

# Latvian-Russian Relations: Domestic and International Dimensions

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# Introduction

Nils Muižnieks

A skeptic would argue that a book on Latvian-Russian relations should be very short. Within Latvia, Latvians and Russians often live separate lives, espouse different values and agree to disagree on a range of domestic and foreign policy issues. At the inter-state level, relations have been frosty since the early 1990s, punctuated by numerous crises, mutual recriminations and regular threats from Russia to impose economic sanctions. Why, one might ask, would someone devote an entire book to something that barely exists?

This volume attempts to demonstrate that multifaceted relations *do* exist at the domestic and international levels, that inter-ethnic and inter-state relations are often linked, and that both levels merit detailed analysis. Indeed, Latvian-Russian relations are of more than local importance – they have a broader significance to policy-makers and observers interested in the challenges of managing diversity, promoting immigrant integration and the dilemmas encountered by small states coping with a post-imperial great power neighbour.

At the domestic level, Latvia has faced a unique task: a demographically and linguistically weak majority must absorb and coexist with a very large post-imperial minority that has often been supported by a very large and active kin-state. The record of coexistence has been mixed, but one undeniable success has been the peaceful nature of Latvian-Russian inter-ethnic relations over the last 15 years. The first part of this book reviews the experience of coexistence, examining government policy towards the Russians, their reactions to that policy and attitudes towards Latvians, the state, and foreign policy. Further chapters analyse the role of Russians in Latvia's economy and their participation in political parties, civil society, and the media. Many of the authors in this volume have written extensively on ethno-politics in Latvia and their chapters draw on the rich store of data and analysis that has been accumulated since independence.<sup>1</sup>

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<sup>1</sup> For electronic libraries containing a vast store of data and analysis on ethnic relations in Latvia, see the web pages of the Secretariat of the Special Assignments Minister for Social Integration at [www.integracija.gov.lv](http://www.integracija.gov.lv), the public policy portal [www.politika.lv](http://www.politika.lv), and the web page of the Baltic Institute of Social Sciences [www.bszi.lv](http://www.bszi.lv). Good external sources of data and analysis include the European Centre for Minority Issues in Flensburg, Germany, at [www.ecmi.de](http://www.ecmi.de), and the Open Society Institute's EU Accession Monitoring Programme at [www.eumap.org](http://www.eumap.org). Last accessed on October 1, 2006.

While there is a considerable amount of research on ethnic relations within Latvia, much less work has been done on Latvian-Russian inter-state relations. On the Latvian side, Aivars Stranga wrote a series of excellent analytical pieces throughout the 1990s that will remain the standard reference works for that period.<sup>2</sup> However, he discontinued his work in this area after 1999. With the partial exception of Andris Sprūds,<sup>3</sup> who wrote the chapter on energy relations in this book, no other Latvian expert has written on the issue regularly. On the Russian side, there are a number of works on Latvian-Russian relations by the Council on Foreign and Defence Policy<sup>4</sup> and various scholars affiliated with the Academy of Sciences or the Moscow Carnegie Centre.<sup>5</sup> However, the former often stray from academic to more politically engaged analysis, while the latter tend to ignore Latvian and Western work on the topic.

The second half of the book analyses the full spectrum of Latvian-Russian relations at the international level over the last 15 years. The

overview begins with the bread-and-butter issues of foreign and security policy, economic and energy relations. Subsequently, there are chapters on issues that have received little academic attention until now: Russian policy towards “compatriots” in Latvia, the border dispute and cross-border cooperation. Rounding out the second half of the book, the chapter by Rasma Kārklīņa and Imants Lieģis places bilateral relations in the broader framework of relations between an enlarged EU and NATO with Russia.

Why should Latvian-Russian relations be of interest to outsiders? In the early 1990s, observers noted that Russia’s policy towards the Baltic States was a “litmus test” of Russia’s commitment to international norms and renunciation of imperial ambitions.<sup>6</sup> To some extent this remains the case today, though some would argue that Russian policy towards Georgia or Ukraine has now become a more accurate litmus test. In any case, the 15 years of twists and turns in Latvian-Russian relations hold interesting lessons for other countries attempting to forge new relations with Russia. Latvian-Russian bilateral disagreements still hold the potential of negatively affecting the EU and NATO agenda with Russia. At the same time, Latvia has great potential to play a growing role in the East-West dialogue and to assist countries further to the East in navigating the transition to market democracy.

While Latvian-Russian relations can affect the broader regional agenda, they also shed light on the evolution of the Russian polity. As Andris Sprūds notes in his chapter below, Latvia has often served as the “constituting other” in Russian domestic policy. Clearly, Russian energy interests, the interplay of Latvian minority policy and Russia’s “compatriot games,”<sup>7</sup> and Latvia’s insistence on reminding the world of unpleasant episodes in Soviet history (e.g., the Molotov-Ribbentrop Pact, Stalinist deportations) all contribute to this phenomenon. Further research is needed on why and how the Kremlin-influenced media have manufactured a durable enemy image out of Latvia.

In the early stages of planning this book, some contributors noted that it is really two books in one. On the one hand, the decision to combine analyses of Russians in Latvia and Latvian-Russian inter-state relations was pragmatic and demand-driven. Having worked for 15 years in Latvian NGOs, government and academia and met with countless foreign journalists, researchers and officials, I can attest that no two issues evoke more interest from visitors to Latvia. On the other hand, inter-ethnic and inter-state relations are also clearly linked, with every turn in inter-state relations echoing in Latvia’s domestic ethnopolitics and every new development in Latvian minority policy creeping onto the bilateral agenda. As Aivars

<sup>2</sup> See Aivars Stranga, “Russia and the Security of the Baltic States: 1991-1996,” in Atis Lejiņš and Daina Bleiere, ed., *The Baltic States: Search for Security* (Riga: Latvian Institute of International Affairs, 1996), 141-185; Aivars Stranga, “Baltic-Russian Relations: 1995-Beginning of 1997,” in Atis Lejiņš and Žaneta Ozoliņa, ed., *Small States in a Turbulent Environment: The Baltic Perspective* (Riga: Latvian Institute of International Affairs, 1997), 184-238; Aivars Stranga, “Baltic-Russian Relations: 1997,” in *Humanities and Social Sciences Latvia*, 2(19)/3(20) (1998), 139-196; and Aivars Stranga, “Baltic-Russian Relations 1998-99,” in Atis Lejiņš, ed., *Baltic Security Prospects at the Turn of the 21st Century* (Helsinki: Kikumora Publications, 1999), 123-148.

<sup>3</sup> See Andris Sprūds, “Business Factor in Russian-Latvian Relations: Cooperation and Competition,” in Leonid Karabeshkin, ed., *The Regional Dimension in Russian-Baltic Relations* (St. Petersburg: CIRP, 2005), 199-203; Andris Sprūds, “Perceptions and Interests in Russian-Baltic Relations,” in Helmut Hubel, ed., *EU Enlargement and Beyond: the Baltic States and Russia* (Berlin: Verlag Arno Spitz, 2002), 345-370; Andris Sprūds, *Political Priorities and Economic Interests in Russian-Latvian Relations*, NUPI Working Paper 620, (Oslo: NUPI, 2001); Andris Sprūds, “Russia’s Policy Towards Europe’s “New Neighbours”: in Pursuit of Partnership or Domination?” in Atis Lejiņš, ed., *An Enlarged Europe and its Neighbourhood Policy: The Eastern Dimension* (Riga: Latvian Institute of International Affairs, 2004), 29-46, and Andris Sprūds, “Russian-Latvian Relations since 1991,” in Ruth Buttner, Vera Dubina and Michael Leonov, ed., *Russia and the Baltic States: Political Relations, National Identity and Social Thought in XVIII-XX Centuries* (Samara: Samara State University, 2001), 146-171.

<sup>4</sup> Sergey Oznobishchev and Igor Jurgens, ed., *Rossiia-Baltiya* (Moscow: Council on Foreign and Defence Policy/Baltic Forum, 2001); Galina Oznobishcheva, ed. *Rossiia-Baltiya II* (Moscow: Council on Foreign and Defence Policy/Baltic Forum, 2001), Galina Oznobishcheva, ed., *Rossiia-Baltiya III* (Moscow: Council on Foreign and Defence Policy/Baltic Forum, 2003); Galina Oznobishcheva, ed., *Rossiia-Baltiya IV* (Moscow: Council on Foreign and Defence Policy/Baltic Forum, 2005).

<sup>5</sup> For an early analysis, see Anton Vushkarnik, *Problemy otnosheniy Rossii so stranami Baltii (1990-1996 gg.)* (Moscow: Rossiskaya Akademii Nauk, 1997); see also Dmitri Trenin, *Baltic Chance: The Baltic States, Russia and the West in the Emerging Greater Europe* (Washington, D.C.: Carnegie Endowment for International Peace, Carnegie Moscow Center, 1997); and Renald Simonyan, *Rossiia i strany Baltii* (Moscow: Institut Sotsiologii RAN, 2005).

<sup>6</sup> For the classic statement, see Carl Bildt, “The Baltic Litmus Test,” *Foreign Affairs* Vol. 73, No. 5 (September-October 1994), 72-85.

<sup>7</sup> This turn of phrase belongs to Sven Gunnar Simonsen, “Compatriot Games: Explaining the Diaspora Linkage in Russia’s Military Withdrawal from the Baltic States,” *Europe-Asia Studies* Vol. 53, Issue 5, (July 2001), 771-791.

Tabuns shows in his chapter below, foreign policy issues often divide Latvia along ethnic lines.

As noted in the chapters in the first half of this book, Russians in Latvia remain subject to many influences from Russia. Through its open or tacit support, Russia influences the fortunes of local parties or NGOs claiming to speak for Latvia's Russians. Television and other media in Russia continue to exert a strong impact on the values and attitudes of Latvia's Russians. Russia has tried to win the hearts and minds of Latvia's teachers and students by organizing training, providing stipends and funding visits to Russia. Inter-state economic and energy relations affect the economic position of Russians within Latvia. Indeed, one reason Russia has never carried out its repeated threats of imposing economic sanctions against Latvia is the high probability that this would severely harm Latvia's Russians.

While this volume explores a wide variety of issues in inter-state relations, several important gaps remain. Among areas for further research are military cooperation, relations between Latvian and Russian municipal governments (e.g., Moscow-Riga), exchanges in the realm of culture and battles over the interpretation of history. Additional work on bilateral relations would profit from broader comparisons not only with Estonian-Russian and Lithuania-Russian relations, but also with Russia's relations with its other neighbours in the Caucasus, Central Asia and countries in Central and Eastern Europe.

In organizing the preparation of this book, I have accumulated many debts of gratitude. Special thanks are due to the University of Latvia, which funded the entire project, and dean of the Faculty of Social Sciences Inta Brikše, who has been a stalwart advocate of the need to strengthen institutionalized knowledge in Latvia about Russia and our other neighbours to the East. Thanks are also due to Ieva Zlemeta for administrative assistance and to all the authors, who were remarkably disciplined in adhering to very tight deadlines and extremely tolerant of my intrusive editing. Any shortcomings of omission or commission are my own.

## Russians and Russian-Latvian relations within Latvia

# Government Policy and the Russian Minority

Nils Muižnieks

## Introduction

Every European country faces the challenge of managing ethnic diversity and integrating immigrants. Latvia's challenge has few parallels due to the relative size of the Russian minority, the circumstances of its arrival in Latvia, and the legacy of 50 years of Soviet rule. Latvia's political elite has encountered difficulties in reaching a consensus on a coherent, long-term policy towards the Russian minority. In the absence of such a consensus, policy has been inconsistent, contradictory and driven by transitory international pressures.

Policy towards the Russian minority has evoked keen interest from the international community. The Russian Federation has placed the status of Latvia's Russians at the top of its foreign policy agenda (see my chapter below). Since independence in 1991, Latvia's treatment of the Russian minority has been intensely monitored, with mission after mission of international experts, high-level delegations and commissioners drafting detailed reports evaluating the situation and offering recommendations.<sup>1</sup> International pressure, foreign assistance, and European Union conditionality have all played an important role in influencing Latvian minority policy.

This chapter provides an overview of the evolution of policy towards the Russian minority from 1991 through the end of 2006, focussing on developments in citizenship, language, education, and broader social integration policy. In order to understand the context of recent minority policy, some historical background is necessary.

## Historical Background

Latvia has always had a significant Russian population. During the interwar years Russians were the largest minority, numbering close to

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<sup>1</sup> Many of the documents are available at <http://www.minelres.lv/count/latvia.htm>. For analysis, see, in particular, Hanne-Margret Birckenbach, *Preventive Diplomacy through Fact-Finding: How International Organisations Review the Conflict Over Citizenship in Estonia and Latvia* (Hamburg: Lit Verlag, 1997); Jekaterina Dorodnova, *Challenging Ethnic Democracy: Implementation of the Recommendations of the OSCE High Commissioner on National Minorities to Latvia, 1993-2001*, CORE Working Paper 10 (Hamburg: Centre for OSCE Research, 2003); and Nils Muižnieks and Ilze Brands Kehris, "The European Union, Democratization, and Minorities in Latvia," in Paul J. Kubicek, ed., *The European Union and Democratization* (London: Routledge, 2003), 30-55.

10 percent of the population (see Table 1 below). Despite the size of the Russian minority, government policy and public debate focussed primarily on the smaller but better organized and economically powerful Baltic German and Jewish minorities, rather than the Russians. The Russians and other groups actively used the opportunities inherent in the official policy of minority cultural autonomy instituted in the 1920s to nurture a vibrant cultural life. After 1934, the authoritarian regime placed some limits on developing minority languages and cultures, particularly on the Baltic Germans and Jews.<sup>2</sup>

Latvia's policy of ensuring religious freedom allowed Russians to cultivate traditions that were severely circumscribed in the Soviet Union at that time. In addition to an active Orthodox Church, Latvia hosted a sizeable Old-Believer community, whose ancestors had settled in Latvian territory in previous centuries after fleeing persecution in Russia proper. Russians maintained an extensive educational infrastructure, with 144 elementary schools and 2 secondary schools operating in the 1939/1940 school year. At the elite level, two core institutions were the Russian Drama Theatre, still active today, and the newspaper "Segodnya," one of the largest and most respected Russian-language newspapers outside of the Soviet Union at that time.<sup>3</sup>

The Russian elite, however, was tiny, and the Russian masses remained socio-economically backward and territorially and linguistically isolated. In the interwar period 75% of all Russians were concentrated in the eastern province of Latgale, with only 14% in Riga. Russians were disproportionately engaged in agriculture – while 68% of the entire population was occupied in agriculture in 1935, the share for Russians was 80%. Russian educational attainment was very low – in 1920, when adult literacy among the majority population was 73% for males and 74% for females, the figures for Russians were 42% and 28%, respectively. Finally, Russians had the lowest level of Latvian language proficiency among all minorities, with only 18.9% claiming knowledge of Latvian in 1930.<sup>4</sup> These factors diminished the weight of the Russian community in interwar Latvian life and made it susceptible to falling under the sway of the more educated, urban, secular and Sovietized Russian-speaking newcomers of the post-war period.

