

Doc. 11215
30 March 2007

State of human rights and democracy in Europe **State of democracy in Europe**

Opinion¹
Committee on Economic Affairs and Development
Rapporteur: Mrs Liudmila PIROZHNIKOVA, Russian Federation, European Democrat Group

A. Committee conclusions

The Committee on Economic Affairs and Development appreciates the opportunity to contribute to the Assembly's ground-breaking debate on the state of human rights and democracy in Europe. It wishes to stress that human rights are universal, manifold and cover all aspects of life. They are not only civil and political rights, but also social, economic, environmental and cultural rights which altogether enable people to lead meaningful lives with dignity. Inspired by the spirit of the Council of Europe's Statute, the Committee considers that these rights are indivisible, interdependent and complementary.

The Council of Europe's policies and action designed to promote and safeguard these fundamental rights should seek synergy across various sectors, especially in the sphere of economic and social rights which are particularly closely intertwined, not least in the provisions of the (revised) European Social Charter regarding access to employment, housing, social security and economic protection of the family, as well as protection against poverty and socio-economic exclusion. Because the Charter is the counterpart of the European Convention on Human Rights in the field of economic and social rights, all Council of Europe member states should accede to the Charter, accept its collective complaints procedure and examine ways to further strengthen the Charter's provisions, for example by considering opening the complaints procedure to individuals. This is both necessary and inevitable as Europe undergoes painful adjustments to globalisation.

Asserting democracy through good governance implies continuous efforts to improve the quality of decision making and implementation at various levels of government. It is the key role of parliaments to ensure that efficient, equitable, transparent and accountable systems are in place to underpin the rule of law, continued economic growth and human development. The Council of Europe and its Parliamentary Assembly have the duty to assist member states in this regard, especially those countries that clearly lag behind the highest standards of good governance. As the role of the State in many domains is evolving, we should strive to consolidate our countries' capacity to prevent corrupt interests from penetrating and deforming democratic institutions by providing guidance on the full range of regulatory measures, including on lobbies and lobbying.

¹ See Doc. 11203 tabled by the Political Affairs Committee and Doc. 11202 tabled by the Committee on Legal Affairs and Human Rights.

B. Explanatory memorandum by Mrs Pirozhnikova, Rapporteur

I. Introduction: the indivisibility of human rights

1. As the old saying goes, "Rome was not built in a day". There is also a similar Russian saying: "Moscow was not built overnight". Your Rapporteur would like to remind those interested in Russian history that the creation of the Russian state as a citadel of Christianity after the fall of Byzantium unfolded in accordance with the philosophical concept of "Moscow as the Third Rome". These popular sayings emphasise that we have a common understanding of the European space.

2. The noble idea of Europe as a home for over 47 nations united in the quest for peace and prosperity has taken decades to advance since 1949 when the Council of Europe was set up. This pursuit of greater unity based upon justice, international co-operation and common values, and of 'economic and social progress ... between all like-minded countries of Europe' – as enshrined in the Statute of the Council of Europe – has lost none of its importance today.

3. In a debate on the state of human rights and democracy in Europe, we should first and foremost acknowledge that human rights are universal, manifold and cover all aspects of life. They comprise not only civil and political rights, but also social, economic, environmental and cultural rights which together enable people to lead meaningful lives with dignity. These rights are indivisible, interdependent and complementary (for instance, the right to life presupposes respect for the right to sustenance, an adequate standard of living and a healthy environment). Their realisation enables Europe to lead the way in promoting sustainable development.

4. Your Rapporteur wishes in this context to recall the words of Council of Europe's Deputy Secretary General, Maud de Boer Buquicchio, who insisted on the indivisibility of human rights during the seminar devoted to the European Social Charter (4 December 2006): "Human rights are indivisible, and without social justice there is no justice. [...] the Charter is a Human Rights treaty; the rights contained in the Charter must guide governments' policies in the area of social and economic rights. We should define the policies on the basis of the rights enshrined in the Charter and not the other way around". She went on to stress the relevance of the Charter provisions to contemporary life in Europe, such as through the right of the elderly to respect and dignity, the right of persons with disabilities to lead independent and productive lives, the right to housing and the right to protection against poverty and social exclusion.

5. Whilst the Charter is described as 'social' in its title, the economic aspects of it should not be ignored. Moreover, although few realise that the European Social Charter is the counterpart of the European Convention on Human Rights in the sphere of economic and social rights that intertwine closely together, the case law of the Charter is beginning to impact on the decisions of the European Court of Human Rights and vice versa, as well as influencing the decisions of the European Court of Justice. Just as the EU's institutional accession to the European Convention on Human rights is sought, this should also be the case for the (revised) Charter, as the PACE has consistently recommended.

