

Conference “Migration and Identity: Encouraging the Role of the Diaspora”

Panel “Migration and the Role of the Diaspora in the Economic Development”

„EUROPE – THE „SIXTH” DEVELOPMENT REGION OF LATVIA?”

by Aldis Austers

Chairman of the European Latvian Association

Riga, 13 April 2012

Latvia has experienced several waves of emigration to the West. The first happened in the last days of World War II, when around 100-150 thousand people left Latvia as refugees. Another wave is happening right now. The outflow started already in the 1990s, and accelerated substantially after 2004, when Latvia became a Member State of the EU. We estimate that around 200 thousand have already emigrated and, according to public opinion polls in Latvia, another 100 thousand plan to leave in near future. This is the cost Latvia bears for being a small economy with limited job opportunities and educational possibilities (natural rate of emigration), for being forced to live in Soviet captivity for a half century, and also for recent reckless economic policies and the ensuing massive economic contraction (which stimulated emigration). With around 10% of its people abroad, Latvia has no match among other developed European countries, except, possibly, Lithuania.

We witness today a steady growth of Latvian communities all around the world, particularly in Europe. In some places – the Great Britain, Sweden and Germany - new emigrants have joined with the old Latvian exile communities, and in others, like in Ireland, Belgium, Austria, Finland and Spain – new Latvian diaspora communities are emerging. Taking into account the size of the Latvian diaspora in Europe, and the fact, that Latvia is part of the European single market, the

European area has become an extension of Latvia, in a sense Latvia's sixth development region.

The European Latvian Association is a federation of Latvian associations in European countries outside Latvia. The main mission of the ELA is to be "the voice" of the European Latvian diaspora in Latvia, Europe and the world. ELA's predecessor - the Latvian Liberation Movement Center in Europe – was founded in 1951 in London. After several transformations, the ELA is registered now as a civic NGO in Latvia. The ELA is member of the World Federation of Free Latvians (a global Latvian diaspora network) and of the Europeans throughout the World (a federation of the national associations of European people living abroad).

In ELA's view, the ever increasing presence of Latvians in Europe is an opportunity for Latvia, and not necessarily a loss. According to the Bank of Latvia calculations, the amount of remittances reached 351 milj. lats or 2% of Latvia's GDP in 2011. (This number seems underestimated and could well be 2 to 3 times larger.) Other options for the economic engagement of the diaspora include: a market for Latvian goods and services, sales agents, a source of qualified labor, a source of human and financial capital. However, in order to be in a position to reap benefits from Latvians living abroad, certain adjustments in people's perception and in national policies are required regarding the diaspora and migration.

First of all, it should be recognized that people's migration (permanent, temporary, circular, repatriation etc.) is an important feature of modern times: nowadays global is not only the market of goods, capital and services, but also of labor and knowledge. Young people are eager to travel across borders and like to become members of transnational networks not only in Latvia, but also in Sweden, Germany and France. Cross-border commuting has become normality.

Hence, any Latvian national development strategy should particularly focus on Latvia's competitive standing as a place where to study, work, rest, or even retire. Latvia needs to reduce labor taxes, improve the business environment and educational programs, and implement special grant facilities to attract talented and skilled people. The Latvian government should be more proactive in addressing Latvians living abroad, organizing on a regular basis state sponsored labor recruiting campaigns in Europe.

Secondly, the Latvian situation is peculiar in a sense that the Europeanization taking place is not so much through massive foreign investment, but through Latvian people moving to Europe. For Latvia, a country with a long history of conflicts and identity battles, this has very significant political implications. Therefore, it is essential to comprehend that the diaspora is not only a market or sales force for homelands' businesses, but also a constituency and an ambassadorial corps through which "Europe is brought to Latvia" and "Latvia - to Europe". One has to get rid of the perception that the diaspora is a bunch of naïve people who meet time to time in order to celebrate a national holiday or the summer solstice. Think better of the emergence of a worldwide transnational Latvian network, of size and capacity never seen in Latvian history. Turn the popular Latvian traditions of the Midsummer festival and Independence Day celebration into a major Latvian networking event (like the Irish do on St. Patrick's Day). Organize Latvian cultural events around Europe, particularly in places where Latvian communities exist.

Thirdly, the Latvian diaspora needs to feel that it is being listened to and involved in Latvian decision-making processes, and then it will deliver through increased flow of remittances, investment, philanthropic activity, entrepreneurial experience, and specialized knowledge. We have to understand that engaging the

diaspora is a long-term “hearts and minds” effort and that it requires perseverance and patience. While technology allows countries to connect with their diaspora on a mass scale, nevertheless, technology is not a substitute for face-to-face introductions – diaspora networking is a contact sport. It is essential, through regular and relevant meetings, to identify exceptional people and organizations in the diaspora and connect them with exceptional people and organizations in Latvia, be it business people, artists, doctors, researchers or civic activists. We have to look for mutually beneficial relationships and partnerships in every area and on all possible levels.

Fourthly, one has to recognize that formal and informal diaspora associations have an important mediating role between the diaspora and Latvian society. Through association activities local national networks emerge, the Latvian national identity is preserved, and the diaspora becomes accessible to Latvian interests. However, to our bad luck, despite the large number of émigrés, the size of an average Latvian diaspora community still remains comparatively small, and, for that reason, can neither accumulate enough own resources, nor attract local subsidies for high quality events with wide reach. The current European Latvian diaspora network has a direct reach of around 10 thousand people, indirect – of around 40 thousand. But it could be considerably larger, if proper investment was provided. Hence, support programs for Latvian educational and cultural activities outside Latvia should be introduced and co-financed.

...

The free movement of people is one of the founding principles of the European Union. Until 2004 intra-European mobility was pretty low (around 2.3%). Today the situation is different. The level of mobility from new member states by far

exceeds the habitual level of mobility among the senior members. Despite positive gains from labor efficiency, this creates two major problems.

First, it weakens the fiscal position of sending countries. Without proper compensation from EU funds, financially stressed countries like Latvia become European “emigration” donors. Look at the USA – there the average level of intra-state mobility is around 7%, and subsidies to strained states can reach 15% of that state’s GDP (2.4% of EU funds in the case of Latvia in 2011). In order to resolve this problem, either the amount of EU transfers should be increased, or a special European tax on migrating labor for the benefit of sending countries should be introduced.

Secondly, the issue of the preservation of migrants’ national identity comes to the forefront. This problem is particularly acute for smaller nations. Migrants are mostly young people. They often marry and have children while away from their home country. According to current European regulations, these children are accepted in local schools; however, their access to instruction in their mother tongue is very limited. Therefore, we urge that the list of rights of European citizens be expanded to include the right for migrating people to maintain and develop their mother tongue, and that European funding be earmarked for such purposes. Actually, in 2003, the European Commission produced an action plan on language learning and linguistic diversity for the period 2004-2006. The aim of this plan was to facilitate the learning of EU languages all around Europe. We think that such an initiative should be incorporated into a permanent EU policy.

...

Without the knowledge and skills of the diaspora, the aim of raising the entrepreneurial capacity and labor productivity in Latvia will not be achieved.

Without a strong inflow of private investment, EU funds and return of talented people, Latvia will not succeed in getting out of the vicious circle of continuing emigration. Latvia's human resources are very limited, and a shortage of labor will act as a cap on the future growth of the Latvian economy. Hence, it is our strong conviction that the trajectory of Latvia's future development will depend largely on the quality of management of Latvia's limited human resources, including those from the diaspora. We ask that Latvian officials take this into account when drafting Latvia's National Development Plan for 2014-2020.