World War II and the Soviet occupation transformed the demographic and linguistic situation and disrupted established patterns of inter-ethnic relations.<sup>5</sup> Latvia's ethnic composition and the relative size of the Russian

minority changed drastically over the last 70 years, as can be seen in Table 1 below. In 1939 Nazi Germany "repatriated" almost all Baltic Germans; during the Nazi occupation of 1941-1945, the Nazis and their local collaborators exterminated the local Jewish population and half of the Roma population. War deaths, Soviet executions and mass deportations to the East, flight to the West, and post-war Soviet policies of mass migration weakened the Latvian position and resulted in the growth of the Russian minority, which accounted for more than one-third of the population in 1989 on the eve of independence.

Table 1. **The Ethnic Composition of Latvia, 1935-2005**  
(Percentage of the population)

	1935	1989	2005
<b>Latvians</b>	77.0	52.0	58.8
<b>Russians</b>	8.8	34.0	28.6
<b>Belarussians</b>	1.4	4.5	3.8
<b>Ukrainians</b>	0.1	3.5	2.6
<b>Poles</b>	2.5	2.3	2.5
<b>Others*</b>	10.2	3.7	3.7

\*In 1935, Jews were 4.9% and Baltic Germans were 3.3%.

Source: the home page of the Central Statistical Bureau of the Republic of Latvia, www.csb.lv, last accessed on July 24, 2006.

No precise migration figures are available for the immediate post-war period. As can be seen in Table 2, after 1950 Latvia witnessed substantial migration, with arrivals outnumbering departures almost every year until independence, when the trend was reversed. Initially, migrants were demobilized Red Army soldiers and their families, internal security personnel and Communist Party bureaucrats. From the early 1960s through the mid-1980s, migrants tended to be workers in All-Union industries, particularly persons with a technical or engineering background, as well as many retired Soviet military officers. As suggested by Table 1, the majority of migrants were Russians, Ukrainians, and Belarussians, whose combined share of the population rose from 10.3 percent in 1935 to 42.0 percent in 1989.

While generating fears among Latvians that they would become a minority, the influx of Russians and other Slavs also changed the linguistic situation. Most Latvians and other non-Russians were compelled to learn Russian, while most non-Latvians had neither the opportunity nor the incentive to learn Latvian. Asymmetric bilingualism prevailed at the time of the last Soviet census in 1989, when 68.7 percent of all Latvians claimed a command of Russian, while only 22.3 percent of Russians claimed a knowledge of Latvian, with the relevant figures for Belarussians and Ukrainians even lower. Many members of non-Russian minorities adopted Russian as their native language: in 1989 this was the case for 64.7 percent of all Belarussians, 49.3 percent of all Ukrainians, and 54.2 percent of all

<sup>2</sup> See Aivars Stranga, *Ebreji un diktatūras Baltijā, 1926-1940*, 2nd ed. (Riga: University of Latvia Jewish Studies Centre, 2002), 163-257, and Inesis Feldmanis, "Baltic Germans in Latvia 1918-1939," *Humanities and Social Sciences* no. 2 (1994), 64-68.

<sup>3</sup> On the history of Latvia's Russians, see Vladislavs Volkovs, *Krievi Latvijā* (Riga: Filozofijas un socioloģijas institūta Etnisko pētījumu centrs, 1996).

<sup>4</sup> The figures in this paragraph are all from Vladislavs Volkovs, "Krievi," in Leo Dribins, ed., *Mazākumtautību vēsture Latvijā* (Riga: Zvaigzne ABC, 1998), 94-5.

<sup>5</sup> For the standard history, see Romuld J. Misiunas and Rein Taagepera, *The Baltic States: Years of Dependence, Estonia, Latvia and Lithuania, 1940-1990*, 2nd expanded edition, (London: Hurst & Hannum, 1993).

Poles. On the eve of independence, out of a population of 2.6 million, more than one million “Russian-speakers” did not speak Latvian.<sup>6</sup>

Table 2. **Migration to and from Latvia, 1951-2004**  
(in thousands)

Years	Arrived	Departed	Net Migration
1951-60	377.2	307.6	69.6
1961-70	327.4	220.8	106.6
1971-80	389.2	290.6	98.6
1981-90	321.1	254.6	66.5
1991-00	43.0	215.2	-172.2
2000-04	5.9	14.8	-8.9

Source: the home page of the Central Statistical Bureau of the Republic of Latvia, www.csb.lv, last accessed on July 24, 2006.

With political liberalization in the late 1980s, demands to halt migration, upgrade the status of the Latvian language, and make Latvians “masters of their own land” exploded into the public realm.<sup>7</sup> The independence struggle had an ethnic colouring: sociological surveys and analyses of the 1991 independence referendum showed that 90-95 percent of all ethnic Latvians supported independence, while the figure for non-Latvians was 38-45 percent.<sup>8</sup> The pro-Soviet movement, with close links to the Communist Party, the Soviet armed forces and the KGB, had an overwhelmingly Slavic ethnic base.<sup>9</sup>

The past cast a long shadow on ethnopolitics in Latvia. Latvian resentment at immigration and asymmetric bilingualism was deep-seated, while weak Slavic support for independence and strong Russian-speaking representation in the pro-Soviet movement led many Latvians to question the loyalty of non-Latvians more generally. Demographic fears and political suspicions gave ammunition to those who wanted to limit the weight of Russian-speakers in decision-making. However, moderation prevailed until the attainment of independence, as the imperative of securing non-Latvian support for independence led the leaders of the Popular Front to offer vague

promises of inclusive citizenship and equal political rights for all inhabitants.<sup>10</sup> Moreover, at the height of tensions with Gorbachev’s USSR in January 1991, Latvia (along with Estonia) had signed inter-state treaties with Yeltsin’s Russian Federation which stated that both sides should allow individuals to freely choose citizenship.<sup>11</sup> Soon after independence, most Latvian leaders reinterpreted promises made for tactical reasons and symbolic (never ratified) treaties, as the logic of restoring independence played out.

## Citizenship Policy

The independence movement had developed a doctrine of “legal continuity” with far-reaching implications for subsequent citizenship policy and the status of many Russians in independent Latvia. In line with this doctrine, Latvia was not a new state, but a restored one; Soviet occupation and forcible annexation interrupted this independence *de facto*, but not *de jure*. “Legal continuity” was sustained throughout the post-war era by most Western countries, which did not recognize the incorporation of the Baltic States.<sup>12</sup> After restoring statehood in August 1991, a logical next step was to restore the pre-World War II Constitution, institutions, and citizenry.

On 15 October 1991 the Latvian parliament passed a resolution restoring citizenship to those who were interwar citizens and their direct descendants.<sup>13</sup> Law-makers promised to draft naturalization guidelines for those not qualifying for automatic citizenship (all post-war immigrants and their descendants). However, the transitional parliament elected in 1990 decided that it had no authority to decide the issue, which would be left to a new parliament to be elected by “restored citizens” in June 1993. Thus, over 740,000 persons (see Table 3), most of them Russians or Russian-speakers, remained in legal limbo in the immediate post-independence years, not fitting into any standard legal category – citizen, alien, or stateless person.

Determining who was a “restored” citizen fell to the Citizenship and Immigration Department (CID), a government office created in 1992 to control immigration and register all inhabitants in a population register. This task was complicated by the fact that many Russian military personnel remained in Latvia pending an inter-state withdrawal agreement, and some resorted to fictive marriages and forged documents in an attempt to regularize their status in Latvia. From 1992 to 1995, the CID interpreted the law in the most restrictive possible fashion, denying registration to tens of thousands of mostly Russian-speaking inhabitants, claiming they were

<sup>6</sup> Calculated from the census results Latvijas Valsts Statistiskās Komiteja, *1989. gada tautas skaitīšanas rezultāti Latvijā, Statistisks biļetens*, Part 2 (Rīga, 1991), 41-2.

<sup>7</sup> For analyses of the ethnopolitical movement of the late 1980s, see Juris Dreifelds, “Latvian National Rebirth,” *Problems of Communism* Vol. 38 (July-August 1989), 77-94, and Rasma Karklins, *Ethnopolitics and Transition to Democracy: The Collapse of the USSR and Latvia* (Washington, D.C: Woodrow Wilson International Center for Scholars, 1994).

<sup>8</sup> For survey data, see Brigita Zepa, “Sabiedriskā doma pārejas periodā Latvijā: Latviešu un cittautiešu uzskatu dinamika (1989-1992),” *Latvijas Zinātņu Akadēmijas Vēstis*, Part A, No. 10, 1992, pg. 23. For an analysis of the referendum results, see Ilmārs Mežs, *Latvieši Latvijā: Etnodemogrāfisks Apskats* (Kalamazaoo, MI: LSC Apgāds, 1992), 49-50.

<sup>9</sup> See Nils R. Muiznieks, “The Pro-Soviet Movement in Latvia,” *Report on the USSR*, 2, No. 34, (August 24, 1990), 19-24.

<sup>10</sup> See, e.g., Nils R. Muiznieks, “The Popular Front and Ethnic Relations,” *Report on the USSR* Vol. 1, No. 42, (October 20, 1989), 20-22.

<sup>11</sup> See Walter C. Clemens, “Negotiating a New Life: Burdens of Empire and Independence – The Case of the Baltics,” *Nationalities Papers* 20, no. 2 (Fall 1992), 67-78.

<sup>12</sup> See Ineta Ziemele, “Valsts nepārtrauktības un cilvēktiesību loma pilsonības kontekstā Baltijas valstīs,” in Tālav Jundzis, ed., *Baltijas valstis likteņgriežos* (Rīga: Latvijas Zinātņu Akadēmija, 1998), 235-256.

<sup>13</sup> *Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs* (1991), No. 43.



linked to the departing Russian army. The work of the CID evoked harsh criticism from international and domestic human rights monitors, and led to thousands of court cases, some of which were still being adjudicated by the European Court of Human Rights the following decade. While most problems were resolved through the departure of the Russian army in August 1994, legislative reform, and personnel changes in the CID, many Russian-speakers came to distrust Latvian state institutions as a whole.<sup>14</sup>

In June 1993 restored citizens elected the first post-independence parliament. This parliament had to adopt laws to regulate the status of those not qualifying for automatic citizenship and decide on conditions for providing them access to citizenship. While some political forces wanted to delay this process, the majority was spurred to act by the stance of the Council of Europe, which would not accept Latvia as a member until it adopted a Citizenship Law. After prolonged consultations with the Council of Europe and the OSCE, the Latvian parliament adopted a Law on Citizenship in July 1994.<sup>15</sup> The law granted certain categories of the population priority in the naturalization process (e.g. ethnic Latvians, spouses of citizens, those having finished a Latvian language school), but barred other categories (e.g., retired Soviet military officers, KGB officials, convicted pro-Soviet activists). All other “non-citizens” could qualify for naturalization according to a complex timetable (later dubbed “naturalization windows”) beginning in 1996 and running through 2003, provided they passed examinations on the Latvian language, history and the Constitution. The timetable, which allowed younger people and those born on Latvian territory to naturalize first, was justified by the desire to make naturalization orderly and gradual.

The legal status of non-citizens was regulated by a law on “The Status of Those Former USSR Citizens Who Do Not Have Citizenship of Latvia or Any Other State”<sup>16</sup> adopted in April 1995. The law, which grants non-citizens the equivalent of permanent resident status, provides for the issuance of internationally recognized “non-citizen” travel documents by the Latvian authorities. In practical terms, non-citizens cannot vote or be elected to parliament or municipal office or work in most civil service jobs. Non-citizens face certain restrictions in land ownership and in private sector jobs linked with the judiciary (e.g., sworn notaries, sworn advocates and their assistants). Most Western countries (except Denmark, Estonia and Lithuania) require visas of non-citizens. At the same time, non-citizens were not subject to obligatory military service (until the introduction of a professional military in 2006) and could travel to Russia more easily.<sup>17</sup>

<sup>14</sup> See, e.g., “Violations by the Latvian Department of Citizenship and Immigration,” *Helsinki Watch*, Vol. 5, No. 19, October 1993.

<sup>15</sup> *Latvijas Vēstnesis* No. 93, 11 August 1994.

<sup>16</sup> *Latvijas Vēstnesis* No. 63, 25 April 1995.

<sup>17</sup> For an analysis of restrictions on non-citizens, see “Valsts Cilvēktiesību biroja viedoklis par atšķirībām starp pilsoņiem un personām bez Latvijas pilsonības” (Riga: VCB, 1996) and [http://www.minelres.lv/count/non\\_cit-rights\\_2.htm](http://www.minelres.lv/count/non_cit-rights_2.htm), last accessed on July 24, 2006.

After the beginning of naturalization, most non-citizens gradually became eligible for Latvian citizenship as their “window” opened according to the timetable. Despite considerable outreach work and a client-friendly approach on the part of the Naturalization Board, extremely few persons availed themselves of the opportunity, prompting research on the reasons for passivity. Among the primary reasons for not naturalizing were insufficient knowledge of the Latvian language and history, a lack of information, and a lack of motivation to change one’s status.<sup>18</sup> While interest in naturalization stagnated, international pressure grew on Latvia to liberalize the law, especially after Latvia did not receive an invitation to begin membership negotiations with the European Union in 1997. However, efforts to liberalize the Citizenship Law proved so controversial they provoked a national referendum in October 1998. In the end, a majority of citizens voted to do away with the “windows system” and allow children of non-citizens born after independence to acquire citizenship by registration. While naturalization rates subsequently accelerated, the number of non-citizens remains high to this day as suggested by Table 3 below. Over time, the number of non-citizens dwindled significantly due not only to naturalization, but also to out-migration, death, and the adoption of citizenship of other countries (primarily Russia).

