

The changing face of Latvian emigration ...and the changing face of Latvia

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AmCham Outlook on demographics

Mihails Hazans

**University
of Latvia**

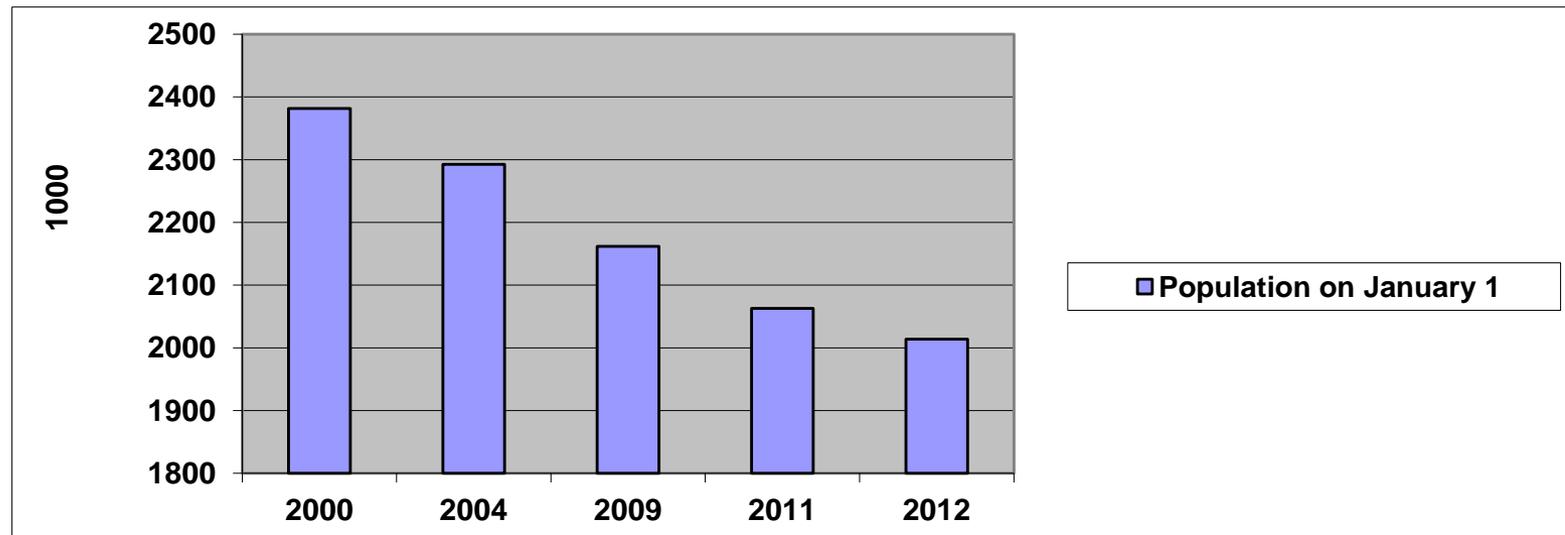
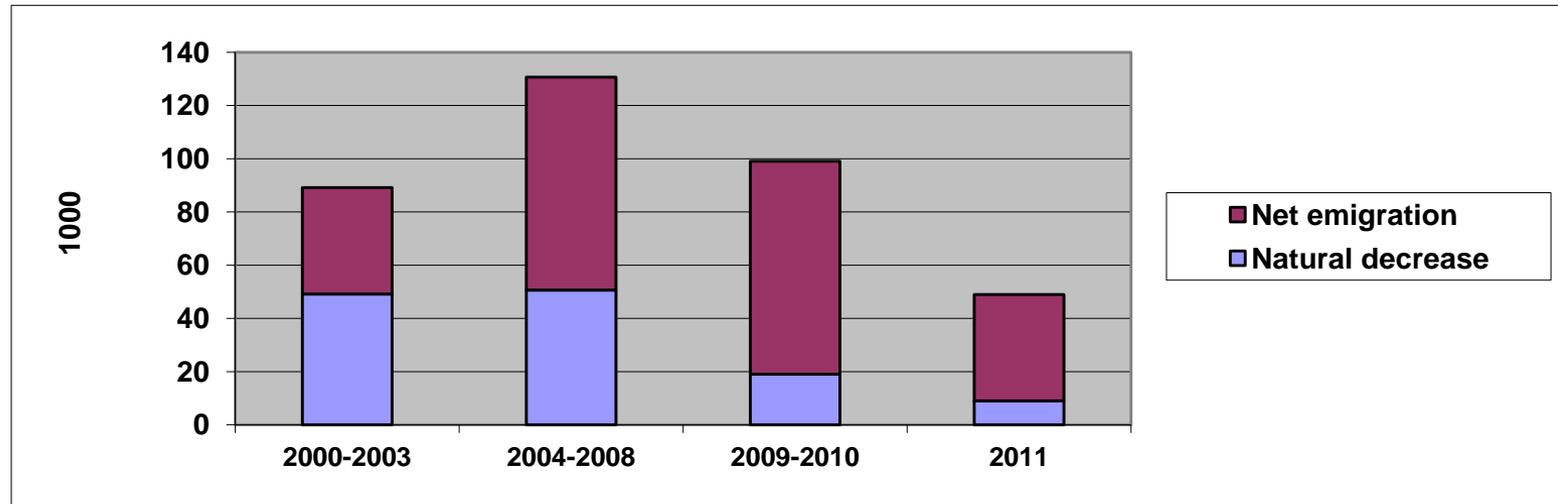