II. Safeguarding fundamental economic rights by building inclusive societies

6. Europe today appears a relatively prosperous continent. Yet, according to the European Commission's annual social report published in February 2007, one in six Europeans lives below the national poverty line (i.e. below 60% of their country's average income) and every tenth European lives in a household where nobody is working. Poverty levels range from 9-10% in Sweden and the Czech Republic to 21% in Poland and Lithuania. The study shows that children are often at greater risk of poverty. However, different sources use different methodology and provide different pictures that are not quite comparable. Thus, according to World Bank data, the worst situation among European non-EU countries is observed in Armenia with about 55% of the population living below the poverty line, Georgia with 54%, Ukraine with 29%, Albania with 25%, Moldova with 23% and Belarus with 22%. According to the Russian Ministry of Economic Development and Trade, 15.8% of the country's population lived below the poverty line in 2005. The Ministry expects to have this figure brought down to 5% by 2015.

7. Income disparities within European countries subject too many persons to a less than normal life. Some of the most serious violations of economic rights today are attributable to poverty which affects in particular the vulnerable groups of society (children, the elderly, people with disabilities or impaired health). Addressing the poverty problem is a prerequisite to life with dignity, the prevention of human rights violations and full realisation of human rights. Enormous challenges lie ahead in this field.

8. One should not indulge in vain hope or illusion – there is no modern school of philosophy or economics that can soundly prove how to build a society in which every human being enjoys a quality life of prosperity. The task of many, including our Organisation, is to minimise the number of the poor. The only effective mechanism to attain this goal, in the view of your Rapporteur, is to use economic means and policies. It is only through these that one can secure the implementation of the inalienable right of a human being to work. The role of the State and state-driven projects is extremely important in this field. For example, the decision by the Russian authorities to build a railroad in an economically underdeveloped region, the Tuva Republic, helps to create ten thousand jobs at once. What is even more important is that these jobs will not cease to exist when the construction work is over, since all aspects not only of construction but also of further maintenance and operation of the railroad have been thoroughly thought through.

9. Globalisation and the restructuring of economies in transition to market-oriented systems are affecting the enjoyment of economic rights. While enhanced mobility of capital and persons, technological progress and more open trading systems have created new opportunities worldwide, in Europe they have also brought uncertainty over the future, pockets of poverty and unemployment, as well as certain disintegration of the socio-economic fabric in many societies. A gradually diminishing role of the State through a transfer of traditional governmental functions to market structures may be rendering fragile and condemning to exclusion certain layers of the population. Thus, although our states are getting richer, they may have less ability or willingness to implement ambitious reform agendas while making the necessary improvements in domestic social security nets to guarantee a minimum standard of living for all.

10. The news is not all bad. States, like people, have their own mentality, stemming from the specificity of their history, traditions, climate, landscape, geographic span and, consequently, economic systems. It would sound odd to say that there is much in common between the British and the Russian mentalities. Traditions of state social care in the two countries differ, too. Nonetheless, the United Kingdom decided to profoundly reform its pension system, a weighty issue in the field of human rights. Let experts argue about whether investing in real estate is profitable enough for pension funds or not. We care about a different thing: whether a state is sufficiently motivated to fulfil its commitments. In Russia, an example of such large-scale reforms in the socio-economic sphere that influence human rights is offered by the federal programmes in healthcare, education, agriculture and housing, known as the National Projects.

11. Among the rights guaranteed by the European Social Charter (revised – ETS. 163) and regarded as particularly important are:

- right to work²,
- right to social security,
- right to economic protection of the family,
- right to protection and assistance for migrant workers and their families;
- right to protection against poverty and social exclusion,

² This includes: prohibition of forced labour; prohibition of the employment of children under the age of 15; special working conditions between 15 and 18 years of age; right to earn one's living in an occupation freely entered upon (fair remuneration); an economic and social policy designed to ensure full employment; fair working conditions as regards pay and working hours; protection from sexual and psychological harassment; freedom to form trade unions and employers' organisations to defend economic and social interests; individual freedom to decide whether or not to join them; promotion of joint consultation, collective bargaining, conciliation and voluntary arbitration; protection in case of dismissal; right to strike; access to work for persons with disabilities.

- right to housing³,
- right to protection in cases of termination of employment,
- economic protection of employed children,
- protection of maternity and of people with disabilities.

12. Your Rapporteur wishes to focus her comments on the work- and housing-related responsibilities of the State.

13. The right to work is a primary shield against economic and social exclusion by providing access to resources for subsistence through work. It is also the one that visibly suffers due to sustained high rates of unemployment in Council of Europe member states. According to Eurostat, the average unemployment level in the Euro zone in September 2006 reached 7.8% and in the EU-25 - 8%. The highest unemployment level was registered in Poland (14.1%) and the lowest in Denmark (3.5%). In the Netherlands, Austria, Ireland and Luxembourg, unemployment ranged from 4 to 5%; in Belgium, Germany, France, Portugal, Spain and Finland it varied from 7.2 to 8.9%. According to Rosstat (Russia's federal agency for statistics), in 2005 unemployment in Russia totalled 7.7% of the labour force, i.e. 5.5 million people.