Table 3. **Citizenship and Ethnicity in Latvia, March 1995 and January 2006**

Ethnicity	March 1995			January 2006			
	Citizens	Non-Citizens	Total	Citizens	Non-Citizens	Foreign Citizens	Total
Latvian	1,397,523	24,464	1,421,987	1,348,354	2,053	1,082	1,351,489
Russian	289,106	476,790	765,896	351,876	278,213	22,115	652,204
Belarussia	20,971	88,151	109,122	29,238	55,254	2,102	86,594
Ukrainian	4151	65,183	69,334	14,637	39,633	3,905	58,175
Polish	39,522	25,465	64,987	40,685	14,385	612	55,682
Lithuanian	7253	28,454	35,707	17,828	11,799	1,680	31,307
Other	17,760	31,724	49,484	31,664	17,103	6,547	55,314
Total	1,776,286	740,231	2,516,517	1,834,282	418,440	38,043	2,290,765

Source: Nils Muiznieks, ed., *Latvia Human Development Report 1995* (Riga: UNDP, 1995), 22, and the home page of the Naturalization Board of the Republic of Latvia, [www.np.gov.lv](http://www.np.gov.lv), last accessed 27 July 2006.

## Language and Education Policy

While citizenship policy has evoked the most international interest, domestically, language policy has been far more controversial, particularly

<sup>18</sup> Baltijas Datu nams, *Ceļā uz pilsonisko sabiedrību* (Riga, 1998), 30-38, available at <http://www.bszi.lv/downloads/resources/pilsoniskaSabiedriba/pilsoniskaSabiedriba1997.pdf>, last accessed on July 24, 2006.

language in education. Language policy has a direct impact on the professional opportunities and status of the Russian-speaking elite – teachers, journalists, cultural figures, and others. The transformation of the Russian language from the former lingua franca in the Soviet Union to a minority language in independent Latvia has been fraught with emotion and marked by ongoing controversy.

Despite asymmetric bilingualism and the widespread use of Russian in both public and private, Latvian was enshrined as the sole state language even before independence. This status was largely symbolic until March 1992, when the Latvian parliament adopted amendments to the 1989 Law on Languages making knowledge of Latvian a prerequisite for many posts in government and in the state and private sectors of the economy. After passage of the amendments, tens of thousands of people were required to undergo language examinations and often, remedial language instruction. While the 1992 amendments envisaged continued state support for Latvia's many Russian language primary and secondary schools, state-funded higher education was henceforth to be available only in Latvian.<sup>19</sup>

While the amendments sought to promote Latvian through administrative means, a parallel effort to assist persons in acquiring Latvian began in 1994 and 1995, when the United Nations Development Programme helped Latvia to devise a long-term National Programme for Latvian Language Training (NPLLT). The NPLLT had to start from scratch by developing a whole new methodology of teaching Latvian as a second language (LAT2), preparing teacher trainers, and drafting teaching materials. The NPLLT was initially envisaged as a 10-year programme aimed at teaching 180,000 adults and 180,000 pupils. The first target groups were teachers in Russian schools and others threatened with unemployment due to a lack of language proficiency (e.g., doctors, nurses, police officers, prison guards). Continuing demand for language training led the Latvian authorities to extend the instruction effort indefinitely and transform the programme into a standing government agency in 2004.<sup>20</sup> The programme (agency) has assisted considerably in the difficult process of reforming the minority education system.

Latvia inherited from the Soviet Union a segregated system of education in which virtually all Latvians went to Latvian language schools and all Russians and other minorities attended Russian language schools. As noted above, this system produced bilingual Latvians and monolingual Russian-speakers. In the early 1990s, as a result of parental demand, a number of non-Russian minority schools (for Poles, Belarussians, Ukrainians, Estonians, Lithuanians, and Jews) were opened with the support of the

state, and often, the relevant foreign country. These schools faced few difficulties in finding a balance between teaching minority languages and cultures on the one hand, and inculcating knowledge of the Latvian language and preparing students for life in Latvia, on the other. Russian schools, however, have been characterized by greater inertia and had more difficulties in implementing reforms.

In the early 1990s, the Latvian authorities introduced Latvian language lessons at all levels in Russian language and other minority schools. As of 1995, minority primary and secondary schools were required to teach two and three subjects in Latvian, respectively. As of 1996, teachers in all public schools were required to have the highest level of Latvian proficiency regardless of the subjects they taught. As of 1998, several models of bilingual education were introduced in secondary schools. That same year, soon after the referendum on citizenship, parliament adopted a new Law on Education, which called for a transition to instruction primarily in Latvian in state funded secondary schools as of the year 2004.

These changes were the subject of ongoing criticism by the Russian-speaking elite, who questioned their necessity and claimed that the state was doing too little to ensure the maintenance of educational standards in the reform process. Advocates of the reforms stressed the importance of Latvian language knowledge in social integration and guaranteeing equal opportunities for all. In 2003 and 2004, Russian-speaking opponents of the reforms mobilized in the most sustained protests Latvia had witnessed since independence. In the end, the government implemented the reform, which increased to 60% the percentage of subjects taught in the Latvian language in state funded minority secondary schools. The protests subsided, but alienation and concern about the impact of the reform on the quality of education remain widespread.<sup>21</sup>

While strengthening the role of Latvian in the education system, the government sought to do the same in broader society by adopting a new Language Law to replace the extant law, which had been adopted before independence. From late 1997 through mid-1999, the Latvian authorities engaged in an intense process of consultation with the OSCE, the Council of Europe and the EU. Language planners and parliamentary deputies sought to have maximum leeway in regulating language use in society, while international experts pointed to the incompatibility of extensive regulation with minority rights and EU norms. After intense international pressure, the Latvian authorities adopted a new Language Law in 1999 and implementing regulations in 2000 that reinforced the role of

<sup>19</sup> See Angelita Kamenska, *The State Language in Latvia: Achievements, Problems and Prospects* (Riga: Latvian Center for Human Rights and Ethnic Studies, 1995).

<sup>20</sup> See the home page of the National Agency for Latvian Language Training at [www.lvava.lv](http://www.lvava.lv).

<sup>21</sup> For a survey of minority education, see the Latvian Centre for Human Rights and Ethnic Studies report to the European Monitoring Centre Against Racism and Xenophobia, "Minority Education in Latvia," (Vienna, 2004), available at <http://eumc.europa.eu/eumc/material/pub/RAXEN/4/edu/CC/EDU-Latvia-final.pdf>, last accessed on July 24, 2006.

Latvian in the public sector, but severely limited government interference in the private sector.<sup>22</sup>

What has been the end result of all the administrative, educational and legal efforts to strengthen the role of Latvian? According to the results of the 2000 census, about 53% of those who are not native Latvian language speakers can speak Latvian as a second language – a significant jump from 22.3% in the 1989 census. Regular surveys of those who do not have Latvian as a native language carried out at the behest of the NPLLT from 1996 through 2003 suggest a steady improvement overall. While 22% of all respondents claimed no knowledge of Latvian at all in 1996, by 2003 the figure had dropped to 12%. In terms of self-assessed language proficiency, one notes a marked difference by age group, with the biggest improvements among those aged 15-34, smaller improvements among those aged 35-49, and little change among those aged 50-74. Regarding attitudes towards speaking Latvian, one also notes a growth in the share of those with positive or very positive attitudes from 29% in 2000 to 38% in late 2003.<sup>23</sup>

## Integration Policy

As noted above, citizenship, language and education policy occasionally worked at cross-purposes, with different agencies simultaneously applying the “carrot” and the “stick” and liberalization in one realm accompanied by “tightening” in another. There was little coordination and political leadership in promoting what in EU parlance is known as social cohesion and immigrant integration policy. It was only in the late 1990s that a loose coalition of mid-level civil servants, researchers and NGO activists allied with international organizations succeeded in pushing the Latvian authorities to create a broader social integration policy framework.

While work on drafting an integration policy framework began in 1998, it was only in 2001, after numerous delays, that the government adopted a National Programme for the Integration of Society. The programme defined integration as “mutual understanding and cooperation among individuals and groups... based on the Latvian language as the state language and on loyalty to the state of Latvia.” According to the document, the “goal of integration is to form a democratic, consolidated civil society, founded on shared basic values.” The programme was a political compromise, containing sections appealing to various constituencies: civic participation and political integration, social and regional integration, education, language and culture, information (mass media and support for science), and more. As the document took as its point of departure the

<sup>22</sup> For a review of the entire controversy, see Muiznieks and Brands Kehris, “The European Union, democratization and minorities in Latvia,” 43-50.

<sup>23</sup> See the Baltic Institute of Social Sciences, *Valoda 2003. gada oktobris-2004. gada janvāris* (Riga: BSZI, 2004), pp. 23-5, available at [http://www.bszi.lv/downloads/resources/language/Valoda\\_2003.pdf](http://www.bszi.lv/downloads/resources/language/Valoda_2003.pdf), last accessed on July 24, 2006.

existing legislative framework governing language and education, many Russian groups criticized it, alleging that it promoted assimilation rather than integration.<sup>24</sup>

The political elite remained divided on which of the many directions in the programme deserved priority attention. However, there was consensus on the desirability of attracting EU co-funding for integration-related projects. In 2001 it was decided to create an Integration Foundation to fund projects through grants competitions for NGOs, municipal governments, educational and cultural institutions, and researchers. The political class, unable to decide on policy “from above,” let public demand “from below” drive policy. Over the next several years, the Foundation funded hundreds of integration projects (e.g., in the realms of citizenship promotion, language training, research, intercultural dialogue, etc.) with the government supplying about 1/3 of the funds and the EU the remainder.<sup>25</sup>

After the elections in the fall of 2002, a new ministerial portfolio called the Special Assignments Minister for Social Integration Affairs was created. The mandate of the minister includes coordinating social integration policy, setting funding priorities for the Social Integration Foundation, strengthening government dialogue with ethnic minorities, promoting the development of civil society, combating racial and ethnic discrimination, and supporting Latvia’s indigenous people, the Livs. The creation of the post institutionalized policy and established a focal point for government expertise on Russians and other minorities.<sup>26</sup> However, a lack of political consensus continues to hinder effective minority policy implementation.

<sup>24</sup> For analysis of the programme and minority participation therein, see “Minority Protection in Latvia: An Assessment of the National Programme “The Integration of Society in Latvia,”” in EU Accession Monitoring Program of the Open Society Institute, *Monitoring the EU Accession Process: Minority Protection* (Budapest: Central European University Press, 2002), 300-364, available at [http://www.eu-map.org/topics/minority/reports/minority02/international/sections/latvia/2002\\_m\\_latvia.pdf](http://www.eu-map.org/topics/minority/reports/minority02/international/sections/latvia/2002_m_latvia.pdf), last accessed on July 24, 2006.

<sup>25</sup> See the Foundation’s home page at [www.lsif.lv](http://www.lsif.lv), last accessed on July 24, 2006.

<sup>26</sup> See the ministry’s home page at [www.integracija.gov.lv](http://www.integracija.gov.lv), last accessed on July 24, 2006.

# Attitudes Towards the State and Latvian Foreign Policy

Aivars Tabuns

## Introduction

In a survey of Latvia's residents conducted in March 2006,<sup>1</sup> only 9% of respondents agreed with the statement that "all in all, society can be considered to be consolidated and integrated," while 65% answered in the negative. A comparatively high percentage of respondents (27%) said that it is difficult to tell. One reason for this is the ethnic cleavage in Latvian society.

Many sociological studies show that there are few everyday conflicts between ethnic Latvians and non-Latvians.<sup>2</sup> Data from a study conducted by the Baltic Institute of Social Sciences<sup>3</sup> show that on a 10-point scale (with 1 referring to hostile relations and 10 referring to friendly relations) ethnic Latvians rate their relations with non-Latvians at a level of 7.8, while non-Latvians rate their relations with ethnic Latvians at a level of 8.4, i.e., as altogether friendly. Researchers found that 56% of Latvians and 61% of non-Latvians fully agreed with the idea that they have no problems in making contacts with people from the other group (34% of Latvians and 33% of non-Latvians gave the answer "mostly agree"). Only 8% of Latvians and 6% of non-Latvians disagreed entirely. Most ethnic Latvians and non-Latvians consider ethnic relations at this time to be satisfactory.<sup>4</sup>

If everyday contacts between members of the two groups create no serious problems, it is necessary to look at the reasons for the ethnic cleavage. Many sociological studies indicate that ethnic Latvians and non-Latvians have different ideas about desirable policies related to the state language, education and citizenship. The same is true when it comes to the history of Latvia. In this chapter, the focus is on how non-Latvians perceive the Latvian state, its institutions, and Latvian foreign policy and membership in international organizations. I shall also consider the way in which the stances of non-Latvians can affect relations between the country's two largest ethnic groups.

Differences in political values between members of the two largest ethnic groups were latent for a long time, but as soon as Soviet-era censorship was lifted, they became readily evident. By the end of the 1980s, members of the two groups were publicly demonstrating their radically different understanding of Latvia's political past and future. The percentage of non-Latvians who accepted the idea of Latvian independence increased gradually (9% in June 1989, and 26% in June 1990),<sup>5</sup> but most non-Latvians distrusted the political efforts of ethnic Latvians. Two years after the restoration of independence, in 1993, only 15% of Russians supported the idea that Russia's armed forces should withdraw from Latvia.<sup>6</sup> Data from surveys conducted in 1991, 1994 and 1997 show that the proportion of non-Latvians who believed that Latvia would eventually become a part of Russia did not change (18% in 1991, 16% in 1994, and 20% in 1997).<sup>7</sup>

In 1991, after independence had been restored, only 29% of Russian respondents said that they considered Latvia to be their "homeland." Russia was chosen by 15%, 27% selected the Soviet Union, and 29% said that it was "difficult to say."<sup>8</sup> This can be attributed first and foremost to demographic reasons. Several representative surveys indicate that approximately 50% of Russians in Latvia who were older than 18 in the mid-1990s had been born outside of the country.<sup>9</sup> In 2000, 18% of all of

<sup>1</sup> "Sabiedrības integrācijas aktuālākie aspekti," (Rīga: SKDS, 2006), 36, available at [http://www.integracija.gov.lv/doc\\_upl/Sabiedribas\\_integracijas\\_aktualakie\\_aspekti\\_2006\(3\).pdf](http://www.integracija.gov.lv/doc_upl/Sabiedribas_integracijas_aktualakie_aspekti_2006(3).pdf), last accessed September 30, 2006.