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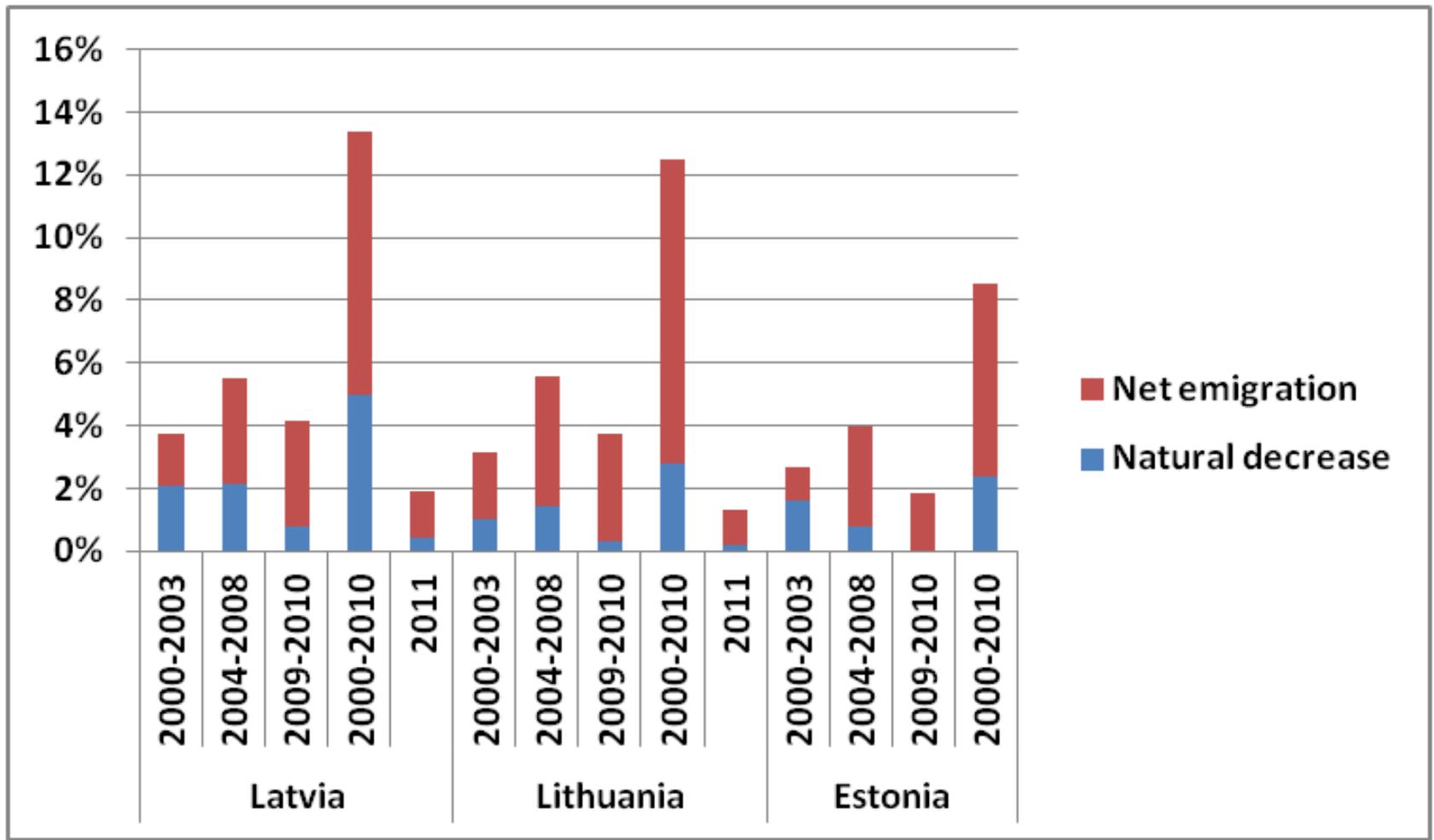


Dynamics of Latvia's population, natural increase and net migration, 2000-2011

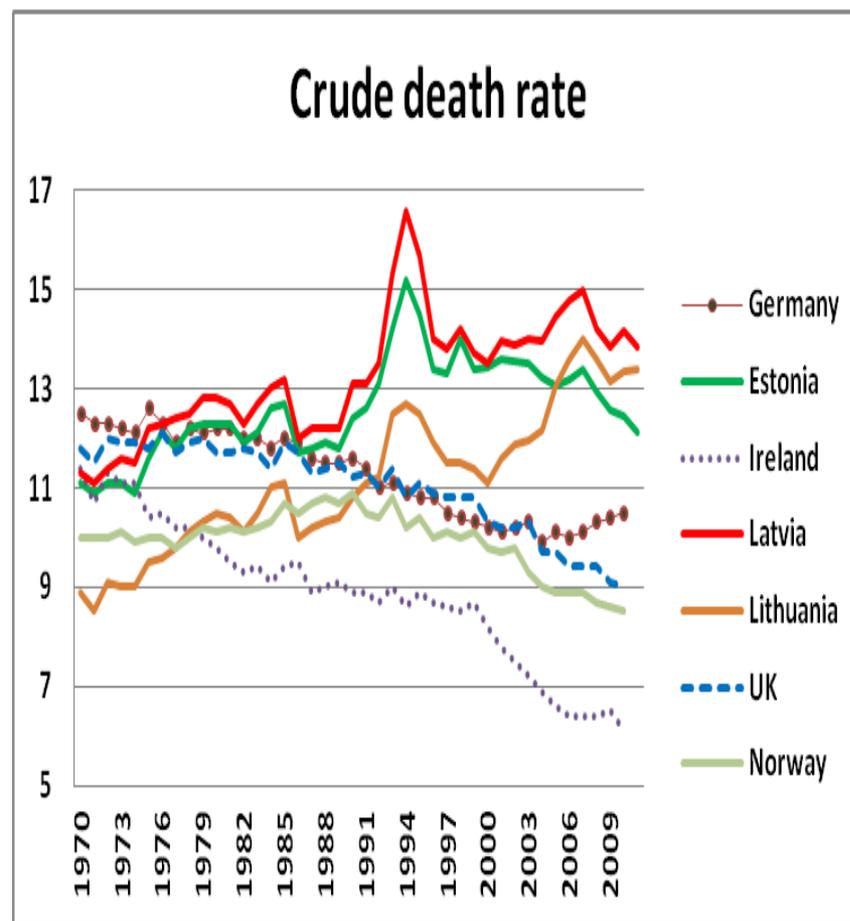
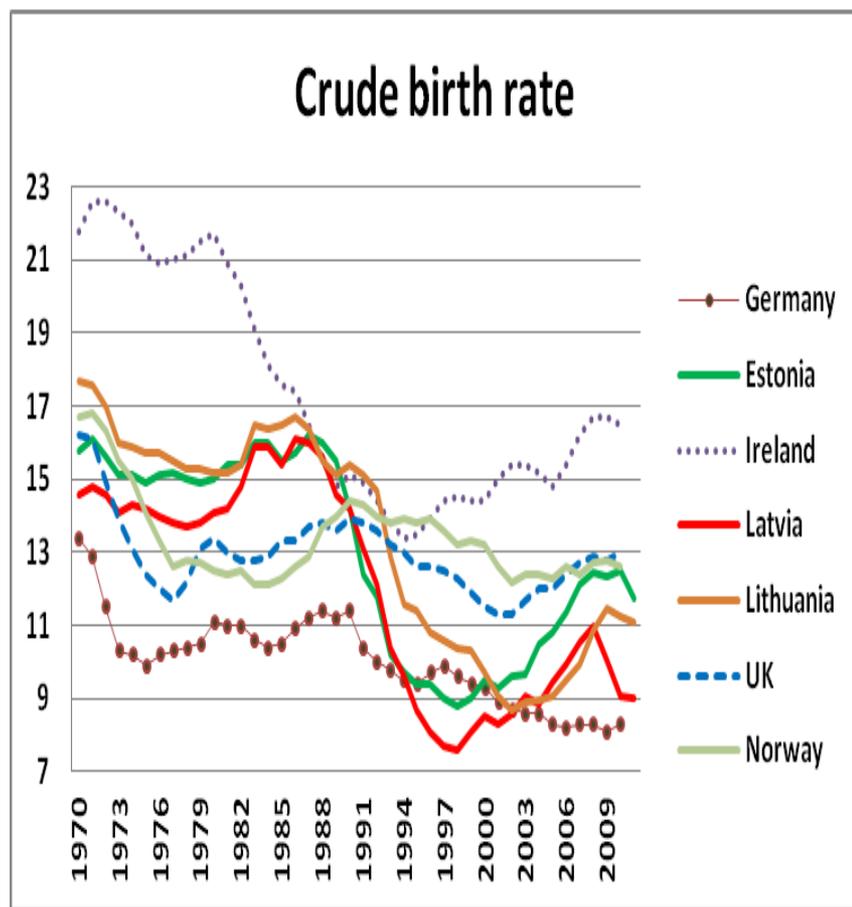




Population change in the Baltics, 2000-2011 (% of the initial population)