14. The fact that in most countries unemployment levels among young people are twice the average is alarming. Thus, unemployment in Europe among people under 25 reaches 17% and in the EU-25 it is 17.5%, with Poland hitting a record 28.7%. Youth unemployment is particularly common in territories with an unstable political situation. During the period of the most intense terrorist activity in the northern Caucasus, Russian experts noted that a colossal level of youth unemployment was conducive to aggressive attitudes among young people. It is understandable that the Russian government believes that the economy is a key to stabilizing the situation in the northern Caucasus, the main objective being to create jobs with adequate remuneration. A similar situation prevails across southern Serbia, especially in Kosovo, a historic centre of the Serbian nation. According to the Regional Statistics Committee, in 2004 over 70% of Kosovo and Metoxia inhabitants of Albanian origin and 90% of those of Serbian origin were unemployed. This is a classic example of the negative influence that an uncontrolled political situation, or policy in general, can exert on the economy and related human rights. Probably, had the international community not interfered with the internal affairs of Serbia, the economic rights situation of the people of Kosovo would not have been so deplorable.

15. In addition to employment shortages, there is the relatively new problem of the working-poor, as well as undeclared workers, who sink below poverty lines and often run into problems of housing. The right to housing presupposes not only the right to have a roof over one's head, but also the right to live somewhere in security, peace and dignity. Your Rapporteur will try to explain some of these notions. When speaking about decent conditions, one should understand them as the modern standard of living, i.e. homes with electricity, gas, heating, hot and cold water, sewage, means of communication and, finally, environmentally safe building materials. Of special importance, in this context, is the alliance between energy exporting and importing states. Agreements in this area must not only be economically profitable but also include a humanitarian clause, since the fulfilment of purely economic commitments is linked to the protection of human rights throughout Europe. Energy-rich Norway, Russia, Azerbaijan and Kazakhstan, as well as transit countries such as Ukraine, Belarus, Georgia, Armenia and the Baltic states, have certain supply-related advantages, while the states of central and western Europe possess quality construction technologies. This points to the need to find innovative economic arrangements whereby the markets of energy supplies and housing construction could be linked together.

16. The notion of the right to safe housing includes not only the right to physical security against criminal intrusion. It also means the right to political and environmental security. Despite the long-term efforts to stabilise the European continent politically, there still remain hotbeds of tension, and what is worse, new ones appear. They are often rooted in feuds over territories and between ethnic groups,

³ This covers: access to adequate and affordable housing; reduction of homelessness; housing policy targeted at all disadvantaged categories; procedures to limit forced eviction; equal access for non-nationals to social housing and housing benefits; housing construction and housing benefits related to family needs.

which have inhabited Europe for a very long time. Many new conflicts are linked to the so-called new Europeans. Thus, the purely economic right to work and housing acquires a political dimension due to the intensified migration processes in Europe. For instance, in 2000, out of 18.7 million foreigners residing in the "old" EU countries only 5.7 million came from other EU countries. Out of 23 million foreigners registered in Europe in 2002 more than 22 million chose the western part of the continent. The Rapporteur does not need to dwell on the structure of migratory flows, though it is worth noting that Europe's position on this problem today is less clear than during the last years of the Cold War. Russia also feels the powerful migration pressure from the South and the East. When juxtaposed with the housing problem, it is a very sensitive issue (especially when considering that the average dwelling space in Russia is 19.7m² per person, whereas in western Europe this figure is 36m² per person).

17. The environmental safety is an obvious imperative. One aspect should be emphasised here: global warming, which is affecting Europe dependent on the proximity of the warm Gulf Stream and the cold Arctic one, can irreversibly change the main environmental parameters vital to life. This is particularly true as regards the availability and quality of water. It would therefore make sense to consider drafting a "Water Charter" which could regulate, as similar arrangements in the energy sector do, relations between states-donors of drinking water and states that need such water. It is worth recalling that 20% of global sweet water reserves are accumulated in Lake Baikal located in the Russian Federation. For the purpose of protecting human rights from environmental threats Russia is already actively developing the "Clear water" programme.

18. Homelessness is the extreme form of denial of the right to housing. Together with precarious living conditions that also violate the right to adequate housing, it is often a result of poverty. This is particularly true of big urban conglomerates where affordable housing may be a problem resulting from speculation in the housing market. Tenants should be protected from unreasonable rent levels, excessive rent increases, arbitrary evictions and the interruption of essential services (such as water and electricity). Public expenditure programmes and housing subsidies for low-income population, especially the vulnerable groups, are needed in all countries. The Council of Europe Development Bank has a social housing programme that can support national efforts in that respect in its member states (currently 39).