<sup>2</sup> In various sociological surveys in Latvia, respondents have been offered various methods for ethnic self-identification. In this article, the term "Latvians" is used to describe all residents of Latvia. The terms "ethnic Latvians" and "Russians" are used to represent the two largest ethnic groups in Latvia. The term "non-Latvians" is used to describe Russians and other minorities in Latvia. Data from a number of sociological surveys show that Russians, Belarussians and Ukrainians tend to give fairly similar answers to various questions. Non-Latvians, however, also include Lithuanians and Estonians, whose answers tend to be quite similar to those of ethnic Latvians.

<sup>3</sup> *Etniskā tolerance un Latvijas sabiedrības integrācija* (Rīga: Baltic Institute of Social Sciences, 2004), p. 76, available at [http://www.integracija.gov.lv/doc\\_upl/etntoler\\_lv.pdf](http://www.integracija.gov.lv/doc_upl/etntoler_lv.pdf), last accessed September 30, 2006.

<sup>4</sup> *Ibid.*, 77.

<sup>5</sup> Rasma Karklins, *Ethnopolitics and Transition to Democracy: The Collapse of the USSR and Latvia* (Washington, D.C.: Woodrow Wilson International Center Press, 1994), 50.

<sup>6</sup> Gunārs Ozolzīle, Tālis Tisenkopfs, Aivars Tabuns, Jānis Broks, and Uldis Ozoliņš, *The Formation of New Political Systems and the Question of Democratic Stability: The Case of Latvia* (Rīga: Baltic Studies Centre, 1993), unpublished survey report.

<sup>7</sup> The "Towards a Civic Society" programme of studies and activities. Report on the results of the 1<sup>st</sup> and 2<sup>nd</sup> stages, (Rīga: Baltic Data House, 1998), 64, available at <http://www.biss.soc.lv/downloads/resources/pilsoniskaSabiedriba/pilsoniskaSabiedriba1997.pdf>, last accessed on September 30, 2006

<sup>8</sup> Karklins, *Ethnopolitics and Transition to Democracy*, 49.

<sup>9</sup> See, e.g., "Nationalities in the Baltic States," *Studies in Public Policy*, No. 222, Centre for the Study of Public Policy (Glasgow: University of Strathclyde, 1994), 52. See also "New Baltic Barometer III," *Studies in Public Policy*, No. 284, Centre for the Study of Public Policy, (Glasgow: University of Strathclyde, 1997), 49.

Latvia's residents had been born elsewhere – 229,000 in the Russian Federation, 76,000 in Belarus, and 51,000 in Ukraine.<sup>10</sup> In other words, 36% of Latvia's Russians were born outside of the country. An even higher proportion of those born elsewhere is found among non-Latvian adults. Only one-quarter of Russian respondents said that their father (26%) or mother (28%) had been born in Latvia.<sup>11</sup>

Not only first-generation immigrants, but also their children born in Latvia were weakly integrated into local society and had a poor command of the Latvian language and little knowledge about history. Even in 2005, 45% of Russian respondents said that in 1940, Latvia voluntarily joined the Soviet Union. Only 14% said that Latvia's incorporation into the USSR was the result of a military attack (33% gave the answer "difficult to say," and 9% said that there was another reason).<sup>12</sup> Most ethnic Latvians expressed a desire for the country's independence, but most non-Latvians felt that this would be a mistake and would not be in line with their interests. In 1997, the Central and Eastern Eurobarometer study posed the following question: "As things now stand, with which of the following do you see Latvia's future most closely tied up?" The answer "with Russia" was given by 41% of Russian respondents, while 25% of that group answered "with the European Union" (similar answers had been given in previous years, too). For their part, 45% of ethnic Latvian respondents answered "with the European Union", while only 18% responded "with Russia." In the same year, the idea that Latvia might join Russia as a part of the Commonwealth of Independent States (CIS) was supported by 26% of citizens who were Russians and 35% of non-citizens.<sup>13</sup>

## Identification with Latvia or Russia?

In 2001, this question was posed: "With which of the following do you most closely identify yourself? And which do you identify with secondly?"<sup>14</sup> "With Latvia" was given as the first choice by 3% of non-Latvians and

63% of ethnic Latvians and as the second choice by 5% of non-Latvians and 23% of ethnic Latvians. "With Russia or the Soviet Union" was given as the first choice by 33% of non-Latvians and as the second choice by 36% of non-Latvians.<sup>15</sup>

Among ethnic Latvians, there has been widespread distrust towards Russia. This is indicated by the fact that 37% of ethnic Latvians agreed with the statement that "Russia can be seen as a threat against Latvia's independence" (51% of ethnic Latvians and 83% of non-Latvians disagreed).<sup>16</sup>

In April 2005, the SKDS public opinion research centre in Latvia and the VCIOM public opinion research centre in Russia conducted a study<sup>17</sup> which showed that there was much disagreement as to the quality of relations between Latvia and Russia. Most Russians in Latvia said that Russia wants the two countries to draw closer together, but Latvia does not. Respondents in Russia said largely the same. Most ethnic Latvians, however, believe that it is Russia's government which does not want the two countries to draw more closely together, while the Latvian government does (see Table 1).

Table 1. **Do representatives of government in Latvia and Russia want rapprochement between Latvia and Russia?, %**

	Responses of respondents in Russia	Responses of respondents in Latvia		
		Ethnic Latvians	Russians	Other ethnic groups
Russia does, Latvia does not	45	11	42	31
Latvia does, Russia does not	5	32	5	13
Yes on both sides	15	26	22	28
No on both sides	14	19	15	17
Difficult to say	21	13	17	11

Ethnic Latvians and Russians in Latvia have more similar views as to whether the *people* of the two countries want to draw more closely together. A majority of respondents in both groups think that a desire for rapprochement is prevalent in both communities (see Table 2).

<sup>10</sup> *Results of the 2000 population and housing census in Latvia, collection of statistical data* (Riga: Central Statistical Bureau of Latvia, 2002), 135-137.

<sup>11</sup> "Nationalities in the Baltic States," *Studies in Public Policy*, No. 222, Centre for the Study of Public Policy (Glasgow: University of Strathclyde, 1994), 57.

<sup>12</sup> Latvijas un Krievijas attiecības, SKDS public opinion research centre, question commissioned by the Advanced Social and Political Research Institute, 3, available at [http://www.skds.lv/doc/Latvija\\_Krievija\\_042005.doc](http://www.skds.lv/doc/Latvija_Krievija_042005.doc), last accessed on September 30, 2006.

<sup>13</sup> "Towards a Civic Society," 59, available at <http://www.biss.soc.lv/downloads/resources/pilsoniskaSabiedriba/pilsoniskaSabiedriba1997.pdf>, last accessed September 30, 2006.

<sup>14</sup> "New Baltic Barometer: A Pre-Enlargement Survey," *Studies in Public Policy*, No. 368, Centre for the Study of Public Policy, (Glasgow: University of Strathclyde, 2002), 33-34.

<sup>15</sup> Among Russian respondents, an even greater percentage gave the answer "with my local community or city in which I live" (52% as the first choice, and 29% as the second choice).

<sup>16</sup> Survey of permanent residents of Latvia, SKDS, August 2005, available at [http://www.skds.lv/doc/Krievija\\_SKDS\\_082005.doc](http://www.skds.lv/doc/Krievija_SKDS_082005.doc), last accessed September 30, 2006.

<sup>17</sup> The survey was conducted in April 2005 with 1,600 respondents in 40 Russian regions. See [www.wciom.ru](http://www.wciom.ru).

**Table 2. Do the people of Latvia and Russia want rapprochement between Latvia and Russia?, %**

	Responses of respondents in Russia	Responses of respondents in Latvia		
		Ethnic Latvians	Russians	Other Ethnic groups
Russia yes, Latvia no	32	7	18	15
Latvia yes, Russia no	6	15	7	6
Yes on both sides	25	48	55	60
No on both sides	15	16	7	7
Difficult to say	22	15	13	12

Also quite different are the views of respondents from the two groups vis-à-vis the Latvian state. According to the International Social Survey Programme's (ISSP) General Pride study in 1995 and 2003,<sup>18</sup> there has been an increase in both ethnic groups of the percentage of respondents who agree with the statement "I would rather be a citizen of Latvia than of any other country in the world." These changes characterize an increase in anti-national sentiments toward Latvia, but if we compare the gap between the judgments of ethnic Latvians and Russians in 1995 and 2003, we see that attitudes in both groups increased significantly with respect to that statement – from 0.10 to 0.19 points (see Table 3).

**Table 3. General pride**

("Agree strongly" is an indicator of 1 and "disagree strongly" is an indicator of 0, with intermediate answers presented at equal intervals – "agree" = 0.75, "neither agree nor disagree" = 0.50, and "disagree" = 0.25)

I would rather be a citizen of Latvia than of any other country in the world	Mean in 2003	Mean in 1995	Mean difference
Ethnic Latvians	0.65	0.79	-0.15*
Russians	0.46	0.69	-0.22*

\* Differences are significant

It is key here that the youngest respondents in both ethnic groups rarely agreed with the statement that "I would rather be a citizen of Latvia than of any other country" (see Table 4).

<sup>18</sup> The total size of the ISSP sample in Latvia was 2,000 respondents, with a final sample of 1,837 respondents – 1,205 ethnic Latvians (618 in 1995, 587 in 2003) and 632 Russians (317 in 1995, 315 in 2003). Representatives of other ethnic minorities were excluded from the sample.

**Table 4. I would rather be a citizen of Latvia than of any other country**

(Mean, five-item scale, "agree strongly" = 1, and "disagree strongly" = 0)

	29 years and younger	30 years and older	Difference
Ethnic Latvians	0.56	0.67	0.11*
Russians	0.39	0.48	0.09*
Difference	0.17*	0.19*	

\* Differences are significant

The paradox in this situation was seen quite clearly in the fact that in 2003, only 25% of Russian non-citizens preferred citizenship in Latvia, as opposed to another country (5% gave the answer "strongly agree"). At the same time, however, 33% of citizens who are Russians believe that citizenship of another country is better than citizenship in Latvia (see Table 5).

**Table 5. I would rather be a citizen of Latvia than of any other country (Russians, 2003)**

	Strongly agree, agree	Neither agree nor disagree	Disagree, disagree strongly
Citizens (150 resp.)	26%	41%	33%
Non-citizens (135 resp.)	25%	33%	42%

Attitudes toward the state are also characterized quite well by answers which ethnic Latvians and Russians gave to the question "How proud are you of belonging to Latvia?" There were significant differences in the answers given by respondents in both groups, and the gap was more pronounced among younger respondents (see Table 6).

**Table 6. How proud are you of belonging to Latvia? 2003**

(Means, 5-item scale, "very proud" = 1, "not proud at all" = 0)

	29 years and younger	30 years and older	Difference
Ethnic Latvians	0.72	0.79	-0.07*
Russians	0.47	0.58	-0.11*
Difference	-0.25*	-0.21*	

\* Differences are significant at the 0.00 level (2-tailed)

In both ISSP surveys, respondents were asked to say how close they feel to their country. This was evaluated on a five-item scale – "very close" was 1, and "not close at all" was 5. The five-item scale was summarized by the means (where "very close" was 1, "not close at all" was "0", and intermediate answers were spaced at equal intervals – "close" was 0.75, "difficult to choose" was 0.50, and "not very close" was 0.25).

Both groups – ethnic Latvians and Russians – demonstrated less closeness to Latvia in 2003 than in 1995 (see Table 7). The decline was more pronounced among Russians. Also, the gap between the evaluations of ethnic Latvians and Russians expanded twofold during this time (from 0.07 to 0.16 points)

Table 7. **Closeness to country, town, county, continent**

(“Very close” = 1, “not close at all” = 0)

<b>Closeness to country</b>	<b>1995</b>	<b>2003</b>	<b>Difference</b>
Ethnic Latvians	0.80	0.76	- 0.04*
Russians	0.73	0.61	-0.12*
Difference	0.07*	0.16*	
<b>Closeness to town</b>			
Ethnic Latvians	0.63	0.70	+ 0.07*
Russians	0.69	0.67	-0.02
Difference	+0.06*	-0.03	
<b>Closeness to county</b>			
Ethnic Latvians	0.66	0.60	- 0.06*
Russians	0.62	0.49	-0.13*
Difference	-0.04	-0.11*	
<b>Closeness to continent</b>	1995	2003	Difference
Ethnic Latvians	0.39	0.29	- 0.10*
Russians	0.39	0.25	-0.14*
Difference	-0.00	-0.04**	

\* Differences are significant at the 0.00 level (2-tailed)

\*\*Differences are significant at the 0.03 level (2-tailed)

In 2003, both groups – ethnic Latvians and Russians – demonstrated similar feelings of closeness to their town or city. In comparison to the study in 1995, ethnic Latvians in this study responded a bit more frequently that they feel close to their town, while the attitudes of Russians did not change during the period.

In comparison to 1995, the feeling of closeness to the continent decreased in both groups in 2003, while the gap between the judgments of ethnic Latvians and Russians expanded. The closeness of ethnic Latvians to their town increased a little, while attitudes of Russians toward their town or city did not change.

The Closeness Index was constructed on the basis of these four items, ranging from 4 for those who expressed only “placement sentiments” to 0 for those who gave the extreme “anti-placement” response to each item. The Closeness Index shows that closeness in the Russian sample decreased more significantly than it did in the ethnic Latvian sample. The Closeness Index among Russians decreased at a similar level among the youngest and oldest respondents. In the ethnic Latvian sample, the index decreased significantly among the youngest respondents (from 2.41

in 1995 to 2.17 in 2003), while the decrease was less pronounced among the oldest respondents (from 2.50 to 2.42). The mean differences between the two groups increased by a factor of four (from 0.08 to 0.34).