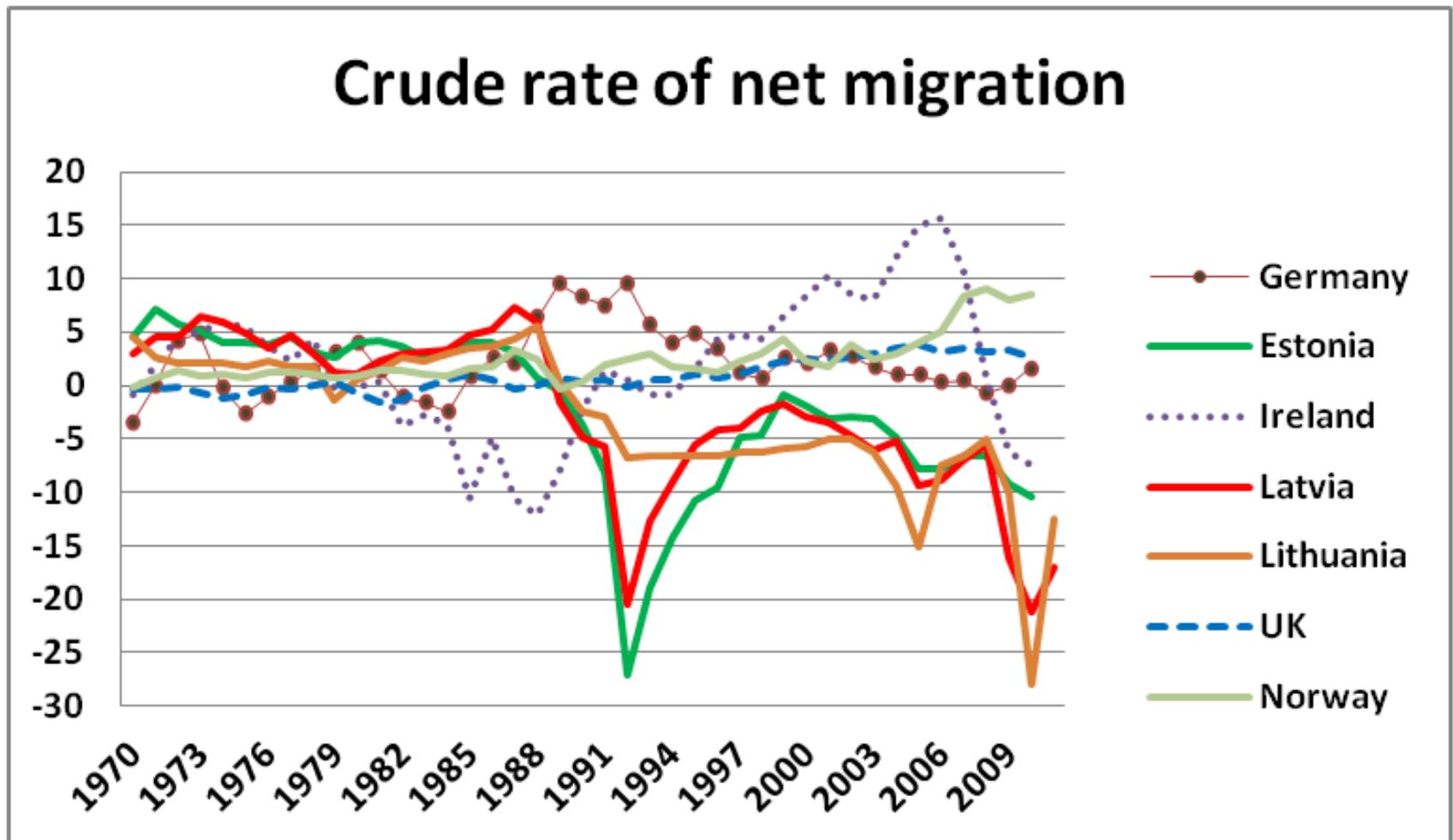


Birth & Death Rates (per 1000): The Baltics vs. The Old Europe, 1970-2011



Net migration (per 1000):

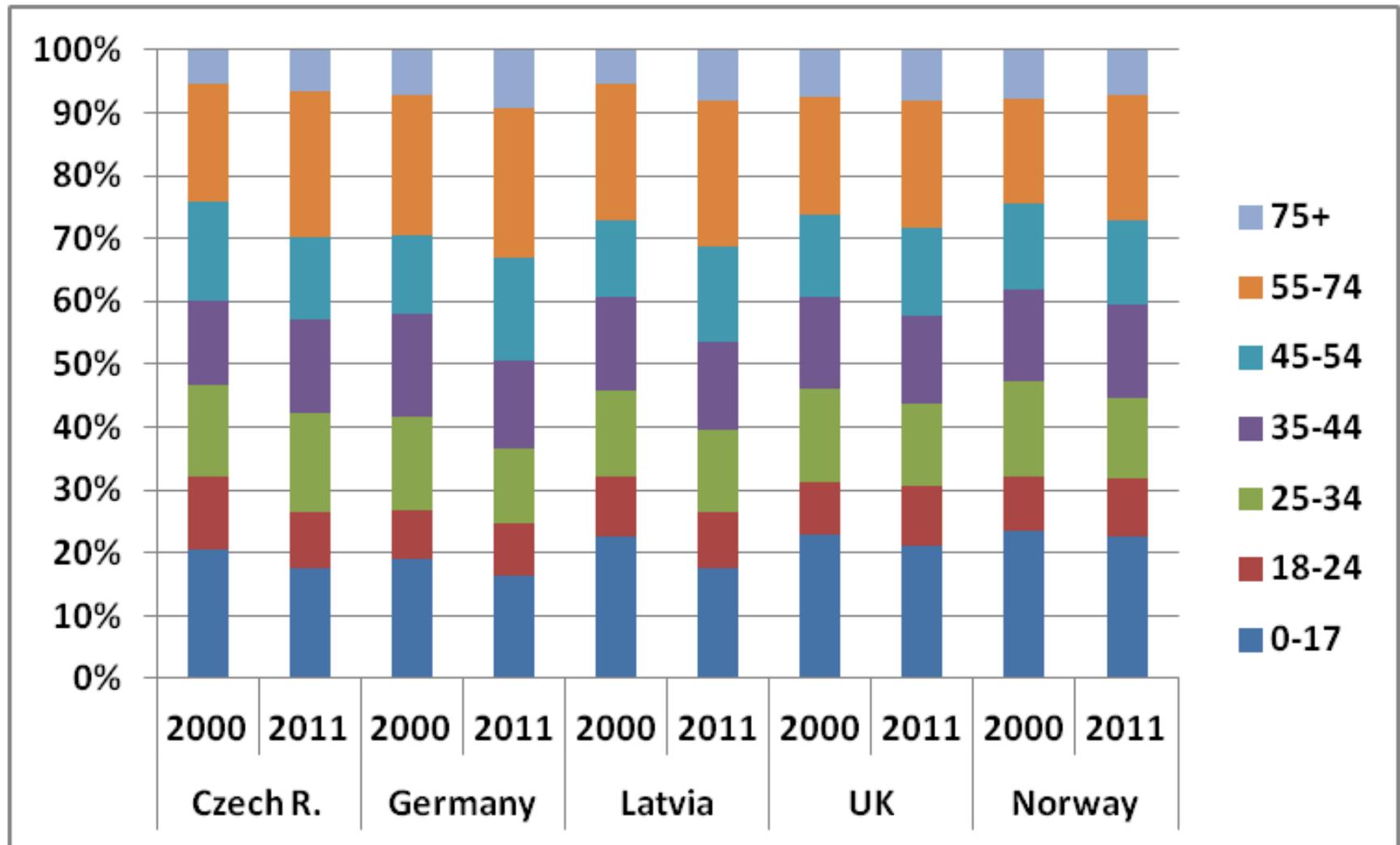
The Baltics vs. The Old Europe, 1970-2011



Most emigrants are young...