19. Council of Europe member states should all be aiming to create (and adjust when necessary) adequate regulatory conditions that enable their population to seek the full realisation of economic and social rights, including in the field of employment and housing. The European Social Charter, especially its revised version which extends housing-related provisions, is a highly useful tool towards that end. Those Council of Europe member states that have not yet done so, should sign and ratify the Charter so as to be able to take advantage of the regular scrutiny provided by the Charter's experts and should consider accepting the collective complaints procedure. All Council of Europe member states have signed the Charter and 39 have ratified it (23 countries have ratified the revised Charter with strengthened obligations for the protection of rights) – a table in the appendix shows the state of signatures and ratifications to date.

20. Responsibility for implementing the European Social Charter naturally rests with national authorities. Under the Charter's protocol, which came into force in 1998, complaints of violations of the Charter may be lodged with the European Committee of Social Rights. Organisations entitled to lodge complaints with the Committee, in the case of all states that have accepted the procedure, include the European Trade Union Confederation (ETUC), the Union of Industrial and Employers' Confederations of Europe (UNICE⁴) and the International Organisation of Employers (IOE), as well as non-governmental organisations (NGOs) with participatory status with the Council of Europe and national NGOs, and employers' organisations and trade unions in the country concerned. If appropriate, recommendations are made to the state concerned to take specific measures to bring the situation into line with the Charter.

⁴ Now called the Confederation of European Business "BusinessEurope".

Since July 1998, when the complaints mechanism came into being, the Charter has dealt with over 32 cases⁵ with regard to 14 countries that have accepted the complaints procedure.

21. The European Committee of Social Rights (ECSR) is the body responsible for monitoring compliance in the states parties to the Charter. So far, it has signalled cases of non-conformity (the list is not exhaustive) with the Charter regarding such employment- and housing-related rights (relating respectively to articles 1-8, 19, 21-22, 24-25, and article 31 plus, to some extent, 30) as:

- denial of or limitation on the right to strike for civil servants;
- non-discrimination in employment with regard to foreign workers when making job cuts; on the equal treatment for nationals of States parties to the Charter regarding the payment of family benefits and housing allowances; the level of unemployment benefits for single persons;
- the right to increased pay for overtime in the public sector; insufficient safeguards against the dismissal of employees for taking part in strikes and those on maternity leave;
- lack of effectiveness of the labour legislation regarding young workers; insufficient compensation in case of dismissal for non-valid reasons; lack of conciliation or arbitration procedure in the civil service; dismissal of pregnant employees;
- inadequate remuneration of apprentices;
- excessive residence requirements for paying family and unemployment benefits to non-nationals;
- limited effectiveness of corrective measures in case of unlawful dismissal;
- excessive residence requirements for receiving housing benefits and child allowances;
- adequate compensation for unlawful dismissals;
- right to increased remuneration for overtime;
- minimum income entitlement for non-EU foreigners subject to excessive residence permit requirements;
- measures in favour of full employment deemed insufficient;
- efforts to reduce the high level of long-term unemployment deemed insufficient;
- levels of social assistance and family benefits inadequate;
- levels of social benefits for the elderly;
- excessive limitations for receiving the guaranteed minimum income;
- rates of sickness benefits for a single person, of unemployment benefits, and of the invalidity pension and the survivors' pension deemed inadequate;
- right to limitation of deduction from wages;
- insufficient efforts to address unemployment; granting of childbirth allowance and child-minding allowance is subject to an excessive length of residence requirement;
- lack of a general system of family benefits.

22. The latest findings of the Charter monitoring procedure point to the need for continued vigilance and dialogue with member states regarding the levels of remuneration and benefits paid. There is also a clear need to further enhance the Charter's visibility and impact, especially through the collective complaints procedure. Moreover, we should in this context recall that the Protocol No. 1 to the European Convention on Human Rights contains provisions relating to the protection of property (article 1). There is an increasing number of property-related cases before the European Court of Human Rights (ECHR), as well as problems with the implementation of court judgements by member states, which forms part of a more general challenge of member states' cooperation with the ECHR.

⁵ It usually takes up to a year and a half to deal with a complaint. Currently about 8 cases are pending. We should note the complaint No. 32/2005, currently under consideration, on the alleged violation of the right to strike in several sectors of the economy in Bulgaria.

III. Asserting democracy through good governance

23. The Heads of State and Government of Council of Europe member states, gathered in Warsaw on 16-17 May 2005 for the Third Summit, affirmed their commitment to seeking “further progress in building a Europe without dividing lines” and underlined the link between democracy and good governance in their Final Declaration:

“We are convinced that effective democracy and good governance at all levels are essential for preventing conflicts, promoting stability, facilitating economic and social progress, and hence for creating sustainable communities where people want to live and work, now and in the future. This can only be achieved through the active involvement of citizens and civil society. Member states must therefore maintain and develop effective, transparent and accountable democratic institutions, responsive to the needs and aspirations of all.”

24. The Summit’s Action Plan also stresses the need to form cross-sector partnerships in furthering good governance “of the highest quality...at all levels”.