Table 8. **Closeness Index**

(“Very close” = 4, “not close at all” = 0)

	<b>1995</b>	<b>2003</b>	<b>Difference</b>
<b>Ethnic Latvians</b>	2.49	2.35	- 0.10*
<b>Russians</b>	2.41	2.01	-0.14*
<b>Difference</b>	-0.08	-0.34*	

\* Differences are significant at the 0.00 level (2-tailed)

The results of a study conducted in October 2005 by the SKDS public opinion research centre showed that 33% of non-Latvians rejected the statement “I believe that I am a patriot of Latvia.” Another 12% either answered “I don’t know” or did not answer the question.<sup>19</sup> In other words, 45% of Latvia’s non-Latvians do not consider themselves to be patriots. It also important that in 2003, the percentage of non-Latvians who felt so was a bit lower (40%).<sup>20</sup>

## Attitudes Towards the Military and NATO

Various surveys also show that non-Latvians are more likely to distrust certain institutions of government. In 1996, for instance, ethnic Latvians trusted the military less than non-Latvians did.<sup>21</sup> The answer “complete trust” and “general trust” was given by 51% of ethnic Latvians and 52% of non-Latvians when they were asked about their views with respect to the army. Data from the Eurobarometer and Candidate Countries Eurobarometer studies indicate that trust among ethnic Latvians in the military has increased over the last several years. In response to the question “Do you tend to trust or tend not to trust the army?”, 54% of Latvian respondents said “tend to trust” in 2001,<sup>22</sup> while by 2004, 66% said so.<sup>23</sup> Trust among Russian respondents in the army did not change (42% in 2001, 44% in 2004), but it was a bit lower than was the case in 1996. The same trends are also seen in data from the International Social Survey Programme. If we compare the pride which ethnic Latvians and Russians had in the country’s armed forces in 1995 and 2003, we see that the gap has increased very strongly – from 0.02 to 0.15 points (see Table 9).

<sup>19</sup> [http://www.skds.lv/doc/patriotisms\\_SKDS\\_102005.doc](http://www.skds.lv/doc/patriotisms_SKDS_102005.doc)

<sup>20</sup> [http://www.skds.lv/doc/patriotisms\\_SKDS\\_102003.doc](http://www.skds.lv/doc/patriotisms_SKDS_102003.doc)

<sup>21</sup> “New Baltic Barometer III,” 30.

<sup>22</sup> Candidate Countries Eurobarometer 2001.1, available at <http://zacat.gesis.org/webview/index.jsp>.

<sup>23</sup> Candidate Countries Eurobarometer, 2004.1, available at <http://zacat.gesis.org/webview/index.jsp>.

Table 9. **Pride in Latvia's armed forces**

(5-item scale – 1 = “very proud”, 0.75 = “somewhat proud”, 0.5 = “can't choose”, 0.25 = “not very proud”, and 0 = “not proud at all”)

Proud of Latvia's armed forces	Mean in 2003	Mean in 1995	Mean difference
<b>Ethnic Latvians</b>	0.41	0.34	+0.07*
<b>Russians</b>	0.26	0.32	-0.05*

\* Differences are significant

Because most local and foreign experts agree that reforms in the Latvian military have been quite successful over the last decade, the question arises as to why non-Latvians have not noticed them. One reason may be the political context in which the reforms are occurring. Asked “If there were a referendum tomorrow on the question of Latvia's membership in NATO, would you personally vote for or against membership?” in 1995, only 21% of Russian respondents said that they would vote “yes.” Over the next few years, the percentage of Russian respondents who said so dropped – 13% in 1996, 12% in 1997. There were larger percentages of respondents who answered “I don't know.” Throughout the three years, however, the percentage of respondents who would vote against Latvia's accession to NATO remained quite stable – 34% in 1995, 38% in 1996 and 36% in 1997. For the sake of comparison, one can note that 44% of Latvian respondents said in 1997 that they would vote in favour of NATO membership (and 9% said that they would vote against it).

Over the course of time, there were increasing percentages of respondents who agreed with the statement that “it is in Latvia's interest to join NATO as quickly as possible.”<sup>24</sup> In February 1997, 58% of ethnic Latvian respondents agreed with that statement, but in December 2002 the percentage had increased to 70%. A similar increase in support was recorded among Russian respondents (22% in February 1997 up to 32% in December 2002), but it was still the case that most non-Latvians distrusted integration into NATO. In December 2005, the DATA Serviss research firm conducted a survey<sup>25</sup> in which it found that 33% of non-Latvian respondents and 70% of ethnic Latvian respondents had a positive view of Latvia's accession to NATO. Similar results were obtained in another study – “Emergence of Civil Society in Latvia's Largest Cities and the Most Ethnically Heterogeneous Regions of Latvia.”<sup>26</sup> In that study, 700 respondents of Latvia's larger cities

<sup>24</sup> SKDS, unpublished survey data.

<sup>25</sup> “The Views of Latvian Society About National Defence Issues”, 1035 respondents aged 16-74, available at <http://www.mod.gov.lv/Darbs%20ar%20sabiedribu/Sabiedribas%20attieksme.aspx>.

<sup>26</sup> Baltic Institute of Social Sciences, 26 February-12 March 2005, available at [http://www.integracija.gov.lv/doc\\_upl/3\\_ataskaite.doc?PHPSESSID=21c73a0d7fb3b70eea810adfb539](http://www.integracija.gov.lv/doc_upl/3_ataskaite.doc?PHPSESSID=21c73a0d7fb3b70eea810adfb539).

and ethnically heterogeneous regions were surveyed (350 citizens, 350 non-citizens). Russian respondents trusted the CIS nearly twice as much as they trusted NATO (41% and 22%).

On the Russian version of the “Delfi” Internet portal, many readers left comments in response to the announcement that Latvia would be accepted into NATO's ranks (1,155 comments in all). Ethnic Latvians received this news positively in most cases, while non-Latvians were critical about it.<sup>27</sup> Among comments left by readers were these: “March 29 will be the first day of Latvia's occupation,” “After 20 or 30 years people will be screaming about EU colonization, NATO occupation, and the forced turning of the Latvian nation into English people.”

Other participants in the debate questioned whether NATO membership was necessary and of any use: “Is anyone threatening Latvia's society? Are we in the 1940s, with dictators dividing up Europe? From where are we expecting physical danger?”; “NATO's ability to protect us against terrorists was seen in Spain and in how ‘peacekeeping’ is being organized in Kosovo”; “When Russia decides to take over so-called Latvia, it will do so, and Latvia won't be saved by NATO. No one will conflict with a nuclear power over some small plot of land.”

Several commentators suggested that Latvia's accession to NATO would actually reduce Latvia's security: “NATO permits aggression toward other countries, and naturally that will lead to a counter-reaction. In other words, you can expect international terrorists, and not just Muslims”; “On March 29 Latvia is joining NATO, and terrorists from the Middle East will ceremoniously visit us for various reasons – welcome!”; “We will now be watched through an optic viewfinder. All of the Baltic region will become a pawn in the game between the East and the West.”

Still others based their thinking on economic and social arguments: “NATO will not ensure Latvia's security, but it will regularly take away a specific sum of money from our nation – the sum will keep increasing, too”; “Latvia is a country of frightened idiots – imagine paying such huge amounts of money for the seeming promises of the bandits who occupy the White House!”

Quite often the judgments of those who left comments on the “Delfi” portal came straight from the mass media of Russia, and that makes sense – 52% of non-Latvians say that they watch news broadcasts and socio-political programmes on Russian Television almost every day. Broadcasts of that nature which are presented in Russian but on Latvian television channels are watched nearly every day by 40% of non-Latvians, while 17% of non-Latvians never watch such programmes on Latvian television stations.<sup>28</sup>

<sup>27</sup> “29. martā Latvija iestājas NATO,” 18 March 2004, comments to the article, available at <http://rus.delfi.lv/archive/article.php?id=7756318&ndate=1079560800&categoryID=57860>.

<sup>28</sup> Soros Foundation-Latvia, “Nevalstiskas organizācijas Latvijā: Sabiedrības zināšanas, attieksme un iesaistīšanās,” 2005, available at <http://www.politika.lv/index.php?id=5711>.



The views of non-Latvians, in other words, are often quite reminiscent of the rhetoric of Russian political leaders in Latvia. Since accession to NATO, they have constantly been demanding that military spending be reduced. They also object to Latvia's participation in peacekeeping missions. The executive secretary of the Latvian Human Rights Committee, Aleksejs Dimitrovs, has argued that "there is only one way in which NATO can promote social integration. The solution is a paradox – we simply need to reject integration into NATO."<sup>29</sup> From the aforementioned perspective, that is a logical conclusion.

## Conclusion

All in all, it can generally be said that many non-Latvians still identify themselves with Russia, and so they are not satisfied with the government's pro-Western policies. Latvians, for their part, think that such non-Latvians are disloyal toward the state. Differences in the geopolitical values of the two groups do not help in facilitating political integration in Latvia. The fact is, however, that non-Latvians have relatively few opportunities to change Latvia's foreign policy, and so the political differences of opinion between the two groups are primarily of a latent nature.

<sup>29</sup> Aleksejs Dimitrovs, "NATO vai sabiedrības integrācija?" available at <http://www.politika.lv/index.php?id=6377>.

# Ethnopolitical Tensions in Latvia: Factors Facilitating and Impeding Ethnic Accord

Brigita Zepa and Inese Šūpule

## Introduction

The central concern of this chapter is to evaluate the risk of ethnic conflict stemming from differences in views or dissatisfaction on the part of the major ethnic groups in Latvia. This chapter uses various research perspectives to gain insight into the way people understand the ethnic situation, the extent to which society is focused on social integration and ethnic accord, and people's beliefs about the likelihood of conflict.

A host of studies show that there are many apparent contradictions in the attitudes of Latvians and non-Latvians.<sup>1</sup> However, most people wish to see the emergence of an amicable, united society, not one in which people remain segregated and engage in conflict.<sup>2</sup> At the same time, ethnic Latvians tend to feel a distinct ethnic distance between themselves and other groups. An analysis of the integration of Russian-speaking youth reveals considerable dissatisfaction and even aggressive attitudes towards the country's ethnic policies and the Latvians who shape those policies.<sup>3</sup>

## The Structure of Ethnic Stratification in Latvia

According to Joseph Rothschild,<sup>4</sup> there are several types of ethnic stratification: vertical hierarchy, parallel segmentation, or cross-patterned reticulation. In the case of vertical hierarchy, all dimensions of social life (politics, the economy, culture) are aligned according to a pattern of ethnic superiority and subordination (Apartheid in South Africa was a textbook

<sup>1</sup> See, e.g., Ilga Apine, Leo Dribins, Artūrs Jansons, Elmārs Vēbers, Vladislavs Volkovs, Sigita Zankovska, *Etnopolitika Latvijā* (Riga: Elpa, 2001); Ilga Apine, Leo Dribins, Ēriks Jēkabsons, Elmārs Vēbers, Vladislavs Volkovs, *Latvijas nacionālo minoritāšu prasības etniskās identitātes saglabāšanas garantēšanai* (Riga: Latvijas Universitātes Filozofijas un socioloģijas institūts, 2004); Brigita Zepa, Evija Kļave, Liene Jeruma, Jolanta Krišāne, *Integration of minority youth in the society in Latvia in the context of the education reform* (Riga: Baltic Institute of Social Sciences, 2004); Brigita Zepa, Inese Šūpule, Līga Krastiņa, Ingūna Peņķe, Jolanta Krišāne, *Ethnic tolerance and integration of the Latvian society* (Riga: Baltic Institute of Social Sciences, 2004).

<sup>2</sup> Zepa et al., *Ethnic tolerance and integration of the Latvian society*.

<sup>3</sup> Zepa et al., *Integration of minority youth in the society in Latvia in the context of the education reform*.

<sup>4</sup> Joseph Rothschild, *Ethnopolitics: A Conceptual Framework* (New York: Columbia University Press, 1981).

example). In the case of parallel segmentation, each ethnic group is stratified on the basis of socio-economic parameters and is represented by a political elite. In cross-patterned reticulation, each ethnic group is represented in many different areas of activity and pursues varied economic functions. Each social class or sector of society organically brings representatives of various ethnic groups into itself, but the system is not symmetrical.

Latvia has a model of cross-patterned reticulation, with each ethnic group represented in many sectors of the national economy and carrying out differing economic functions. The system is not, however, a symmetrical one. There are areas in which employees are primarily ethnic Latvians (government, education, agriculture), while there are others in which employees are primarily non-Latvians (transport, industry, construction). There are not, however, any significant differences in the income levels of ethnic Latvians and non-Latvians (see Aadne Aasland's chapter below). The model of cross-patterned reticulation is the best prerequisite for peaceful and gradual solutions of ethnic tensions. In Latvia, where members of each ethnic group find jobs in specific sectors, but have no significant income differences, the likelihood of escalation of any ethnic conflict is low.

## Relations between Ethnic Groups and the State

Government policy can influence opportunities for economic gain and political participation, as well as the status of various groups in society. This means that the relationship between ethnic groups and the government is very important in terms of conflict dynamics. The breaking point in relations between the state and ethnic groups in Latvia occurred in the late 1980s and early 1990s, when Latvia recovered its independence and the government devoted a great deal of attention to the status of Latvians and the Latvian language. As a result of government policy, the status of ethnic Latvians and of Russians and Russian-speakers changed quite rapidly. This was first and foremost because of language and citizenship policy (see the chapter by Nils Muižnieks above).

The theory of language conflict suggests that if a dominant group (a majority) uses language as the basis for integration of the remaining part of society (the minorities), there is fertile ground for political and linguistic conflict, which, in turn, can develop into ethnic conflict.<sup>5</sup> In Latvia's case, there was a shift in the hierarchy of the two main socio-linguistic groups after independence. Analysis of qualitative data indicates that this process is continuing, and this has a great impact on ethnic relations.