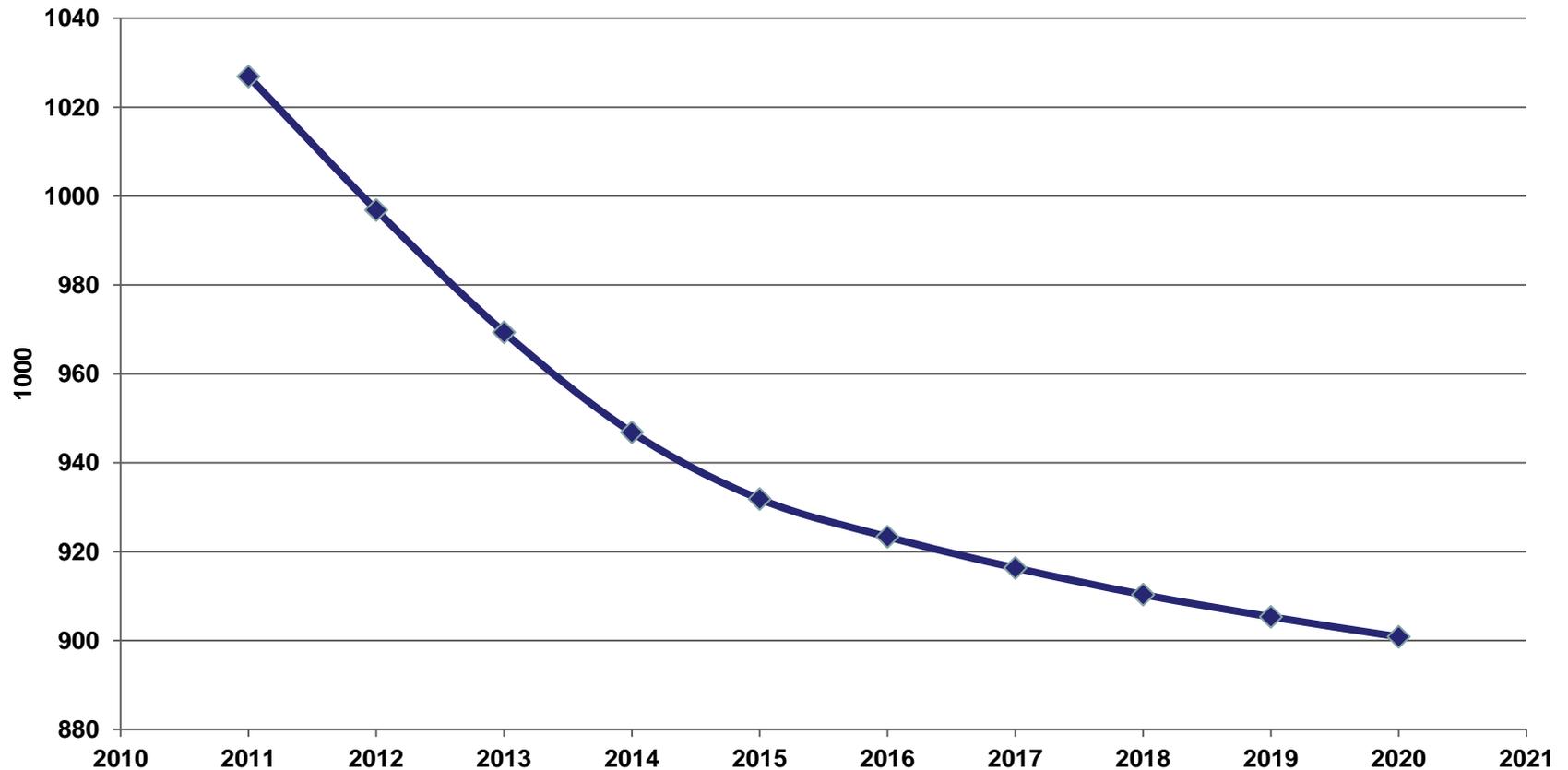
- About 80% of recent (2009-2011) emigrants from Latvia are younger than 35
- Hence, the remaining population is aging faster than each of us...
- ...and faster than population of the countries which host our emigrants

Population by age: 2011 vs. 2000



Labour Supply in Latvia: Back-of-the-Envelope Forecast

Economically active population



Three emigration waves

- Pre-accession: 2000-2003
- Post-accession: 2004-2008
- Crisis: 2009-2011

(i) 2000-2003: *Personal initiative and effort*

- High unemployment, low income → large emigration potential (2000: ~15% of active pop.)
- Emigration potential was reduced by
 - *Hopes for a better life in Latvia*
 - Institutional obstacles for labour migration
 - *Difficulties related to information and job search*
 - High monetary and psychic costs
 - *In sum: rather high de facto thresholds with respect to own-initiative, access to information, and willingness to accept risk*
 - Comparative advantage for university graduates
 - *A higher than average proportion of ethnic minorities*
 - A high degree of geographical diversification of migration flows

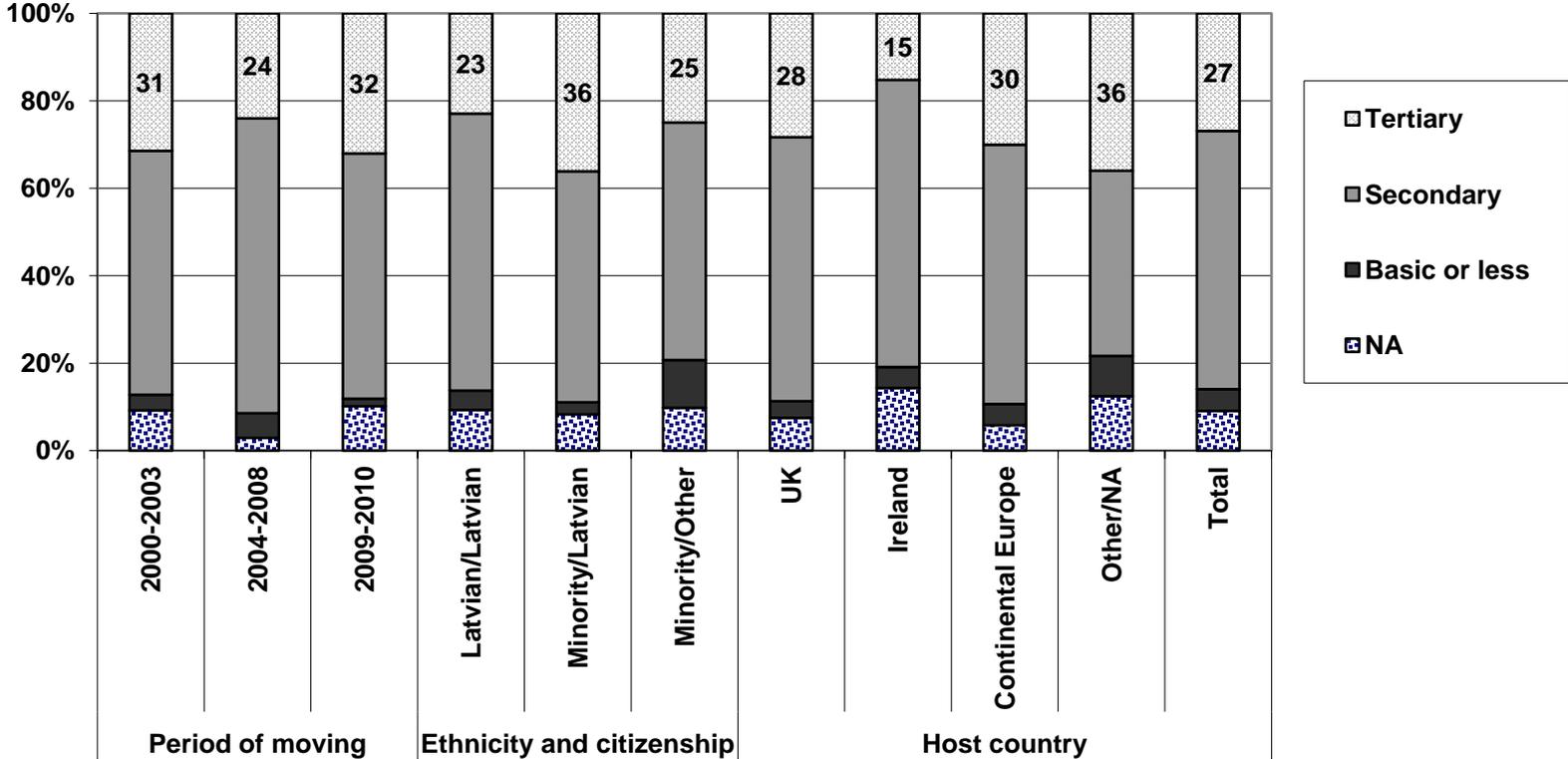
(ii) 2004-2008: *Institutional and market forces*