25. More recently, at the latest Annual High-level meeting, held on 14 February 2007 in Vienna, between the Council of Europe, the OSCE, the United Nations and partner organisations in the “Tripartite-Plus” format, the participants underscored the importance of sustained economic growth, sustainable development and good governance as a means of addressing conditions which may be conducive to the spread of violent extremism and terrorism. Indeed, the link between economic development, good governance and security may be more obvious and stronger than many had assumed.

26. ‘Governance’ normally means the manner in which power is exercised by government in managing a country’s resources. ‘Good governance’, thus implies the quality of the process for decision-making and implementation at various levels of government - one which is efficient, equitable, transparent, accountable and respects the rule of law, not least in protecting human rights. At the national level, many actors such as political parties, financial institutions, media, various organisations and companies influence this process to different degrees. Any distortions and corrupt practices risk undermining the fairness of the democratic process and economic development.

27. Good governance is an ideal rather difficult to fully realise, but Council of Europe member states are making increasing efforts towards it, since they know how much their continued economic growth and general development depend on it. Economic crime, especially when it is carried out by organised criminals, erodes the very foundations of our society and makes good governance more difficult to attain. Only strict adherence to the principles of good governance can prevent corrupt interests from penetrating and deforming our countries’ democratic institutions. This is why we should insist on the need for a comprehensive legal framework and its enforcement, effective prosecution of law-breakers and a constant adaptation of institutions to better withstand economic crime.

28. In this context we should note that on 22 February 2007 the President of the Russian Federation Vladimir Putin signed an order to set up a working group for drafting the legal acts needed to harmonise the legislative bases of Russia and the European Union in countering corruption. There are good reasons to believe that the first legal norms drafted by the working group will be submitted to the State Duma of the Russian Federation for consideration already in autumn 2007. It is important to scrutinise similar efforts in countries that joined the European Union recently and that are most exposed to the open forms of corruption. Below, the Rapporteur will touch upon the universal methods devised by the Council of Europe on these issues. However, the initiatives of individual states are no less important, as the pan-European struggle for good governance should take into account various national interests, traditions and specific features of different European states.

29. We have come to realise the dangers of state-capture, whereby the goals of minority interest groups are favoured at the cost of society as a whole - with potentially disastrous consequences for less consolidated countries, whether democracies or not. Wide-ranging economic crime, and accompanying corruption, should be considered a national security threat. There is a need to streamline our action and

render it more proactive in tackling economic crime, and we should seek to minimise the opportunities to carry out economic crime by making cross-border cooperation in prosecution matters more effective.

30. The Council of Europe has developed a series of good instruments⁶ (including those for combating corruption, money laundering, the financing of terrorism, cybercrime, etc.) for the use of member states and the wider community. The challenge is to use these instruments more fully, and to establish compatible, more comprehensive implementation and control mechanisms. As high standards of integrity and good governance are important in both the public and the private sectors, enterprises should also be encouraged to create systematic risk assessment and control systems to protect themselves against unscrupulous partners, whether inside or outside the company walls.

31. Your Rapporteur notes with great satisfaction that the Council of Europe's GRECO mechanism for monitoring anti-corruption efforts now covers 44 members (including Montenegro and the United States of America) after the Russian Federation joined in February 2007. We encourage the remaining four countries – Italy, Liechtenstein, Monaco and San Marino – to follow suit.

32. It is important that GRECO's third evaluation round will focus on the funding of political parties. We should, in this context, stress that multiple opportunities for corruption arise in the process of policy-making and decision-taking by elected representatives, but also among the members of the executive and the public service, under the influence exerted by interest groups, especially in the economic sphere. *Lobbying* is what stands at the interface between democracy and money, often a lot of money. It may help or prevent sound decision-making. As matters now stand, very few of the Council of Europe member states (Germany, Lithuania, Poland) have laws to some extent regulating lobbies and lobbying. Given the vast corporate power and financial resources of certain enterprises, industries and organisations, the risks to transparency and accountability – the very foundations of democracy – should not be underestimated.

33. The Rapporteur would like to submit for discussion and further consideration the following thesis. In the overwhelming majority of cases corruption is looked at from the angle of material gain for the parties involved. Cases of corruption motivated by intangible benefits or gains are rarely examined. Yet for representatives of political or business elites, quite often intangible dividends matter more than the material ones, which may be already abundant. Today, there are no mechanisms for tracking intangible bribes, nor a clear, legally precise definition of such a phenomenon. The Rapporteur wonders, should the behaviour of a high-ranking official or a political party leader who, using official resources and labour, offered some intellectual product to society, be regarded as corrupt if there were proof that the intellectual property in question had been created by other people who were dependent on that official or leader? The Rapporteur believes that in the coming years such occurrences will increase against the background of well established politico-economic systems in Europe. This is so because the value of money *per se* and the value of power are not exhaustive notions.