Latvia's ethnic policies are not aimed exclusively at protecting ethnic Latvians and the Latvian language, but also relate to the observance of the rights of national minorities. However, research suggests that non-Latvians

tend to have a more negative view of government and the greatest dissatisfaction focuses specifically on ethnic policies. For instance, a significant majority of Latvians (77%) support education reforms in minority schools, while a majority of Russians and non-Latvians oppose them (only 26% of Russians and 35% of people of other nationalities support the reforms).<sup>6</sup> While only 19% of Latvians support the idea that Russian should be made Latvia's second official language, 87% of Russians and 75% of people of other nationalities support this idea.<sup>7</sup>

Focus group discussions suggest that, from the perspective of ethnic Latvians, the lack of Latvian language skills and problems with communicating in Latvian are one of the primary factors in promoting conflict between socio-linguistic groups. Non-Latvians do not see problems in this regard, in part because of the self-sufficiency of the Russian language, but also because many people are accustomed to speaking Russian in inter-ethnic communication. Language usage research shows that in recent years the extent of Latvian language use in the public and private sphere (excluding only work) has diminished significantly.<sup>8</sup>

From this perspective, one factor promoting conflict is the fact that, according to surveys, 83% of those who are employees of the national government are ethnic Latvians. Power, therefore, is linked to Latvians as an ethnic group, which leads some non-Latvians to feel alienation and opposition to government policy. This conclusion is supported by previous research conducted by the Baltic Institute of Social Sciences<sup>9</sup> and by the qualitative data assembled in this study. The dominant discourse of non-Latvians discussing relations with Latvians is that relationships are good, friendly and based on mutual understanding. At the same time, however, non-Latvians tend to harbour negative and critical attitudes towards ethnic policy, seeing it as created by Latvians as an ethnic and linguistic group. Thus, at the level of discourse, a dislike of the governing political elite and its decisions is transformed into dislike of the Latvian-speaking community as a whole.

Because relations between ethnic groups and governments are considered very important in conflict dynamics,<sup>10</sup> government institutions should seek to implement strategies aimed at cooperation so as to reduce ethnic tensions. Institutions should be created to ensure equality and deal with conflicts. The establishment of the Secretariat of the Special Assignments

<sup>6</sup> Brigita Zepa, Inese Šūpule, Evija Kļave, *Ethnopolitical Tension in Latvia: Looking for the Conflict Solution* (Riga: Baltic Institute of Social Sciences, 2005), 37.

<sup>7</sup> *Ibid.*, 36.

<sup>8</sup> "Language," surveys conducted by the Baltic Institute of Social Sciences, 1996-2004, available at [www.bszi.lv](http://www.bszi.lv), last accessed on September 25, 2006.

<sup>9</sup> See Zepa, Šūpule, *et al.* *Ethnic tolerance and integration* and Zepa, Kļave, *et al.*, *Integration of minority youth*.

<sup>10</sup> Milton J. Esman, *Ethnic Politics* (Ithaca: Cornell University Press, 1994) and Donald Horowitz, *Ethnic Groups in Conflict* (Berkeley: University of California Press, 2000).

<sup>5</sup> P.H. Nelde, "Language Conflict," in *Handbook of Sociolinguistics*, F. Coulmas, ed., (Blackwell Publishers, 1998) and P. H. Nelde "Language Contact Means Language Conflict," in *Journal of Multilingual and Multicultural Development*, Vol. 8 (1986), 33-42.

Minister for Social Integration was a good first step, but similar moves are needed in other government institutions. It would also be desirable for government institutions to hire more non-Latvians. When non-Latvians become more involved in decision-making, they will feel a greater sense of responsibility for the implementation of those decisions.

### **Competition among Elite Groups as a Catalyst of Ethnic Conflict**

An earlier study concluded that “political parties did not promote social integration in 2000 by popularizing their views and engaging in public activities in the field of ethnopolitics.”<sup>11</sup> Our research suggests that little has changed over the last several years. Political parties continue to engage in political confrontation over ethnic policy, hindering social integration instead of promoting it, thereby enhancing ethnic tensions in society. Representatives of the political elite continue to exploit ethnicity to mobilize their supporters in elections, thereby acting as a key catalyst of ethnic tensions.

Latvian parties may still be categorized on the basis of ethnicity. Most Latvians support parties such as New Era, the People’s Party, the Alliance of the Green Party and the Farmers Union, as well as For Fatherland and Freedom/LNNK. Russians and other non-Latvians tend to support For Human Rights in a United Latvia (FHRUL), as well as for the National Harmony Party (see Jānis Ikstens’ chapter below). Supporting political forces in accordance with the ethnicity of politicians is a strategy in shaping ethnic relations, particularly for middle-aged and older Latvians. The goal of the strategy is to isolate Russian-speakers from national governance, thus facilitating the adoption of ethnic policy decisions favouring Latvians. This, in turn, is a factor hindering the political participation of Russian-speakers, which reinforces ethnic segregation and tensions. Survey results show that the support of Russians for FHRUL has increased somewhat as a result of the 2004 protests.<sup>12</sup> This indicates that FHRUL is perceived among Russian-speakers as defending their interests. Other parties do not wish to address this particular segment of voters, because they are focussed more on the defence of the rights of ethnic Latvians.

According to a number of theorists, many ethnic conflicts can be blamed on the political elite, which manipulates and mobilizes ethnicity.<sup>13</sup> In Latvia’s case, representatives of the political elite are distinctly responsible for increasing ethnic tensions, and their behaviour has a great influence on the level of tension in society. Focus group discussions suggest that ethnic

issues and conflicts surrounding them are a “forced agenda” between Latvians and non-Latvians. In other words, conflicts over ethnic policy are largely political and social constructs created by the political elite and the mass media. The agenda of respondents is more focussed on issues such as the socio-economic stratification of society, Latvia’s accession to the European Union and its consequences, as well as environmental problems.

### **Collective Ethnic Fears and Their Role in Conflict Dynamics**

Ethnic conflicts very often become exacerbated as the result of rapid or radical socio-political changes in society, because such changes cause confusion in society, leading to the emergence of collective ethnic fears.<sup>14</sup> Previous studies indicate that collective ethnic fears or a sense of threat can be found among both Latvians and non-Latvians, although the apprehension is more distinct among Latvians, who tend to respond by avoiding contacts with other ethnic groups.<sup>15</sup> Focus group discussions suggest that avoiding a different ethnic or linguistic group is one of the most typical strategies for reducing ethnic tensions and preventing the threat of direct conflict, and this is particularly characteristic among Latvians. Politicians exploit collective fears among Latvians and non-Latvians, thereby facilitating the polarization of society and contributing to the emergence of conflict.

### **Ethno-Political Tensions in Latvia: An Evaluation of the Situation**

According to Brown, an ethnic conflict is a situation in which two or more ethnic groups do not agree on a political, economic, social, cultural or territorial issue that is of importance in society.<sup>16</sup> On the basis of this definition, there are signs of ethnic conflict in Latvia surrounding issues of ethnic policy and dissatisfaction among non-Latvians with regard to this policy. In the typology of Aklaev,<sup>17</sup> Latvia is in the “stage of competition” at this time typified by increasing competitiveness in relations. The behaviour of the political elite and the extent to which it exploits ethnic issues will determine whether the situation escalates towards “the stage of direct conflict” – the point where relations aimed at cooperation are destroyed and conflicting attitudes and behaviours are institutionalized on both sides.

Under specific circumstances, conflict could become more intense, and an interactional ethnopolitical crisis could emerge. That would happen, for

<sup>11</sup> Apine *et al.*, *Etnopolitika Latvijā*, 58.

<sup>12</sup> Baltic Institute of Social Sciences, *New Baltic Barometer V*, (Riga, 2004).

<sup>13</sup> See Paul R. Brass, ed., *Ethnic Groups and the State* (Totowa, NJ.: Barnes and Noble Books, 1985), and John R. Boven, “The Myth of Global Ethnic Conflict,” *Journal of Democracy* 7.4. (1996), 3-4.

<sup>14</sup> Rothschild, *Ethnopolitics*.

<sup>15</sup> Zepa *et al.*, *Ethnopolitical Tension in Latvia*.

<sup>16</sup> M. Brown, “Causes and Implications of Ethnic Conflict,” in M. Brown, ed., *Ethnic Conflict and International Security* (Princeton: Princeton University Press, 1993), 3-27.

<sup>17</sup> A.R. Aklaev, *Democratization and Ethnic Peace: Patterns of ethnopolitical crisis management in post-Soviet settings* (London: Ashgate Publishing, Ltd., 1999).

instance, if one ethnic group felt significantly more threatened than the other. However, there are a number of factors indicating that this is unlikely in Latvia. Ethnic tensions are manifested more in the form of linguistic conflicts, and these have not led to violence because cultural differences are not particularly distinct and ethnic stratification does not involve any distinct vertical hierarchy. However, polarization of the political elite is a key factor here.

### Differences and Commonalities in the Attitudes of the Two Linguistic Groups

The Russian language is dominant among non-Latvians: a total of 58% of persons belonging to non-Russian minorities say that Russian is their native language, and 82% speak mostly Russian at home.<sup>18</sup> The dominance of the Russian language among non-Latvians is the basis for the socio-linguistic separation of Latvians and Russian-speakers.

Language usage habits and Latvian language skills, in turn, are key factors in promoting conflict between socio-linguistic groups. Fifteen years after the restoration of independence, communication between Latvians and non-Latvians usually takes place in Russian. Among Russians and other non-Latvians, Latvian language skills are significantly worse than Russian language skills among Latvians. Only 47% of non-Latvians have a more or less free command of the Latvian language, while 73% of Latvians have a more or less free command of the Russian language.<sup>19</sup>

Differences in the socio-demographic profile of Latvians and non-Latvians are evident with regard to place of residence and the structure of employment. Russians and representatives of other minorities are concentrated primarily in the largest cities – Riga, Daugavpils, Rēzekne, Jelgava, Jūrmala, Liepāja and Ventspils. Latvians, in turn, represent the majority of rural residents. This helps to explain differences in the structure of employment, as well. Latvians are more likely than non-Latvians to be employed in agriculture, while non-Latvians are more likely to work in the fields of transport, industry and construction. The fact that Latvians dominate the structures of national governance and education can be attributed to the influence of language and citizenship policies (for a more detailed analysis of ethnic stratification, see the chapter by Aadne Aasland below).

There are differences in religious affiliation and behaviour between Latvians, Russians and other non-Latvians. Most Latvians are Lutheran or Roman Catholic, while Russians tend to be members of the Orthodox Church. People of other nationalities are either Orthodox or Roman Catholic. Of course, these are all Christian denominations, and they do not

conflict with one another in Latvia. The religious behaviour of people (the proportion of the faithful, the frequency with which people attend worship services, etc.) does not differ much among the various groups.<sup>20</sup>

There are also more commonalities than differences in terms of other issues related to the everyday lives of Latvians and non-Latvians. Majorities of Latvians (61%), Russians (74%) and people of other nationalities (67%) think that there are no great differences in the lifestyles of Latvians and others in Latvia. Both Latvians and non-Latvians celebrate the New Year, Christmas, Easter and also the Summer Solstice. Latvians, unlike non-Latvians, hardly ever celebrate Women's Day on March 8, May 1 or Victory Day in relation to the end of World War II, but this indicates that there are differences in the way history is interpreted, not that there are differences in lifestyles.<sup>21</sup>

The greatest differences between Latvians and non-Latvians are related to ethnic policy. Among non-Latvians, the dominant position is that national law, particularly with regard to ethnic policy (language, education, citizenship) was shaped so as to favour ethnic Latvians, which means that they have greater opportunities in life than non-Latvians do. Latvians hold a diametrically opposed view – criticism by Russian-speakers of ethnic policies is unjustified, because the law says that all residents have opportunities to learn the Latvian language, to obtain citizenship and to pursue an education.

Latvians and non-Latvians also have differing views on inter-ethnic relations. Qualitative analysis suggests that non-Latvians have a more positive view than Latvians of inter-ethnic relations in society. Latvians often hold negative attitudes specifically against members of the Russian-speaking community, while negative attitudes among non-Latvians are most often focussed on decisions in the area of ethnic policy. Latvians say that problems include the use and status of the Latvian language, as well as the interpretation of history. Non-Latvians speak of what they consider to be unfair citizenship and education policies.

Differences between Latvians and non-Latvians regarding accession to the European Union and NATO are treated elsewhere in this volume, as are those related to consumption of the mass media and support for political parties. Despite the various arenas of ethnic cleavage, there are also some positive signs – there are few non-Latvians who wish autonomy, who want Latvia to become a part of Russia, or who wish to depart from Latvia. Future visions among Latvians and non-Latvians are similar. Fully 84% of Latvians, 79% of Russians and 89% of people of other nationalities are convinced that “Latvia must be unified, a society with one community in which people of various nationalities live together.”<sup>22</sup>

<sup>20</sup> Zepa *et al.*, *Ethnopolitical Tension in Latvia*, 29.

<sup>21</sup> *Ibid.*, 30.

<sup>22</sup> *Ibid.*, 50.

<sup>18</sup> Baltic Institute of Social Sciences, “Language, 1996-2004.”

<sup>19</sup> *Ibid.*

Among Latvians, 82% expressed a sense of belonging to Latvia, while the same was true for 74% of Russians and others nationalities.<sup>23</sup> This indicates that most of the non-Latvians who live in Latvia feel at home here. Comparatively speaking, very few Russians and people of other nationalities in Latvia said that they feel links with Russia (25% and 18% respectively).<sup>24</sup>

All in all, there are certain indications of an ethnopolitical conflict in Latvia, including attitudes vis-à-vis ethnic policy and threat perceptions. However, there are also indications that the conflict is not likely to turn violent or create an ethno-political crisis. Thus, for instance, the pattern of ethnic stratification tends to mitigate ethnic conflict, life-styles and income levels are similar, and most people wish to maintain friendly relations. The future of inter-ethnic relations will depend very much on the political elite and the extent to which it seeks to preserve “competitive” or forge more “constructive” relations.

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<sup>23</sup> *Ibid.*, 53.

<sup>24</sup> *Ibid.*

## Eastern Slavic Political Parties in Latvia

Jānis Ikstens

### Introduction

Persons of Eastern Slavic descent (Russians, Belarussians, Ukrainians) made up 21.6% of the citizenry of the Republic of Latvia in 2006.<sup>1</sup> Political parties representing the interests of Eastern Slavs, however, have been politically marginalized. This chapter analyses the genesis of Eastern Slavic parties, their political programmes and organizational aspects, concluding with a brief consideration of future prospects.

