Migration process in Latvia: A Brief History and Driving Forces

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Introduction

The aim of this paper is to describe the migration processes in Latvia, focusing particularly on changes since Latvia’s accession to European Union (2004). In recent years, Latvia has established itself as one of the top two countries with the most intensive emigration among EU/EFTA member states. Emigration from Latvia is an interesting subject not only because of its intensity. Latvia’s population is ageing steadily. Between 2000 and 2015 the percentage share of children and teenagers shrank, while the shares of those aged 40–64 and especially 65+ grew. The working-age population in Latvia is shrinking faster than in any OECD country except Japan (OECD 2016). In the twentieth century Latvia saw periods of economically motivated immigration, as well as mass deportations during periods of occupation and episodes of ethnically and politically driven emigration. There was also mass immigration of labour and military personnel which was centrally planned by the Soviet regime and, in addition, immigration of their families while at the start of the twenty-first century (covering the period 2000–2016) Latvia has been a country of labour emigration. This paper starts with a brief history of the main population flows from and to Latvia in the twentieth century before describing the scale and dynamics of emigration in the early twenty-first century, as well as its effect on the size and demographic potential of the population.

Historical Background

Migration process in Latvia after Second World War can be divided in three periods: Migration under Soviet rule, the transition period (after regaining independence and before EU accession) and the period since EU accession. Each stage is characterized by different migration volumes, intensity, flow and main destination.

For 40 years after Second World War, Latvia was an attractive destination for migrants coming from other region of USSR because of job opportunities and higher standard of living. Inward migration changed the ethnic, gender, and age structure of Latvia’s population, as well as its economic profile. During the period 1951 to 1990, 2,172,000 people arrived in Latvia, 53,000 per year, while 1,802,000 left the country (Bauls and Krisjane 2000). Net inward migration during this period was +524,141 people. Such massive migration (given a population of 2.7 million in 1990 including immigrants) was caused by several factors, including the USSR’s policy of strengthening Soviet power by implementing “socialist industrialization” through migration. Housing problems caused by the enormous inflow of migrants was one of the factors in the fall in the birth rate among the local population, the lowest of all Soviet republics (Eglite 2008). Approximately half of post war immigrants came from the present territory of the Russian Federation. The share of Latvian declined from 77% in 1935 to 52% in 1990 (CSB 2002).
After independence (1991) Latvia experienced dramatic changes in both the direction and the intensity of migration. Emigration realities are, first, driven by the characteristics of economic development in Latvia, in his transformation from a farmer soviet economy into an independent liberal state. Big industrial soviet factories were closed and nationalized properties were privatized. Migration to the West has largely been the results of wage differences in the sending and receiving country. Also important have been the differences in employment opportunities and working conditions.
EU accession in 2004 gave Latvian citizens immediate access to the labour markets of the UK, Ireland and Sweden (as well as of all the new member states). Since EU accession migration has become a topic of considerable economic, political and social importance in Latvia. Here, as in other post-Communist country with an aging population and depopulation, the emigration of young people only exacerbates the problem. The population decreased from 2,319,203 in 2004 to 1,923,559 in 2018 (CSB 2019).

What initially was not expected, but has increasingly become evident, is the impact of current migration on Labour market. Only a few years after Latvia joined the EU and free movement of labour had commenced, high unemployment was replaced by labour shortages in a number of professions, up to 2007 the shortages did not concern the most qualified, but rather shop workers, builders, and so on. Employers have been forced to raise wages to a level at which a decent family life can be preserved. Latvia has become less attractive to investors for whom the only issue was cheap labour force. This promotes a shift toward production characterized by higher value added, which requires fewer, but better qualified workers, enhancing company profits, tax revenue and workers income. In 17 years (2000–2016), Latvia and Lithuania have lost the largest population shares (about 20%) among EU countries. Moreover, Latvia and Lithuania are among the top three countries (after Bulgaria) with the largest negative natural population changes during this period.
(Eurostat). Natural decrease of Latvia’s population has also been driven by low total fertility rate and high mortality.