- *Migration-friendly institutional changes along with technical progress reduced all kinds of migration costs*
- Emigration boom → growing diasporas, migrant networks, falling communication and transportation costs → further reduction of migration costs
- *Emigrants' self-selection in terms of human capital was driven mainly by expected gains in terms of income and working conditions; these gains were, on average, larger for persons with secondary or lower education*
- Migration flows to a large extent re-directed towards the United Kingdom and Ireland (and, less so, Sweden)
- *The proportion of non-Latvians (especially non-citizens) among emigrants declined*
- In the second half of the period, the intensity of emigration declined due to strong economic growth in Latvia, while return migration increased

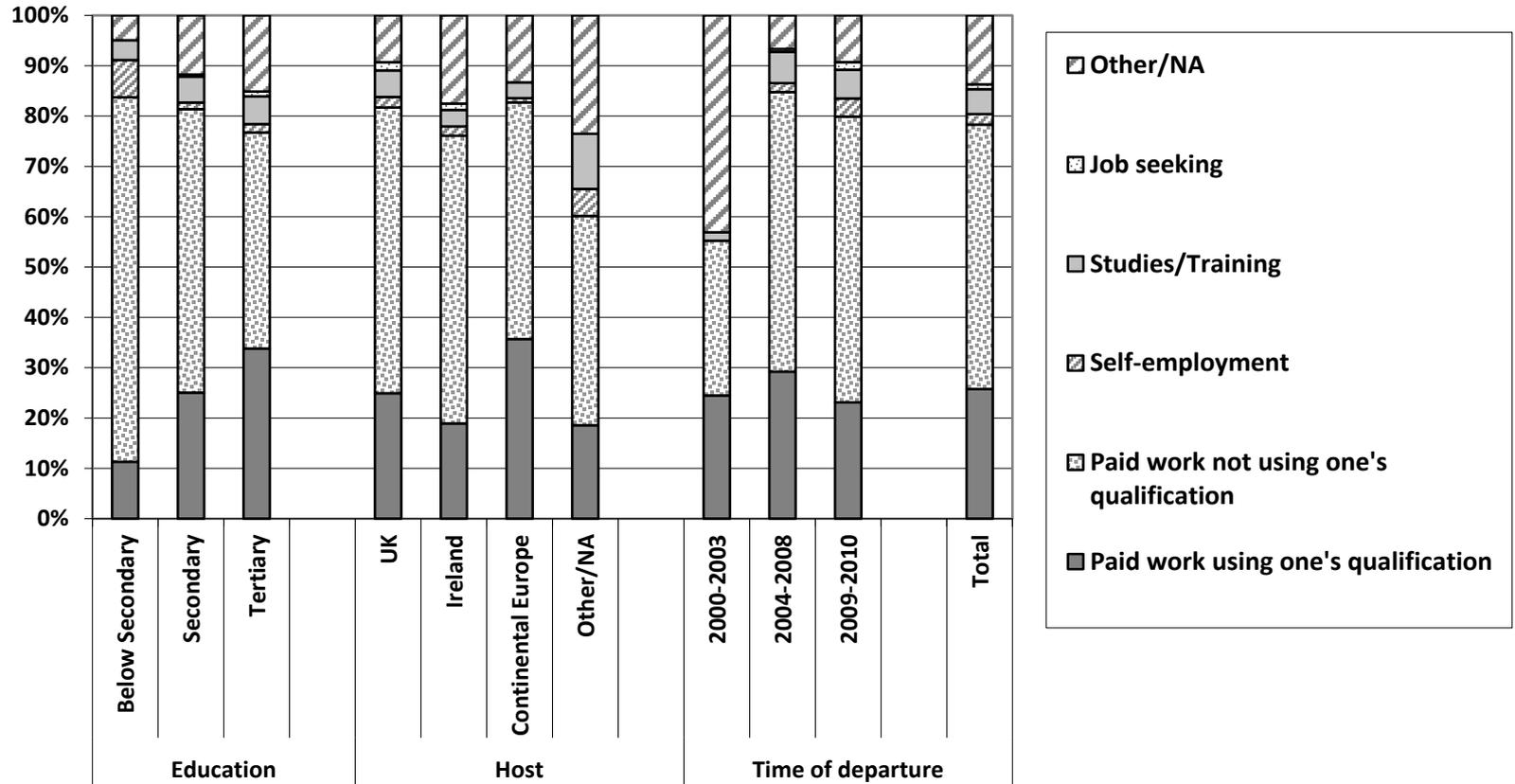
(iii) 2009-2011: *Lost jobs and lost hopes*

- *The intensity of emigration from Latvia increased*
- The role of push factors (especially unemployment & wage cuts, but also lack of prospects, loss of hopes and uncertainty of Latvia's development path) in shaping migration flows increased
- *The role of host country's social protection system increased among pull factors*
- Migrants are more oriented towards permanent emigration and more often move as whole families
- *The proportion of the highly educated among emigrants increased significantly and exceeded corresponding proportion among stayers*
- The proportion of individuals oriented towards own business among emigrants increased
- *The proportion of ethnic minorities (especially those with Latvian citizenship) among emigrants increased.*

