

The Latvian Diaspora and WLEIF-2

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In the last thirty years countries involving their Diasporas have increased six-fold, from 10% in 1984 to almost 60% in 2014. This rapid growth in interest arises from Israel's success in involving its Diaspora in the defense, financing and image building of the new state. Others have adopted this successful model to improve the development of their own countries. The notion that the Diaspora can attract investments, send home money, improve the country's reputation, increase its talent pool and advance the country's geopolitical interests in the world underlines its value and therefore the competitive edge it offers to a state.

In recent years Latvia also has acknowledged the value of its Diaspora. After years of lobbying, the WFFL (World Federation of Free Latvians, PBLA) successfully persuaded Latvia's Foreign Ministry to appoint a special ambassador for Diaspora affairs, currently Peteris Elferts. So far the government has changed the citizenship law, which restores the exiles' right to Latvian citizenship, allows dual citizenship to nearly all Latvian citizens resulting in a significant increase in size of the Latvian Diaspora, currently estimated at 370,000 people. The WFFL initiative in organizing a second World Latvian Economic and Innovation Forum (WLEIF-2) is an effort to involve the Latvian Diaspora in the country's future growth. Excluding investments, the Diaspora transferred over EUR 300 million in 2008, as much as Latvia received from EU funds.

In order to attract the Diaspora back home, or at least increase investments, countries offer a variety of benefits as inducements: long-term visas, dual citizenship, voting rights, tax incentives, good wages, organizing economic conferences, and help in starting businesses. Prosperity is important. Data shows that expatriates are likely to return to wealthy countries. Return depends on ease of finding work and making new contacts, factors necessary for economic development. Return policies are focused on the young, successful and educated part of the Diaspora. The July WLEIF-2 forum was aimed at this demographic.

A Diaspora's return or involvement is, however, complex. The reasons for emigration are varied, and not correcting them guarantees failure to lure part of the Diaspora back. Most frequently mentioned reasons for leaving are lack of appropriate or any employment opportunities, low trust in government, and indifference or even disdain for the Diaspora by past governments. In today's Latvia almost all of the above reasons for emigration persist. WLEIF-2 is an attempt to find a solution.

Diasporas also have demands: they want representation in government, the vote, easy entry, responsive embassies, a good business environment, a decent return on investment, a legal framework to facilitate business, public reforms, and the desire to live in big cities. Latvia already has representation, the vote, easy entry and embassies in many countries. Still perceived as a problem are legal issues, a truly free market, a good business environment, etc. For many countries, the majority of the Diaspora lives in democratic, developed countries and thus its Diaspora becomes an agent for positive change back home. For some countries this development is not what they want. Values such as openness, free markets, and high-quality democracy are not acceptable to all.

Autocracies respond differently. China is not particularly worried about the impact of its Diaspora, even encourages and supports its return, seeing the benefits that contact with the outside world brings. It attempts to integrate itself into the global community.

Russia's approach is exactly the opposite, to isolate itself. It has a large bureaucracy promoting its Diaspora to cooperate with Russia only on a foreign policy level. It sees the Diaspora as a tool of Russian geopolitical aims: Russia as a world power, an area dominated by "Russian World" culture, and the Eurasian Union with a Russia-led economy. It is not interested in the Diaspora's return, exposed to "non-Russian" views (Russianness - autocracy and "self-sufficiency" i.e. isolation) and democratic values. Russia doesn't need such "corrupted" people who are a danger to the ruling elite and Russian life view. One can see it in Latvia, where Russian soft power pumps Russians with deep patriotic and mystical feelings for the motherland but without any appeals to return home to help build a new and powerful Russia.

WLEIF-1 and 2 are natural steps in harnessing the value of the Diaspora. In 2013 PLEIF-1 was entertaining, informative, looked at successfully Latvian-run businesses in the West, but the Diaspora addressed itself. PLEIF-2 was a practical gathering, looked at the real problems of the Latvian economy, however, this time the Diaspora addressed the government and Latvian businessmen. More than 200 participants from 17 countries got the opportunity to learn about the Latvian economy, met with influential politicians, make contacts and presented their vision of aiding Latvia.

Politicians from the President to ministers and officials expressed similar thoughts: strengthen ties with the Latvian Diaspora; cooperate with it because it is inspirational and innovative; it is the key to promoting Latvian exports and attracting investment; it is significant for national and public welfare. Government responsiveness was definitely positive, supportive. There were also unexpected surprises. Prime Minister Straujuma announced to forum members "I plan to set up a Latvian Diaspora entrepreneur's advisory working group to strengthen links with the Diaspora abroad and benefit from its experience and knowledge for Latvian future growth."

How does the Diaspora evaluate the Latvian business environment? Is there enough opportunity? Experts say that Latvia is a good place for the first business steps: low maintenance costs, smart people, and relatively simple company registration. But improvements are needed.

New business growth is slowed by a relatively high tax burden, inflexible labor relations framework, as well as lack of business knowledge. Schools and universities do not sufficiently develop problem-solving and group training activities, which are important for young entrepreneurs. Latvia, as a small, new and export-oriented economy should enhance competitiveness by improving productivity and innovation, and should work harder to expand export markets to large economies. Canada's LatCan (Latvian Canadian Business Association) recommended the establishment of Trading Houses to assist exports, as did Japan and South Korea, as well as promoted the idea of counter trade for large country-to-country trade transactions. The Forum devoted two panel discussions on exporting to China and North America. Latvia lacks economic representatives in its embassies with knowledge of how to enter new markets, and to position themselves for the development of exports. Other difficulties mentioned are corruption in Latvia, red tape, and a continuously changing tax policy. Latvian entrepreneurs also tend to lack global vision, to be secretive and avoid sharing with others.

Enthusiasm, support and interest of all parties involved are great. The missing ingredient? The political will of government to implement the necessary reforms. The president of the Latvian Chamber of Trade and Industry Aigars Rostowkis sees major differences in

business culture between the younger entrepreneurs and the old, Soviet-era people. Since the latter are the decisive and influential group in Latvian business circles and are accustomed to and understand an Eastern business model, they will resist any movement against their interests or new foreign and unknown ideas. The current composition of the Saeima does not bode well for the spirit of reform. The old Soviet-era guard is not yet ready to relinquish the reins of power to the next, Western-oriented generation.