the process of land restitution. Some suspected officials acquired up to 150 plots of land in picturesque locations for unrealistically low prices. Large-scale pretrial investigations were launched, including those against six regional governors. At the close of 2003, two officials were convicted and sentenced to prison.

The land-planning scandal started a chain of wide-scale investigations in 2003. In July, in one of the biggest cases of graft in Lithuania's postindependence history, three district judges were indicted on charges of participating in a smuggling ring in exchange for payoffs. They were relieved of their duties, along with a fourth judge who resigned voluntarily. Pretrial

investigations were launched against several other allegedly corrupt judges. These cases may further deflate public opinion of the judiciary, which is already held in low esteem.

Another scandal surfaced in July as seven consular officials, including the head of the consular department of the Foreign Ministry, were dismissed after losing their security clearances. All of the diplomats had worked in Russia and Belarus and were indicted on charges of accepting bribes from travel agencies for the issuance of visas. Finally, in October 2003 the country was shaken by allegations that the president's office had ties with organized crime. It was revealed that the president was influenced by his biggest campaign contributor, and controversial individuals attempted to work through the president's office to have the top law enforcement officials replaced. The president tolerated his advisers' undue interference in other public institutions, including privatization agencies, and classified information was leaked. The scandal led the Parliament to initiate impeachment procedures against the president in December 2003.

Corruption and bribery are entrenched in many areas. The most vulnerable are courts, customs, public procurement and privatization, authorities issuing licenses and permissions, and tax inspections. Bribery is particularly widespread with traffic police, the health care system, and educational establishments. Corruption is pervasive within Lithuania's extensive regulatory system, especially in the issuance of permits and licenses. Routine administrative procedures are frequently protracted, and companies are subject to extensive requirements from numerous controlling authorities. Regulatory authorities have a right to perform on-site inspections and to impose large penalties in the case of noncompliance without court proceedings. All this creates significant opportunities for corruption. Following the National Anticorruption Program, a proposal to overhaul the current system of general licensing principles and procedures is being prepared for submission to the government.

The European Commission has urged Lithuanian authorities to strengthen corruption prevention in public procurement and customs. According to the SIB, corruption occurs in 70 percent of public procurements. In May 2003, a new Law on Public Procurement made officials responsible not only for procedural infringements, but also for violations of equality, nondiscrimination, transparency, and efficiency—principles enshrined in law for the first time. It also outlawed purchases from a "sole supplier" and imposed requirements on "small purchases." Public purchase announcements must now be published on the Internet. The law thus increases transparency and minimizes opportunities for discretionary decisions.

All persons reporting cases of corruption receive general legal protections. Allegations of corruption and violations of ethical norms are given extensive coverage in the media. In fact, 58 percent of society consider the media very effective in exposing corruption, according to RAIT, a market analysis and research group.

There are no reliable data on the spread of corruption. Public survey data, for example, differ. According to survey data of the Lithuanian branch of Transparency International from spring 2002, every fifth Lithuanian had given bribes two or three times in the previous five years, while about 13 percent had given a bribe at least once. A survey conducted by the SPINTER polling agency in October 2003 showed that as many as three-fourths of Lithuanians had paid bribes at least once in their lives, while almost a third reported paying bribes many times. These surveys

reveal contradictory moral principles. Most citizens find corruption a serious problem and censure grafters. But they also believe that bribes help solve problems and are ready to give bribes themselves.

Lithuania's ranking in Transparency International's 2003 Corruption Perceptions Index was 41st out of 133 countries. With a rating of 4.7 (with 0 being the most corrupt and 10 the least corrupt), Lithuania failed to cross the 5.0 threshold designating countries with low levels of corruption.