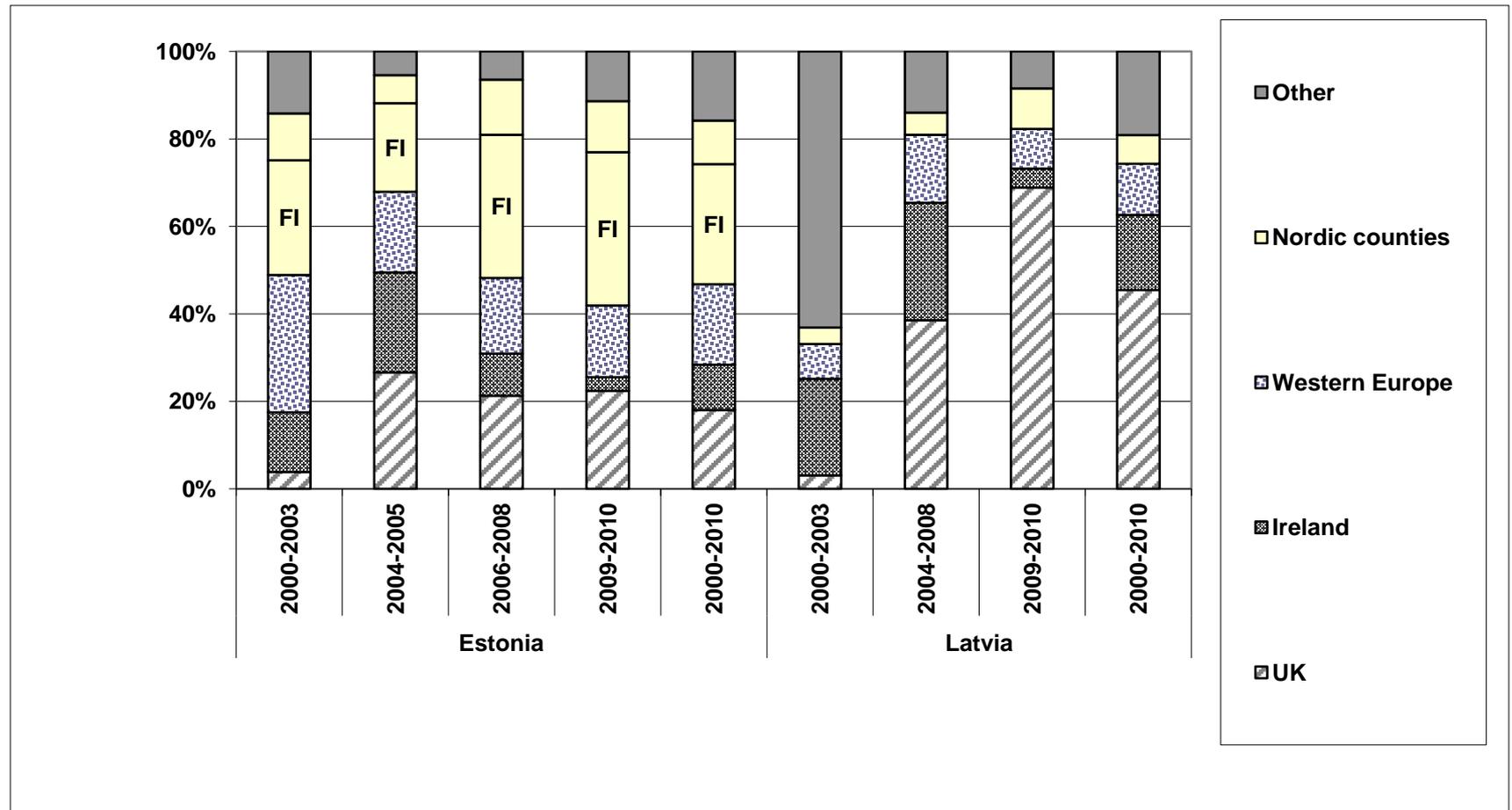
Emigrants from Latvia (aged 22+) by completed education at the end of 2010



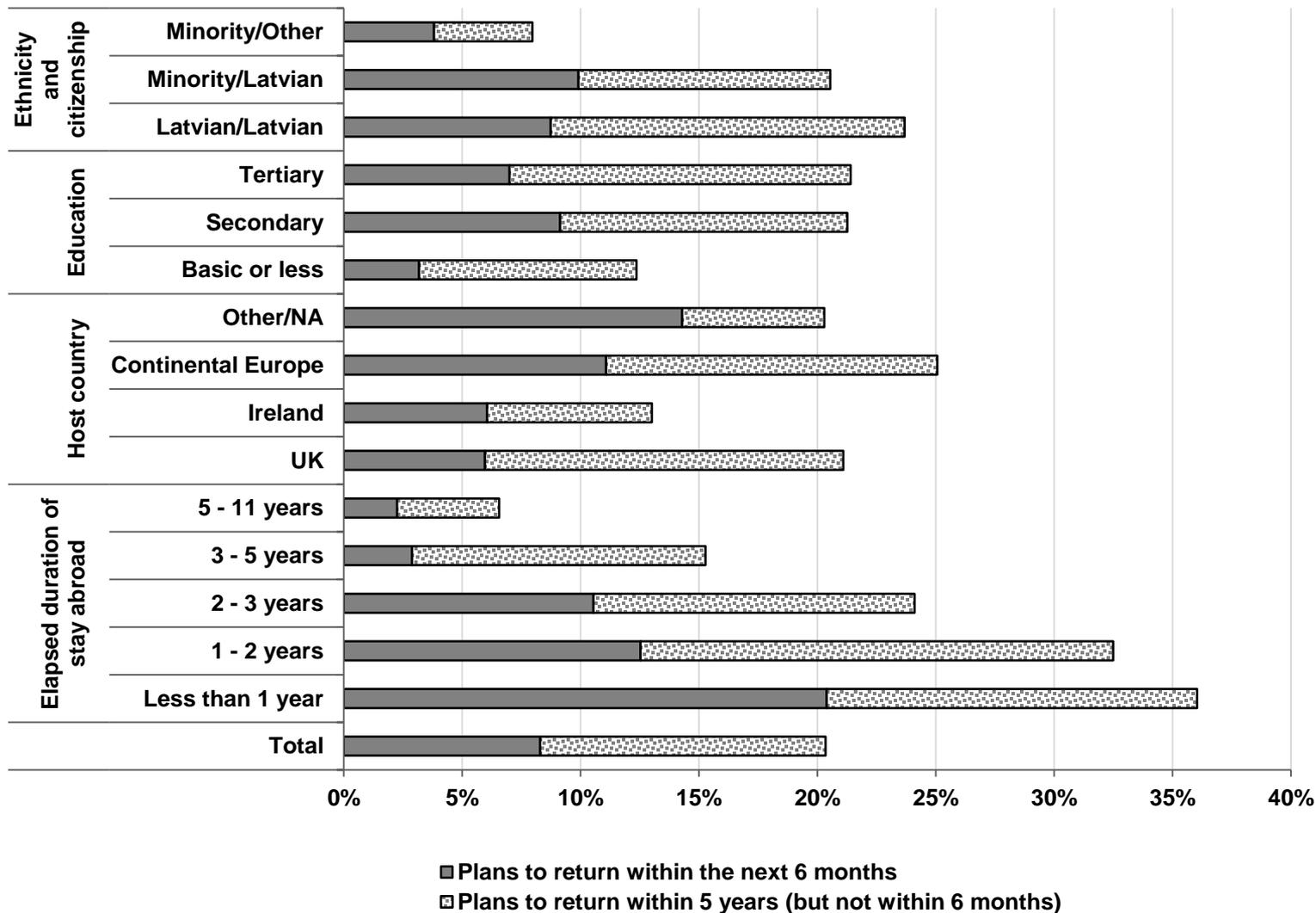
Emigrants' main occupation, by education level, host country & period of moving