The gradual implementation of the free movement of labour within the EU (Kahanec et al. 2016) substantially lowered both the monetary and non-monetary costs of searching for a job abroad and the process of migration, as well as the human capital threshold (in terms of skills, initiative and risk-taking) for labour migration. Together with a high – and growing – demand for migrant labour in the EU15, this triggered a sharp and, to a large extent, persistent increase in emigration rates. On the other hand, due to strong economic growth in Latvia, the unemployment rate was falling while real income was rising (Hazans 2016a), gradually reducing the expected gains from emigration. Thus, during the second part of the post-accession period, the motivation to move abroad driven by push factors was falling, and the motivation to return among recent emigrants was on the rise.

During the years of the Great Recession (2009–2010), significant economic push factors were at work; mainly joblessness and wage cuts, but also the implied inability to pay back credit. The psychological shock was no less painful: a large proportion of people of working age, including those who managed to keep their jobs, lost confidence in the future (Hazans 2011b, 2013). Consumer confidence, satisfaction with the government and trust in the parliament dropped dramatically (Hazans 2015a). Finding a Job in Western Europe was not as easy as before the crisis. The role of diasporas and informal networks increased as a consequence. Yet it was much easier than in Latvia. The rate of unemployment was very low in Norway, the Netherlands and Austria, and modest in the UK, Germany, Sweden and Denmark. The lifting of restrictions on the free movement of workers from EU8 countries by Belgium, Denmark and especially Norway from May 2009 further facilitated labour migration to these destinations. Moreover, nominal earnings continued to rise across the old member states, while real earnings did not decline (European Commission 2011). Thus, the expected gains from emigration in terms of employment and earnings increased in comparison to the pre-crisis period. In addition, as long-term joblessness was becoming more widespread in Latvia, the issue of social protection, which previously had been neglected by the middle class, gained importance as a factor driving migration decisions. A feature of Latvian social security was a very low income replacement rate for the long-term unemployed through unemployment benefit, even when social assistance and housing benefits are accounted for (European Commission 2011). Moreover, child benefits in Latvia were extremely low in comparison to those paid in the main destination countries of Latvian emigrants. High and persistent unemployment, a weak social security system, lost perspectives – these were the factors that converged to make emigration a real option in the minds of many Latvians, even those who had not considered such a possibility before (Hazans 2011b, 2012, 2013; McCollum et al. 2017). There were two kinds of these ‘new movers’: (i) individuals who were inherently not very mobile for whom this was the only way out of financial difficulties; and (ii) people who were not satisfied with developments in Latvia and with their own prospects there, even if they were not experiencing economic hardship at that moment. In this way, the post-accession migration system was substantially transformed and expanded.

Net emigration outflow from Latvia during the six crisis and post-crisis years (2009–2014) was much larger than during the nine pre-crisis years (2000–2008).
**Latvia Today**

Nowadays in Latvia people continue to leave the country. Net migration is still negative (-4905 CBS 2018) mostly are men in working age (54%).

The impact of Latvia’s population crisis is severest, and most evident, in its poorest region, Latgale, in the country’s southeast corner bordering Russia. Blocks of empty buildings near the center of the regional capital Daugavpils give the city a sense of partial abandonment. Borders are open, information about life in other EU states is available and everyone is doing it. So, many young people go to England, Ireland or Germany and generally, they don’t return. According to the Central Statistical Bureau of Latvia, the number of emigres returning to the homeland in 2016 was about 40 percent of those who left.

On the other side, immigration flow and birth rate (9.6 births/1,000 population 2018 est. while 14.5 deaths/1,000 population 2018 est. - CIA World Factbook) are not enough to replace population (Growth rate -1.1% 2018 est. - CIA World Factbook).

Latvia is already a country with low population density, important measures are required by the government to change this dramatic trend, such as bonuses for infants and families or by improving the rate of immigrant citizens.
DATASET:
- CSB Latvia
- Eurostat
- OECD database
- CIA World Factbook.

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