34. The European Commission has launched the European Transparency initiative aimed at working out a more structured framework of rules for the activities of lobbyists at the level of European Union institutions. A similar step should also be taken at the Council of Europe in order to clarify the Organisation's relationship with regard to interest groups. The Parliamentary Assembly should also reflect on the issue of defending the public interest against undue (conceptual and material) influence of lobbies

⁶ Notably conventions on:

- mutual administrative assistance in tax matters;
- extradition (ETS No. 024, with protocols ETS No. 086 and ETS No. 098);
- insider trading;
- laundering, search, seizure and confiscation of the proceeds from crime and on the financing of terrorism (ETS No. 198);
- civil liability for damage resulting from activities dangerous to the environment;
- protection of the environment through criminal law;
- convention on cybercrime;
- civil and criminal law conventions on corruption;
- action against trafficking in human beings (ETS No. 197).

and this could be done through the work of the Assembly's Committee on Economic Affairs and Development.

35. Although progress is being made in tackling corruption in many areas, various corruption studies show great disparities among the Council of Europe member states. The ongoing institutional reform in central and eastern Europe is both a chance to address corruption more effectively by building stronger (legal and economic) institutions and a challenge as it may be creating legal loopholes; but the 'old' European democracies are not spared from corruption either.

36. The World Bank's report *Governance Matters 2006: Worldwide Governance Indicators* on the situation in 200 countries shows that the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden), Switzerland, the Netherlands, the United Kingdom and Luxembourg score best in terms of overall governance (referring to accountability, political stability, government effectiveness, regulatory quality, rule of law and the control of corruption) on both global and European levels. Azerbaijan, Belarus, Albania, Moldova, Russia, Armenia, Ukraine, Georgia, Serbia (including Kosovo and Montenegro at the time of study), "the former Yugoslav Republic of Macedonia", and Bosnia and Herzegovina score well below the global average, while Bulgaria and Romania are situated just above the average – see the appendix for a complete table.

37. The *Transparency International 2006 Corruption Perceptions Index* for 163 countries (see the appendix) indicates that Finland, Iceland, Denmark, Sweden, Switzerland, Norway and the Netherlands are seen among the top ten 'cleanest' countries. As in the World Bank's study, Belarus, Azerbaijan, Russia, Albania, "the former Yugoslav Republic of Macedonia", Ukraine, Georgia, Bosnia and Herzegovina, Armenia and Serbia rank well below the world average, with Romania, Moldova, Croatia, Poland and Turkey following closely behind. The study notes significant improvements for the Czech Republic, Latvia, Slovenia and Turkey. Several new EU member states, such as Estonia, Malta, Slovenia, Cyprus and Hungary, score better than Italy, while the Czech Republic, Lithuania, Latvia and Slovakia appear in a higher position than Greece.

38. A *2006 Transparency International Bribe Payers study* of 30 leading export countries, including 13 European ones⁷, revealed that all these countries fell short of a perfect score, with the results showing "a considerable propensity for companies of all nationalities to bribe when operating abroad". We should, in this context, signal the OECD's serious preoccupation with the recent decision of UK Prime Minister Tony Blair to stop investigation, on the grounds of 'national interest', of corruption charges against BAE Systems in relation to arm-sales to Saudi Arabia.

39. Regarding the economic governance situation in terms of the judiciary, crime, corruption and tax administration in central and eastern Europe, the *2005 EBRD/World Bank Business Environment and Enterprise Performance Survey* noted a general improvement over previous years, except for the deterioration on all indicators for the Czech Republic, worsening scores on the judiciary, crime and corruption for Armenia and Azerbaijan, on the judiciary for Serbia and Montenegro and Moldova, on corruption for Serbia and Montenegro and Russia, and on tax administration in Hungary, Slovenia, Romania and Azerbaijan.

40. Another set of indicators – the *Global Competitiveness Index* rankings for 2006 by the World Economic Forum – reveals that yet again it is Switzerland and the Nordic countries (notably Finland, Sweden and Denmark) that are the world's most competitive economies as well as being the best governed and "cleanest"; they are closely followed by Germany, the Netherlands, the United Kingdom, Norway and Iceland. Curiously, Italy's competitive position has continued to deteriorate and sank below the level of eight of the EU's newcomer countries. As in earlier years, Poland ranked lowest (as 48th) among the EU economies, just behind Greece (47th) and well behind Estonia (25th), the Czech Republic

⁷ Switzerland, Sweden, Austria, United Kingdom, Germany, Netherlands, Belgium Spain, France, Portugal, Italy, Turkey and Russia; their scores range from 7.81 (Switzerland) to 5.16 (Russia) out of 10 which is the highest score. The first seven countries are situated in the top-10 cluster, while the last two are in the bottom-10 cluster, closely preceded by Italy.

(29th) and Slovenia (33rd). Turkey and Croatia saw significant improvements in their rankings – up by 12 places to 59th and 51st positions, respectively. While Russia's ranking had fallen from 53rd in 2005 to 62nd in 2006, it was still ahead of Albania, Bosnia and Herzegovina, Serbia, Montenegro, Moldova, Georgia, Armenia, “the former Yugoslav Republic of Macedonia”, Ukraine, Bulgaria, Romania and Azerbaijan.