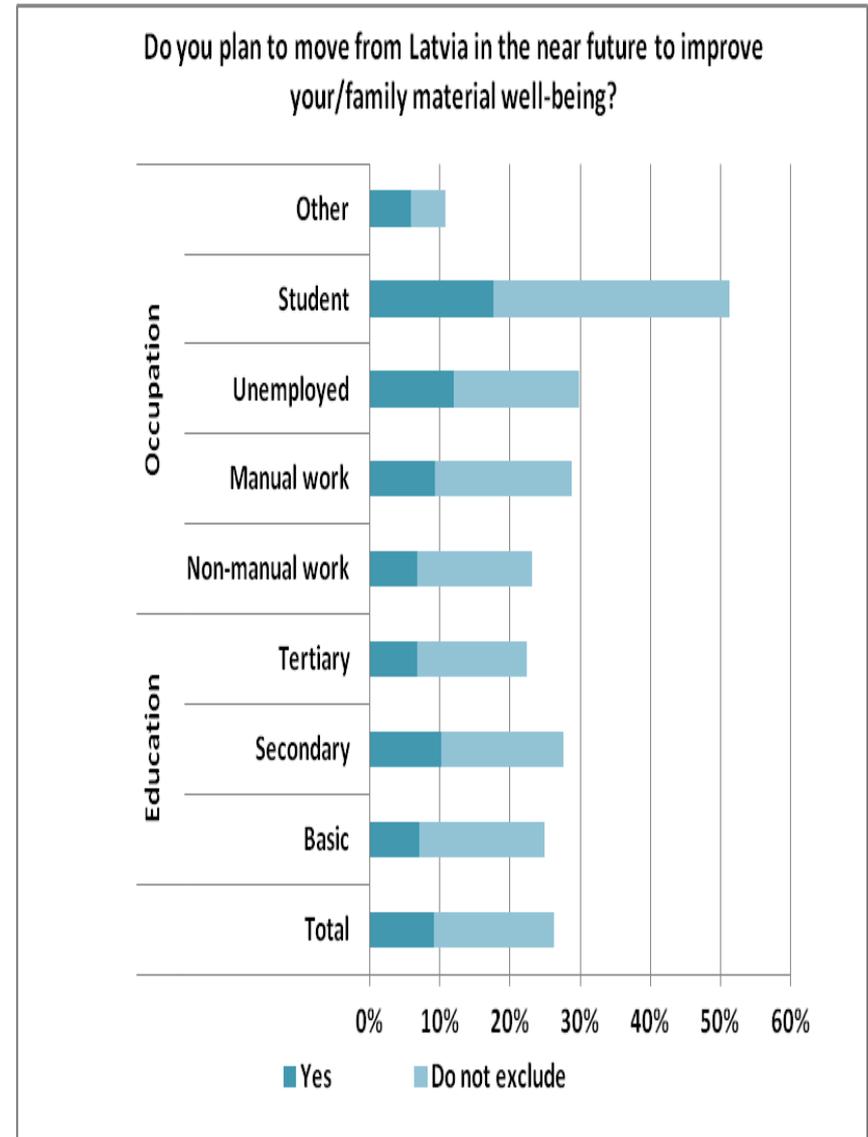
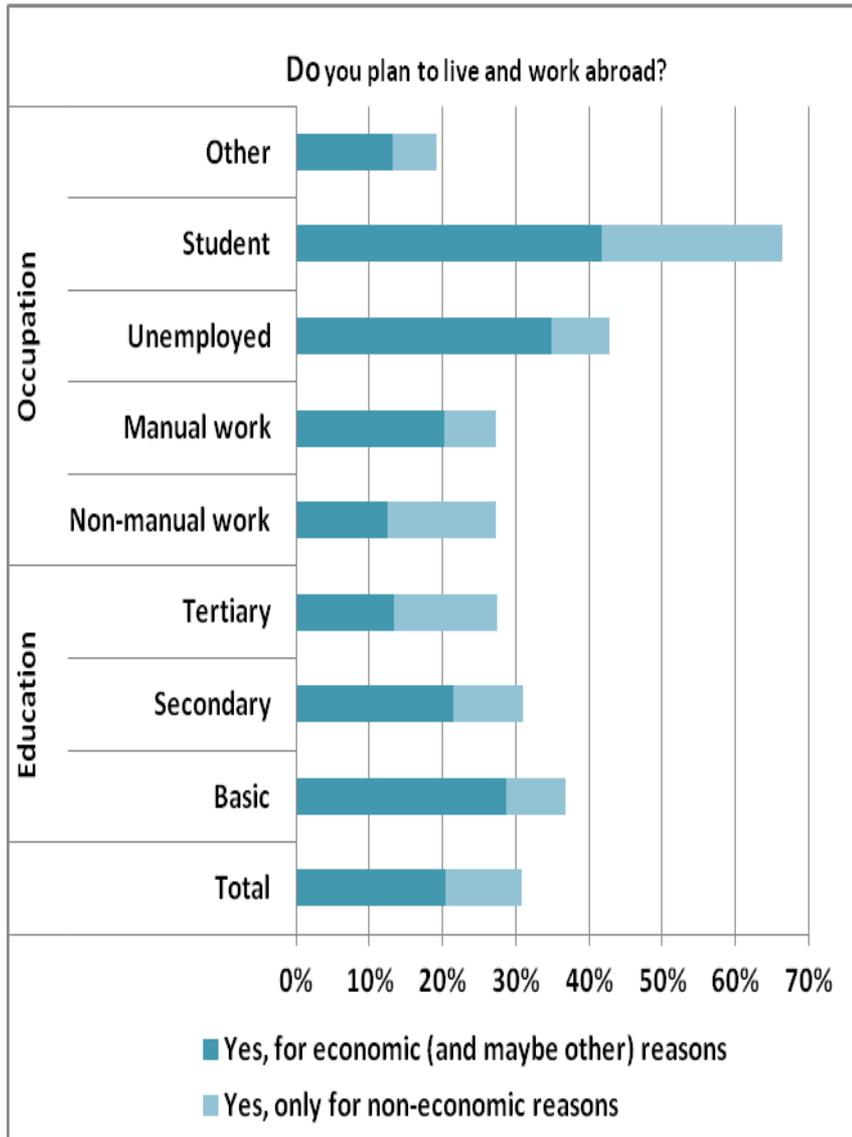
Estonian and Latvian (net) emigration flows by direction and period, 2000-2010