### The Struggle for Independence and the Emergence of an Ethnic Cleavage

When opposition political parties and movements began to emerge in the late 1980s, conservative Communists, who received most of their support from Eastern Slavs, set up their own political organizations. The International Front of Workers, for instance, was established in 1989, and it declared clear support for Socialism and opposition to any effort to weaken the Soviet Union or restore Latvia's independence. From that moment, the conflict between supporters and opponents of reform in Latvia was increasingly seen as an ethnic divide.

When the Supreme Soviet of the Latvian SSR was elected in March 1990, candidates supporting far-reaching reforms won a convincing victory. All of Latvia's permanent residents had the right to vote in this election. Of those who were elected to the Supreme Soviet, 70% were Latvians, 21% were Russians, 4% were Ukrainians, 2% were Jews, and 3% represented other nationalities.

On May 4, 1990, 138 of 201 Supreme Soviet members voted for a declaration reinstating the Latvian Constitution approved in 1922, thus introducing a transition period toward complete independence. Supporters of the declaration included a disproportional percentage of ethnic Latvian deputies.

### The Activities of Eastern Slavic Parties, 1993-1997

On August 23, 1991, the Supreme Council (the renamed Supreme Soviet) declared the Latvian Communist Party anti-constitutional and began the confiscation of its property soon thereafter. This essentially destroyed a major share of the Eastern Slavic political infrastructure, as well as a well-known political brand name.

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<sup>1</sup> Data from the Latvian Naturalization Board, [http://www.np.gov.lv/index.php?lv=fakti\\_lv&saite=arhivs.htm](http://www.np.gov.lv/index.php?lv=fakti_lv&saite=arhivs.htm), last accessed on August 28, 2006.

A small group of Eastern Slavic deputies with nationalist leanings organized the “Democratic Initiative Centre,” which in 1995 turned into the Russian Party. Most pro-Communist members of the Supreme Council, however, based their activities on slogans about internationalism and human rights. These issues became particularly important when limitations on voting rights were instituted in 1993, as well as during debates about the citizenship law. Other politicians established the “Movement of Social Justice and Equal Rights in Latvia” (hereafter, Equal Rights) choosing as their leader Tatyana Zhdanok, an energetic member of the Supreme Council who represented the International Front of Workers.<sup>2</sup>

As the 1993 parliamentary election approached, more moderate defenders of the interests of Eastern Slavs began to organize a foundation for their political activities, establishing the Latvian Support Fund in 1992. Its first leader was Jānis Jurkāns, who had been sacked that year as Latvia’s foreign minister because he supported the idea that all permanent residents of Latvia should be granted citizenship, protested against the inclusion of the Abrene territorial issue as a part of negotiations with Russia, and made claims about the alleged violation of non-citizens’ rights. The fund became the cornerstone of a coalition called “Harmony for Latvia, Rebirth for the Economy” (hereafter, Harmony-Rebirth) uniting moderate People’s Front deputies and reform communists in preparation for the 5<sup>th</sup> Saeima (Parliament) elections in 1993.

Only citizens of Latvia were allowed to vote in the 1993 parliamentary election. Among the Eastern Slavic parties, Harmony-Rebirth did best, winning 12% of the vote and 13 seats in the 100-seat Saeima. 5.8% of voters opted for Equal rights, allowing the bloc to win six seats. Only 1.2% of voters supported the Democratic Initiative Centre (later the Russian Party), and this party won no parliamentary seats.

Harmony-Rebirth split up shortly after the election due to differences over ethnic policy. Most of the deputies elected from the coalition’s list set up the Political Union of Economists. In February 1994, the remaining six members of parliament (MPs) established the National Harmony Party (hereafter, Harmony), which sought to achieve reconciliation in domestic politics, accord between Latvians and minorities, while simultaneously seeking to defend the rights of Eastern Slavs. Harmony appeared moderate in comparison to Equal Rights, which argued that automatic citizenship should be granted to all residents and that the Russian language should be proclaimed the second official language.

The Equal Rights movement was not homogeneous and some of its pro-Communist members split off in January 1994 to form the Latvian Socialist Party (LSP). Although it offered strong support for the defence of Eastern Slavs, the party programme was based on orthodox Marxism and internationalism.

While proclaiming similar stances on issues relating to citizenship during the 5<sup>th</sup> Saeima, MPs from Harmony, LSP and Equal Rights could not find common ground on the eve of the 6<sup>th</sup> Saeima election in 1995. Harmony submitted its own list, while LSP and Equal Rights (which became a party in 1996) filed a joint list under the banner of LSP. In 1995, parties had to surpass a 5% threshold to gain representation in the Parliament, which the two champions of Eastern Slavs barely managed. Harmony received 5.55% and 6 seats while the LSP list received 5.58% and 5 seats. Despite the small number of MPs, the two party factions were quite successful in cooperating with the Russian Federation, which reiterated and amplified their views. At the same time, neither party was of any consequence in establishing governing coalitions.

## Political Consolidation of Eastern Slavs, 1998-2002

Harmony, LSP and Equal Rights had trademark programmatic positions that were quite similar, and by the latter half of the 1990s, leaders of the three parties concluded that they were losing votes by competing. Thus, they agreed in May 1998 to present a single list in the 7<sup>th</sup> Saeima election later that year. Participants in the events claimed that representatives of the mayor of Moscow played a significant role in the preparation of the candidate list and members of the three parties visited Moscow on numerous occasions. There were even press reports alleging that Equal Rights leader Tatyana Zhdanok had received funding from the Moscow mayor’s office in support of a newspaper that was sympathetic to her party.<sup>3</sup>

Late in May 1998, the Russian Party, led by Mikhail Gavrilov, joined the alliance. Although it had minimal financial resources, the party had attracted attention by winning two seats (of 60) on the Riga City Council in local elections in 1997 (Harmony had two seats, Equal Rights had four, LSP had one). This probably led to the idea that the Russian Party should become part of a new alliance being set up – “For Human Rights in a United Latvia” (hereafter, FHRUL).

Registration of the new alliance with the Justice Ministry was delayed for various legal reasons, and it was decided to register the list of candidates under the National Harmony Party. The alliance won 14.1% of the vote and 16 seats in the Saeima – the fourth best result among 21 candidate lists. A unified faction was set up which chose Jānis Jurkāns, leader of Harmony, as its leader. The faction did not have much political influence, however, because various governing coalitions could be assembled without its direct or indirect support. The Saeima also rejected the vast majority of its legislative initiatives.<sup>4</sup>

<sup>3</sup> “Maskavas naudas un Ždanokas ceļi ir neizdibināmi,” *Latvijas Avīze*, 5 March 2003. See also “Viņi ir no viena maisa,” *Latvijas Avīze*, 8 April 2003.

<sup>4</sup> During the 7<sup>th</sup> Saeima (1998-2002), MPs for FHRUL submitted 73 draft laws, of which 57 were rejected, eight were approved, two were withdrawn, and six were referred to parliamentary commissions.

<sup>2</sup> Press announcement No. 138 from the chancery of the European Court of Human Rights, 10 March 2006, <http://www.echr.coe.int/Eng/Press/2006/March/AnnounceGrandChamberJudgmentZdanokavLatvia160306.htm>, last accessed August 28, 2006.

Members of FHRUL were very active in trying to defend the rights of ethnic minorities. In 1999, the alliance collected about 76,000 signatures in support of ratification of the Framework Convention for the Protection of National Minorities and the right of minority schools to continue teaching classes exclusively in minority languages.<sup>5</sup> During the 7<sup>th</sup> Saeima, the alliance began a series of “Baltic Forum” events, where representatives of Russia, Latvia and several other countries debated political issues. During this time, the Eastern Slavic parties also began to make more active use of the Constitutional Court to defend the rights of their supporters.

Fundamental differences of opinion within FHRUL became evident in September 2000. At a FHRUL conference delegates approved a resolution calling for non-violent resistance to Latvia’s language policy. Equal Rights eagerly supported the resolution, LSP took a neutral stand, Harmony leader Jurkāns publicly announced that he did not support the resolution, and the Russian Party declared categorical opposition to the campaign’s goals and methods. Soon thereafter, the Russian Party withdrew from FHRUL, announcing that it would be fielding its own list in the 2001 local elections. This was the first time that the seemingly unified Eastern Slavic political bloc displayed visible differences of opinion rooted in deeper programmatic differences.

### **Collapse of Eastern Slavic Political Unity after the 8<sup>th</sup> Saeima Election**

In the 8<sup>th</sup> Saeima election in 2002, FHRUL took 19% of the vote and won 25 seats in the Saeima. This was the second best result overall, but it was immediately clear that FHRUL would have no role in assembling the country’s governing coalition. Parties within FHRUL continued to pursue their customary tactics – filing complaints with the Constitutional Court and tabling many legal proposals and draft amendments to laws in the Saeima. Parties in the governing coalition, for their part, continued to reject most of those proposals.<sup>6</sup>

All three of the parties in FHRUL were equally represented on the parliamentary candidate list, but representatives of Harmony won the greatest individual support from voters.<sup>7</sup> Apparently, this prompted Harmony to withdraw from the alliance, when a party congress in February 2003 decided to withdraw from FHRUL and attempt to create a

modern Social Democratic party. Harmony leaders justified their decision with reference to programmatic differences with LSP and Equal Rights and difficulties in cooperating with Tatyana Zhdanok. A separate Harmony faction was established in the Saeima, and initially it had 17 members – two-thirds of all the MPs who had been elected from the FHRUL list. In the spring of 2004, however, five Harmony members joined the Latvian First Party instead.

In June 2003, the LSP also decided to withdraw from FHRUL, citing serious programmatic differences with Equal Rights<sup>8</sup> and the impossibility of working together with that party’s leadership. Equal Rights quickly set up a satellite, “Free Choice in a Europe of Nations,” which immediately joined FHRUL. This allowed Equal Rights to preserve its politically important brand name. The FHRUL faction in the Saeima was restored in August 2003.

The withdrawal of Harmony from FHRUL coincided with a new initiative aimed at defending the rights of Eastern Slavs. An organization called the Headquarters for the Defence of Russian Schools was established with support from Russia<sup>9</sup> to resist reform of minority education. Aleksandr Kazakov, who later became an assistant to the deputy chairman of the Russian Duma, Dmitry Rogozin, was its first leader. The headquarters was not an officially registered organization, but organized various demonstrations against the education reform with as many as 10,000 participants. As a result of the mobilization, the reforms were softened, and by the autumn of 2004, protests waned, along with the popularity of the headquarters.

European Parliament elections were held in June 2004. Voter turnout was unusually low in Latvia, and FHRUL did well, receiving 10.66% of the vote and Tatyana Zhdanok became a member of the European Parliament. Other Eastern Slavic parties did not win any seats – Harmony received 4.77% of the vote and the Latvian Socialist Party – 1.65%. For Harmony, this was a bitter pill, as the election was held when it was indirectly supporting the minority government of Prime Minister Indulis Emsis.

The election provided FHRUL with another platform.<sup>10</sup> Tatyana Zhdanok joined the Green Party/European Free Alliance grouping in the European Parliament. Soon after the election, she publicly called for the establishment of a pan-European Russian party and in June 2004, together with politicians from five other European countries, signed a

<sup>5</sup> See <http://www.zapchel.lv/?lang=ru&mode=party&submode=history>, last accessed July 23, 2006.

<sup>6</sup> During the 8th Saeima (November 2002 – July 2006), MPs for FHRUL submitted 176 draft laws, of which 162 were rejected, seven were approved, one was withdrawn, and six remained in parliamentary commissions.

<sup>7</sup> Voters in Latvia must choose a single party list, but on that list they can express a positive or negative attitude toward each of the candidates, thus helping to determine which specific candidates are elected.

<sup>8</sup> On June 7, 2003, MP Nikolay Kabanov told the LETA news agency that the LSP was a left wing and international party, while Equal Rights was trying to represent only Russian speakers in Latvia on the basis of right wing principles.

<sup>9</sup> Aleksandrs Šabanovs, “Štābs,” *SestDiena* 21 February 2004, pp. 10-15.

<sup>10</sup> Jānis Ikstens, “Does EU Europe Matter? The EU and Latvia’s Political Parties,” In P. Lewis and Z. Mansfeldova, ed., *The Impact of EU Enlargement on Party Systems and Electoral Alignments in Central Europe* (Palgrave, forthcoming).

manifesto in Prague establishing such a party. Its stated goal was to defend the rights of Russian-speakers in all EU member states, strengthen the status of the Russian language in the EU, as well as promote closer links between the EU and Russia.<sup>11</sup>

The failed attempt to destroy FHRUL exacerbated conflicts within Harmony. In December 2003, the party expelled deputy Riga City Council chairman Sergey Dolgoplov, who had announced that he would be establishing a party to bring together Latvia's leftist forces. After his expulsion, Dolgoplov became leader of the newly established New Centre party. Although its programme was similar to that of Harmony, New Centre ran separately in the 2005 local election, doing far better in Riga than Harmony. Jānis Jurkāns headed the Harmony list, but it did not overcome the 5% threshold.

After this failure, Jurkāns announced at a July 2005 congress that he was resigning from the party to protest a planned merger with New Centre. A few days later, the Harmony Centre alliance was established by Harmony, the New Centre and the Daugavpils City Party. A young journalist, Nils Ushakovs, became the leader of the alliance. The establishment of Harmony Centre essentially restored a unified People's Harmony Party, but now under a new name with different leadership.

Unexpectedly good results were posted in the 2005 local government election by the Motherland alliance, which included the Social Democratic Welfare Party, the Latvian Socialist Party, the Russian Party and several tiny political organizations. The centre of gravity in this alliance was the Social Democratic Welfare Party, with its populist leader, Yuri Zhuravlyov. Motherland ran an aggressive campaign, thanks largely to promotion on the Radio PIK radio station, which Zhuravlyov owned. This process violated campaign laws, but the alliance won eight of 60 seats on the Riga City Council. In the run-up to the 9<sup>th</sup> Saeima election in 2006, the Latvian Socialist Party withdrew from the alliance, drawing closer together with Harmony Centre and filing a joint list.

The 2005 local government election was also significant in the city of Liepaja, where FHRUL joined forces with the extremist Latvian National Democratic Party.<sup>12</sup> The joint list won two seats on the Liepaja City Council, and FHRUL and the LNDP are continuing to work together there.

