

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

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

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

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Latvia has experienced several waves of emigration to western world. The first one happened in the last days of the 2<sup>nd</sup> WW, when around 100-150 thousand people left Latvia as refugees. Another wave is happening right now. The outflow started already in the 90s, and accelerated substantially after 2004, when Latvia became the Member State of the EU. We estimate that around 200 thousands have already left, and, according to public opinion polls, another 100 thousand plan to leave in near future. This is the cost Latvia pays for being a small economy with limited work 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 ensuing massive economic contraction (stimulated emigration). With around 10% of people abroad, Latvia has no match among other developed European countries, except, probably, Lithuania.

We witness today a steady growth of Latvian communities all around the world, and particularly in Europe. In some places – the Great Britain, Sweden and Germany - new emigrants reunite with the old Latvian exile communities, and in some other places, like in Ireland, Belgium, Austria, Finland and Spain – new Latvian diaspora communities emerge. 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 in 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 Latvian people in Europe is an opportunity for Latvia, and not necessarily a loss. According to the Bank of Latvia calculation, 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 diaspora's economic engagement include market for Latvian goods and services, sales agents, source of qualified labor, source of human capital, source of financial capital. However, in order to be in a position to reap benefits from Latvians living abroad, certain adjustment in people's perception and in national policies is required regarding 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 business environment and educational programs, and implement special grant facilities to attract talented and skilled people. Latvian government should be more proactive in addressing Latvians living abroad, organize on regular basis state sponsored labor recruiting campaigns in Europe.

Secondly, the Latvian situation is peculiar in a sense that the Europeanization takes place not so much through massive foreign investment, but through Latvian people moving towards Europe. For Latvia, a country with long history of conflicts and identity battles, it has very significant political implication. Therefore, it is essential to comprehend that 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 diaspora is a bunch of naïve people who meet time to time in order to celebrate national day or Midsummer event. Think better of emergence of a worldwide transnational Latvian network, of size and capacity never seen in Latvian history. Turn the popular Latvian tradition of Midsummer festival and National Day

celebration into a major Latvian networking event (like the Irish do on St. Patrick Day). Organize Latvian cultural days 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 diaspora is a long-term “hearts and minds” business, and that it requires perseverance and patience. Technology allows countries to connect with their diaspora at 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 at all possible levels.

Fourthly, one has to recognize that diaspora’s formal and informal associations have an important mediating role between diaspora and Latvian society. Through associations’ activities local national networks emerge, Latvian national identity is preserved, and diaspora becomes accessible to Latvian interests. However, to our bad luck, despite high figures of the emigration, a 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 network of the European Latvian diaspora 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.

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Free movement of people is one of the founding principles of the European Union. Until 2004 the 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.

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First, it weakens fiscal position of sending countries. Without proper compensation from the EU funds, financially stressed countries like Latvia because of emigration become European 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 forefront. This problem is particularly acute for smaller nations. Migrants are mostly young people. They often marry and get children while away from their home country. According to current European regulation, these children are accepted in local schools; however, their access to the instruction in their mother tongue is very limited. Therefore, we urge that the list of rights of European citizens is extended with the right for migrating people to maintain and develop their mother tongue, and that European funding is earmarked for such purposes. Actually, in 2003, the European Commission produced an action plan on language learning and linguistic diversity for period 2004-2006. The aim of this plan was to facilitate learning of EU languages all around Europe. We think that such initiative should be transformed into a permanent EU policy.

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

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