41. In the light of the above studies, your Rapporteur wishes to insist on the need for continued progress in addressing governance problems highlighted by the various Council of Europe partner institutions. We wish in particular to encourage and support efforts aimed at dealing with the corruption problem in a more comprehensive manner, covering not only the demand side (“receivers”) but also the supply side (“providers”) of corruption, including certain negative effects of lobbying.

Appendix

**MEMBER STATES OF THE COUNCIL OF EUROPE
AND THE EUROPEAN SOCIAL CHARTER**
Situation at 15 June 2006

MEMBER STATES	SIGNATURES	RATIFICATIONS	Acceptance of the collective complaints procedure
Albania	21/09/98	14/11/02	
Andorra	04/11/00	12/11/04	
Armenia	18/10/01	21/01/04	
Austria	07/05/99	29/10/69	
Azerbaijan	18/10/01	02/09/04	
Belgium	03/05/96	02/03/04	23/06/03
Bosnia and Herzegovina	11/05/04		
Bulgaria	21/09/98	07/06/00	07/06/00
Croatia	08/03/99	26/02/03	26/02/03
Cyprus	03/05/96	27/09/00	06/08/96
Czech Republic	04/11/00	03/11/99	
Denmark	*	03/05/96	03/03/65
Estonia	04/05/98	11/09/00	
Finland	03/05/96	21/06/02	17/07/98 X
France	03/05/96	07/05/99	07/05/99
Georgia	30/06/00	22/08/05	
Germany	*	18/10/61	27/01/65
Greece	03/05/96	06/06/84	18/06/98
Hungary	07/10/04	08/07/99	
Iceland	04/11/98	15/01/76	
Ireland	04/11/00	04/11/00	04/11/00
Italy	03/05/96	05/07/99	03/11/97
Latvia	29/05/97	31/01/02	
Liechtenstein	09/10/91		
Lithuania	08/09/97	29/06/01	
Luxembourg	*	11/02/98	10/10/91
Malta	27/07/05	27/07/05	
Moldova	03/11/98	08/11/01	
Monaco	05/10/04		
Netherlands	23/01/04	03/05/06	03/05/06
Norway	07/05/01	07/05/01	20/03/97
Poland	25/10/05	25/06/97	
Portugal	03/05/96	30/05/02	20/03/98
Romania	14/05/97	07/05/99	
Russian Federation	14/09/00		
San Marino	18/10/01		
Serbia	22/03/05		
Slovak Republic	18/11/99	22/06/98	
Slovenia	11/10/97	07/05/99	07/05/99
Spain	23/10/00	06/05/80	
Sweden	03/05/96	29/05/98	29/05/98
Switzerland	06/05/76		
“the former Yugoslav Republic of Macedonia”	05/05/98	31/03/05	
Turkey	*	06/10/04	24/11/89
Ukraine	07/05/99	21/12/06	
United Kingdom	*	07/11/97	11/07/62
Number of States	46	6 + 40 = 46	16 + 23 = 39

The **dates in bold** on a grey background correspond to the dates of signature or ratification of the 1961 Charter; the other dates correspond to the signature or ratification of the 1996 revised Charter.

* States whose ratification is necessary for the entry into force of the 1991 Amending Protocol. In practice, in accordance with a decision taken by the Committee of Ministers, this Protocol is already applied.

X State having recognised the right of national NGOs to lodge collective complaints against it.

Governance Matters 2006: Worldwide Governance Indicators (extract), end-2005 percentile rank (100 being the highest score); source: The World Bank, www.govindicators.org

	Voice & Accountability	Political Stability	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
Albania	50	27	36	45	21	28
Andorra	92	97	87	90	84	89
Armenia	30	38	49	57	42	33
Austria	90	82	92	94	97	96
Azerbaijan	16	13	29	33	22	15
Belgium	93	67	94	87	91	91
Bosnia-Herzegovina	43	25	33	32	30	46
Bulgaria	66	51	62	69	49	55
Croatia	61	58	67	65	54	59
Cyprus	81	56	85	88	79	73
Czech Republic	78	68	77	79	70	68
Denmark	100	78	99	98	99	98
Estonia	84	67	83	91	75	80
Finland	100	98	99	99	98	100
France	92	58	90	80	90	91
Georgia	39	24	38	31	24	38
Germany	94	67	90	90	94	94
Greece	75	60	73	76	68	67
Hungary	85	71	75	83	70	70
Iceland	96	100	100	98	100	100
Ireland	97	84	93	95	92	93
Italy	77	53	72	76	64	67
Latvia	73	74	73	79	61	66
Liechtenstein	92	97	91	96	84	89
Lithuania	73	77	76	83	64	64
Luxembourg	96	97	97	99	98	93
"the former Yugoslav Republic of Macedonia"	48	19	47	49	43	40
Malta	88	94	78	87	90	82
Moldova	32	28	28	38	35	27
Monaco	76	82	50	..	78	..
Netherlands	99	73	97	97	94	96
Norway	99	92	98	92	99	97
Poland	84	54	71	72	60	61
Portugal	94	80	82	86	85	84
Romania	57	46	57	58	45	52
Russia	26	19	39	44	22	28
San Marino	88	87	35	..	78	..
Serbia and Montenegro <i>including Kosovo</i>	50 33	21 ..	45 27	32 ..	25 18	39 32
Slovakia	83	68	77	85	61	68
Slovenia	85	81	78	75	74	80
Spain	87	60	89	88	85	90
Sweden	98	89	96	92	96	97
Switzerland	98	92	98	93	100	98
Turkey	46	30	63	59	56	60
Ukraine	40	32	40	47	35	34
United Kingdom	93	59	94	94	93	95
Observers						
Canada	95	79	96	95	95	94
Japan	75	80	85	86	89	85
Mexico	54	36	57	62	40	44
United States	89	49	92	93	92	92
Other						
Belarus	5	45	11	6	15	19