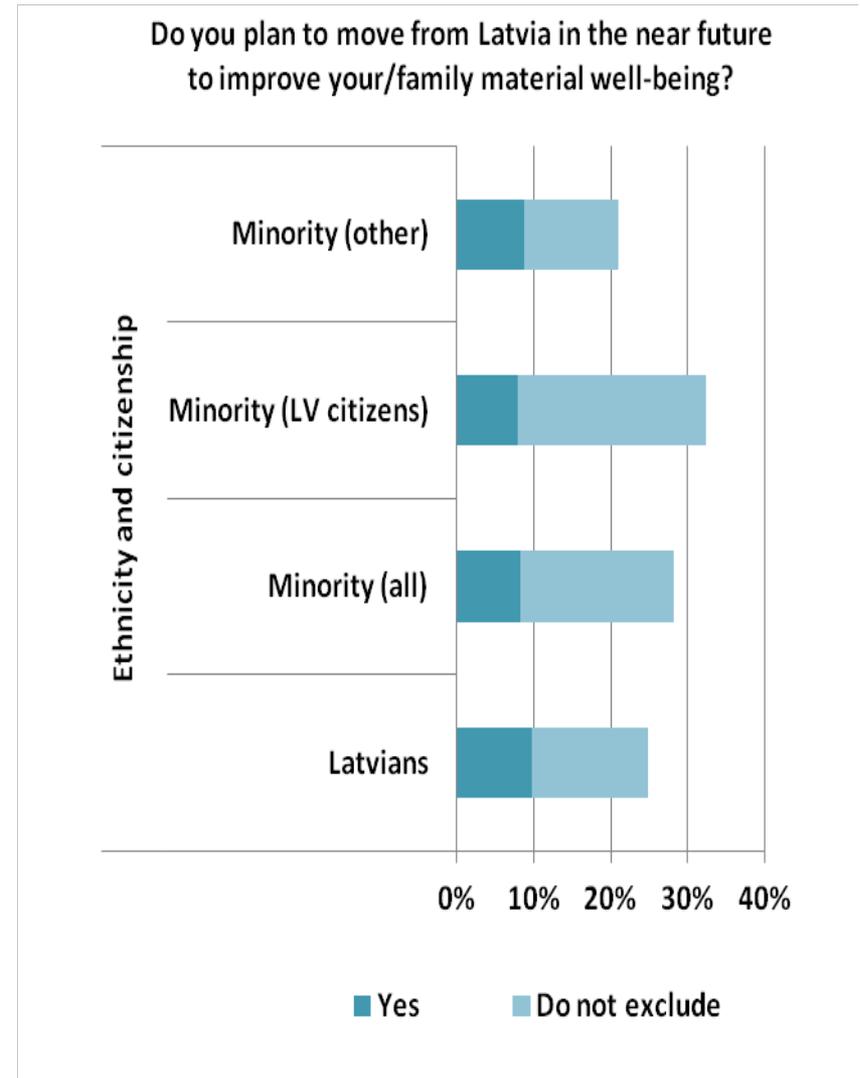
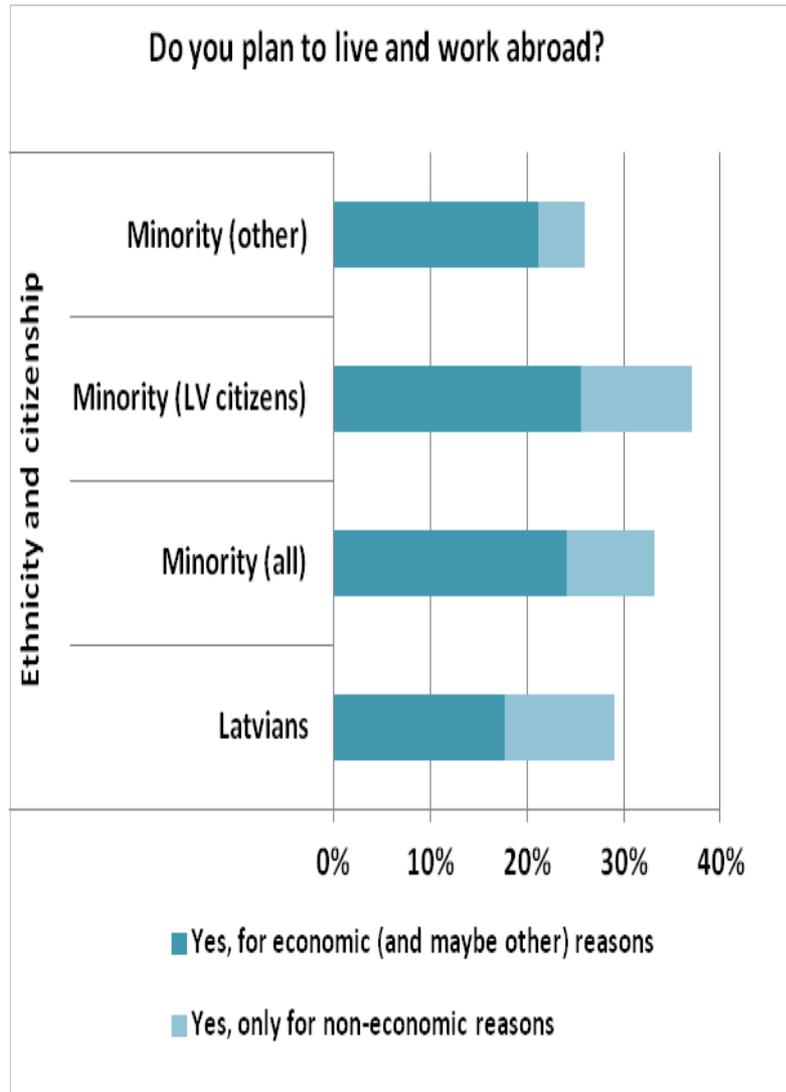
Latvian emigrants' plans to return within 6 months and within 5 years, 2011/01



Emigration plans of Latvia's residents aged 18-65, early 2011



Emigration plans of Latvia's residents aged 18-65, early 2011



Main findings (1)

- In 2000 – 2011, Latvia has lost at least 230 thousand persons due to [mostly unregistered] emigration
- Latvia's society is much older than we used to think and is aging faster than societies in the countries of the old Europe
- Latvia's birth rate is lower but death rate - higher than in Estonia, Lithuania, the UK, Ireland and Norway; and it is getting worse

Main findings (2) – from surveys conducted in early 2011

- Just 8% of emigrants plan to return within six months. In a longer perspective (within five years) about 20% might come back
- The propensity to emigrate due to only non-economic reasons among citizens of Latvia does not depend on ethnicity and is larger than among non-citizens
- Overall propensity to move abroad during the crisis is larger among non-Latvians (especially those holding Latvian citizenship)
- The proportion of the highly educated among emigrants increased significantly and exceeded corresponding proportion among stayers.
- Students are strongly over-represented among the potential emigrants. The brain drain risk becomes not negligible

Policy recommendations

- Expert assessment should apply to any significant policy change, to avoid increasing motivation to emigrate among large groups of population
- State and municipalities should engage in strengthening the links with the emigrants
- Liberalise [selective] immigration
- EU-wide compensation mechanisms
- EU-wide demographic stimulus (means tested child benefit floor)

Sources:

- Hazans, M. Who lives in Latvia today? A snapshot of real demographic situation. Public presentation, University of Latvia, 12.09.2011, <http://www.lu.lv/zinas/t/7594/>
- Hazans, M (2011). The changing face of Latvian emigration, 2000-2010. In: B.Zepa and E. Klave (eds), “Latvia. Human Development Report 2010/2011: National Identity, Mobility and Capability”. Riga: Univ. of Latvia Press: 70-91
- Hazans, M (2012). Selectivity of migrants from Baltic countries before and after enlargement and responses to the crisis, in Bela Galgoczi, Janine Leschke and Andrew Watt (eds). *Intra-EU Migration in Troubled Times: Skills Mismatch, Return Migration and Policy Responses*. Farnham, UK: Ashgate (forthcoming).
- Ad hoc calculations