Transparency International 2006 Corruption Perceptions Index (extract)

Source: Transparency International, www.transparency.org

Country Rank	Country/Territory	2006 CPI Score *	Confidence Range **	Surveys Used ***
1	Finland	9.6	9.4 – 9.7	7
2	Iceland	9.6	9.5 – 9.7	6
4	Denmark	9.5	9.4 – 9.6	7
6	Sweden	9.2	9.0 – 9.3	7
7	Switzerland	9.1	8.9 – 9.2	7
8	Norway	8.8	8.4 – 9.1	7
10	Netherlands	8.7	8.3 – 9.0	7
11	Austria	8.6	8.2 – 8.9	7
12	Luxembourg	8.6	8.1 – 9.0	6
13	United Kingdom	8.6	8.2 – 8.9	7
14	Canada	8.5	8.0 – 8.9	7
16	Germany	8.0	7.8 – 8.4	7
17	Japan	7.6	7.0 – 8.1	9
18	France	7.4	6.7 – 7.8	7
19	Ireland	7.4	6.7 – 7.9	7
20	Belgium	7.3	6.6 – 7.9	7
22	USA	7.3	6.6 – 7.8	8
23	Spain	6.8	6.3 – 7.2	7
25	Estonia	6.7	6.1 – 7.4	8
27	Portugal	6.6	5.9 – 7.3	7
28	Malta	6.4	5.4 – 7.3	4
29	Slovenia	6.4	5.7 – 7.0	8
38	Cyprus	5.6	5.2 – 5.9	4
41	Hungary	5.2	5.0 – 5.4	8
45	Italy	4.9	4.4 – 5.4	7
46	Czech Republic	4.8	4.4 – 5.2	8
48	Lithuania	4.8	4.2 – 5.6	6
49	Latvia	4.7	4.0 – 5.5	6
50	Slovakia	4.7	4.3 – 5.2	8
54	Greece	4.4	3.9 – 5.0	7
57	Bulgaria	4.0	3.4 – 4.8	7
60	Turkey	3.8	3.3 – 4.2	7
62	Poland	3.7	3.2 – 4.4	8
69	Croatia	3.4	3.1 – 3.7	7
75	Mexico	3.3	3.1 – 3.4	7
81	Moldova	3.2	2.7 – 3.8	7
88	Romania	3.1	3.0 – 3.2	8
91	Serbia	3.0	2.7 – 3.3	7
94	Armenia	2.9	2.7 – 3.0	6
95	Bosnia and Herzegovina	2.9	2.7 – 3.1	6
100	Georgia	2.8	2.5 – 3.0	6
104	Ukraine	2.8	2.5 – 3.0	6
108	“the former Yugoslav Republic of Macedonia”	2.7	2.6 – 2.9	6
111	Albania	2.6	2.4 – 2.7	5
127	Russia	2.5	2.3 – 2.7	8
130	Azerbaijan	2.4	2.2 – 2.6	7
151	Belarus	2.1	1.9 – 2.2	4

* **CPI Score** relates to perceptions of the degree of corruption as seen by business people and country analysts, and ranges between 10 (highly clean) and 0 (highly corrupt).

** **Confidence range** provides a range of possible values of the CPI score. This reflects how a country's score may vary, depending on measurement precision. Nominally, with 5% probability the score is above this range and with another 5% it is below. However, particularly when only few sources are available, an unbiased estimate of the mean coverage probability is lower than the nominal value of 90%.

*** **Surveys used** refer to the number of surveys that assessed a country's performance. 12 surveys and expert assessments were used and at least 3 were required for a country to be included in the CPI.

Doc. 11215

Reporting committee: Committee on Legal Affairs and Human Rights and Political Affairs Committee

Committee seized for opinion: Committee on Economic Affairs and Development

Reference to committee: reference No. 3283 of 6 October 2006

Draft opinion approved by the Committee on Economic Affairs and Development on 26 March 2007