After several upheavals and countless manoeuvres, the Eastern Slavic political environment is split. A couple of months before the October 2006 elections, the more radical FHRUL enjoyed the greatest support while the more moderate Harmony Centre, with the help of the Latvian Socialist Party risked failing to overcome the 5% threshold in the 2006 parliamentary election. However, the Harmony Centre/LSP list gained

strong support among voters and received 17 seats, while FHRUL barely cleared the 5% threshold to obtain 6 seats. Leaders of FHRUL attributed the sudden change in fortunes to heavy bias on the part of certain Russian language TV channels in favour of Harmony Centre. Despite electoral success, Harmony Centre has little chance of becoming a full-fledged coalition partner given the dominance of right-of-centre parties in the current Saeima. The Motherland Alliance, for its part, suffered a defeat at the polls garnering only 1.4% of the votes. Regardless, it retains significant representation in the Riga City Council and appears to be open to proposals of political cooperation from the left and right alike.

## **The Political Platforms of Eastern Slavic Parties**

### **The National Harmony Party/Harmony Centre**

Representatives of the National Harmony Party present themselves as heirs to the original ideas of the Latvian People's Front. There are three main pillars in the party programme – reconciliation between Latvians and non-Latvians and citizens and non-citizens, improving relations with Russia, and supporting a mix of individualism and solidarity.

This is the most moderate of the Eastern Slavic political parties, and it has tried to avoid publicly supporting the position that everyone should automatically be given citizenship. The party has also been quite reticent in response to the demand by its direct political competitors to grant the Russian language the status of an official language. Although Harmony insists that relations with Russia must be improved, it did not oppose Latvia's accession to the European Union though it did oppose the effort to join NATO.

Harmony has not had a unified approach to socio-economic development, but it has usually supported leftist proposals. After the 2002 parliamentary election, Harmony started to position itself as a modern Social Democratic party – a trend which has been preserved in the platform of Harmony Centre.

Harmony Centre has called for active encouragement of the process of naturalization and proposed that non-citizens be given voting rights in local elections. The economic platform is more vague. In the area of education, it has made the typical request that instruction in the Russian language be expanded.

In mid-2006, Harmony Centre had approximately 1,500 members. It is supported more often by Eastern Slavs, people older than 30, people with relatively high or high levels of income and education, and residents in Latvia's seven largest cities.

### **The Equal Rights party/For Human Rights in a United Latvia**

The roots of the Equal Rights party can be found among the more reactionary members of the Supreme Soviet of the Latvian SSR. Its main programmatic goal was to defend the rights of non-citizens and Eastern Slavic minorities, to grant unconditional citizenship to all permanent residents of Latvia, to develop close links to Russia, and to reject the idea

<sup>11</sup> Vladimir Socor, "Introducing the Interfront Candidates for Brussels," *Wall Street Journal Europe*, 11-13 June 2004.

<sup>12</sup> Nils Muiznieks, "Latvia," in Cas Mudde, ed., *Racist Extremism in Central and Eastern Europe* (London: Routledge, 2005), 111-113.



that Latvia had been occupied by the Soviet Union. Like the Socialists, Equal Rights took a firm stand against Latvia's membership in NATO and the European Union.

In 2003, Equal Rights revised its programme and announced that it would support Latvia's membership in the EU. It also stated support for liberal economic policies. The programme was taken over by FHRUL after Harmony and the LSP withdrew from it.

In June 2006, FHRUL approved a new action plan, and its cornerstone is still protection of the rights of Eastern Slavs. In terms of economic policy, the programme is a mix of leftist solutions and traditionally rightist proposals. The overall impression is one of populism.

As is the case with Harmony, FHRUL draws most of its support from Riga, the eastern region of Latgale, and from other major cities. Unlike Harmony, however, FHRUL draws comparatively larger support from young Eastern Slavs and from women. These are people with levels of income and education which correspond to the national average. In 2006, FHRUL had approximately 500 members.

### **The Latvian Socialist Party**

The Latvian Socialist Party (LSP) was established in 1994 on the basis of the Equal Rights movement. The roots of that movement can be found in the Equal Rights faction of the Supreme Council of the Latvian SSR, as well as in the International Front of Workers, which was set up to oppose *perestroika*.

The LSP can be seen as the heir to the Latvian Communist Party, its programme being based on class struggle and efforts to shape a society in which "there is no possibility for one person to exploit another, capital to exploit labour, one country and people to oppress others, and levels of work correspond to those of consumption."<sup>13</sup> The LSP argues that in June 1940 Latvia was not occupied by and incorporated into the USSR, but that peaceful change in the political system was based on the revolutionary situation at that time.

The LSP calls for "consistent restoration of public ownership of basic industrial resources."<sup>14</sup> The party stands for a progressive tax system and the restoration of a government monopoly in the sale of alcohol and tobacco products, as well as in currency exchange operations.

Although the LSP receives support first and foremost from Latvia's Eastern Slavs, its programme does not stress ethnic priorities. The party has not formulated an official position vis-à-vis minority school reforms, but does support the automatic granting of citizenship to all permanent residents of Latvia. The LSP calls for Latvia to withdraw from NATO and objects to membership in the EU, arguing that the referendum on EU accession in 2003 was illegitimate.

<sup>13</sup> <http://www.latsocpartija.lv/regulationsdoc.php?msiarticleid=15&l=2>, last accessed on July 25, 2006.

<sup>14</sup> *Ibid.*

The LSP receives most of its support from older Eastern Slavs, from people with medium or low income, and from those who are nostalgic about the former Soviet Union. For seven years, the leader of the party has been the charismatic Communist Alfrēds Rubiks, but the long-term problem is not only an out-of-date image, but also the fact that its supporters are growing older. In 2006, the party had about 1,500 members.

### **The Russian Party**

This small political organization was formally registered in 1995, but its roots date back to the Equal Rights faction in the Supreme Council of the Latvian SSR. That faction brought together many opponents of *perestroika*, including the Democratic Initiative Centre, which was the direct predecessor of the Russian Party.

The Russian Party defends the standard positions of political organizations of Eastern Slavs – strengthening the official status of the Russian language, awarding automatic citizenship to all, opposing minority school reforms, and granting voting rights to non-citizens in local elections.

Unlike some other parties, the Russian Party rejects the attempts of Russian-speakers (including Russian-speaking Jews) to represent the interests of ethnic Russians. The Russian Party wants the government to establish Russian schools controlled by the Russian community in which Russian Orthodox values would play an important role. The nationalism of the Russian Party has made it difficult for it to work together with other organizations within FHRUL.

The party's socio-economic programme is rudimentary (albeit fairly leftist in its approach), and apparently is of no importance in terms of the party's identity. The Russian Party has few supporters based primarily in Riga.

### **The Unified Social Democratic Workers Party/The Motherland alliance**

This Eastern Slavic political organization was established in 1999 as the Welfare Party. In the 2002 parliamentary election, it called itself the Social Democratic Welfare Party, while in the 2004 European Parliament election it was known as the Unified Social Democratic Welfare Party. The ongoing changes in the party's name and the failure to adopt a written programme represent the foggy nature of the party's political platform. Since the 2001 local government election, it has proclaimed the desire to assist working people in resolving their problems, stressing social welfare, the fight against corruption, and the promotion of naturalization.

This is a populist party which sees no contradiction between a desire to lower taxes and to expand social programmes, Euro-skepticism and a demand that EU resources be used more effectively, and the concept of justice and the demand for compensation for the deposits which people lost during Latvia's banking crisis in the mid-1990s. This eclectic approach is typical both of the United Social Democratic Workers Party and of the Motherland alliance which was established on its basis. This alliance seeks

to suggest parallels with the political force of the same name in Russia which supports President Vladimir Putin.

The party's most valuable element is its leader, Yuri Zhuravlyov, who does not suffer from any complexes. He owns the Radio PIK radio station, which broadcasts in Riga and its surroundings. Thanks to this radio station, Motherland won seats in the Riga City Council in 2005. There is no information about the number of party members.

### **The Latvian National Democratic Party**

The roots of this organization date back to the first half of the 1990s, when several Latvian politicians established the Latvian National Democratic Party. It supported distinctly nationalist and occasionally racist ideas. By the end of 1998, however, the party was in something of a coma.

In the first half of 1998, an alliance called "Russian National Unity" (known as the "Barkashovites" after the extreme right-wing politician Aleksandr Barkashov in Russia) grew active in Latvia.<sup>15</sup> The government refused to register the group, and it sought an alternative way to gain official status. Representatives of the organization approached the Latvian National Democratic Party. Its former leader, Armands Māliņš, claims that he invested great hopes in the Barkashovites, thinking that they would make the party more dynamic and raise its profile.<sup>16</sup> The two groups could agree on the need to strengthen national self-confidence, tend to the needs of the "Aryan race," and to oppose the supposedly all-encompassing influence of Zionism.<sup>17</sup>

Several dozen Barkashovites joined the LNNDP in the spring of 2002, replaced the party leadership, and launched unconventional activities in support of the interests of Eastern Slavs. By the end of 2004, the party was working together with FHRUL, toning down its more aggressive and anti-Semitic positions. Yuri Petropavlovsky is believed to be the FHRUL representative at the centre of contacts with the LNNDP.

The party receives its support mostly from young people, particularly in Liepāja. The precise number of party members is unknown, although party leader Yevgeny Osipov has claimed that the LNNDP has 1,600 members. That seems to be a significant exaggeration.

### **Conclusions**

The most important Eastern Slavic political organizations in Latvia are genetically diverse. The Latvian Socialist Party and the Equal Rights party, which form the backbone of FHRUL today, emerged from the anti-independence movement. The National Harmony Party and its second edition, Harmony Centre, is based on moderate politicians from the pro-independence Latvian People's Front. These differences, however, have not prevented all three parties from collaborating in Parliament and elsewhere.

In 1998, the three parties came together as a result of a similar focus on minority issues, as well as on leftist economic policies of various intensity. The result was For Human Rights in a United Latvia, which has become one of the strongest political brand names in Latvia. The process of consolidation appears to have been facilitated by the office of the Mayor of Moscow. The new alliance continued to pursue the activities of its member organizations.

Eastern Slavs and ethnic Latvians have diametrically opposing views with respect to a number of fundamental issues, and this has kept Latvian parties from working closely with FHRUL and its constituent parts. Efforts to overcome this political marginalization and the personal ambitions of FHRUL leaders led to a split in the alliance, restoring political competition in the Eastern Slavic environment. New political organizations are trying to take advantage of this fact.

In the short-term, it is unlikely that any of the new Eastern Slavic political organizations will present a serious challenge to Harmony Centre, the Latvian Socialist Party, and FHRUL. The future of these three political organizations does not seem too rosy with regard to achieving greater parliamentary or governmental influence. That will remain the case until Latvian and Eastern Slavic values converge.

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<sup>15</sup> Muižnieks, "Latvia," 111.

<sup>16</sup> Author's interview with Armands Māliņš, 27 July 2006.

<sup>17</sup> *Ibid.*

Table. Parliamentary election results, 1993-2006

	1993		1995		1998		2002		2006 (unofficial)	
	Seats	Votes %	Seats	Votes %	Seats	Votes %	Seats	Votes %	Seats	Votes %
Latvia's Way	36	32.4	17	14.6	21	18.1	0	4.9	10	8.6
First Party of Latvia	--	--	--	--	--	--	10	9.5	--	--
New Party	--	--	--	--	8	7.3	--	--	--	--
Christian Democratic Union	6	5	8	6.3	0	2.3	--	--	--	--
Farmers' Union of Latvia	12	10.7	8	6.3	0	2.5	12	9.4	18	16.7
Green Party of Latvia	0	1.2	8	6.3	0	--	--	--	--	--
LNNK	15	13.4	14	11.9	17	14.7	7	5.4	8	7.0
For Fatherland and Freedom	6	5.4	14	11.9	--	--	--	--	--	--
Harmony for Latvia, Rebirth of the Economy	13	12	--	--	--	--	--	--	--	--
National Harmony Party	--	--	6	5.6	--	--	--	--	17	14.4
Socialist Party of Latvia	--	--	5	5.6	16	14.1	25	19.0	6	6
Equal Rights	7	5.8	--	--	--	--	--	--	--	--
Democratic Centre Party	5	4.8	--	--	--	--	--	--	--	--
Democratic Party "Master"	--	--	18	15.2	0	1.6	--	--	--	--
People's Movement "For Latvia"	--	--	16	14.9	0	1.7	--	--	--	--
Unity Party of Latvia	--	--	8	7.1	0	0.5	--	--	--	--
People's Party	--	--	--	--	24	21.2	20	16.6	23	19.6
Social Democratic Union of Latvia	--	--	--	--	14	12.8	0	4.0	0	3.5
New Era	--	--	--	--	--	--	26	23.9	18	16.4
Other	0	9.3	0	12.5	0	3.2	0	7.3	0	7.8
TOTAL	100	100	100	100	100	100	100	100	100	100

## Russians and the Economy

Aadne Aasland

### Introduction

When Latvia became independent in 1991, ethnic Russians no longer found themselves in a privileged position. Opinions differ about the status of Russians in Latvia during Soviet rule, but few would argue that the Russians<sup>1</sup> on average were worse off than ethnic Latvians.<sup>2</sup> Although there are no indications that Russians were particularly materially privileged, many factors suggest an advantageous inequity for Russians in Soviet life. For example, there was a clear overrepresentation of Russians in the leadership of the Communist Party, KGB and military elites.<sup>3</sup> A very good knowledge of Russian was a prerequisite for occupying higher positions. Russian was the means of communication between ethnic Latvians and those migrating to the republic.

While the Latvian population in general had become urbanized during the Soviet period, with more than 70% of the population living in urban areas in 1989, Russians were almost exclusively confined to urban areas. More than half the Russians lived in Riga and its metropolitan district, about one fifth in the eastern region of Latgale (the only district where they also made up a considerable share of the rural population), while the rest were mostly confined to the larger cities in Kurzeme (the western district of Latvia) and Zemgale (the southern district). When Riga attracted most of the foreign investment and experienced an economic boom in the late 1990s, this had a positive effect on the economy of the Russians living there. On the other hand, the lack of development in Latgale hit the ethnic Russian population particularly hard, simply due to their large share of the population in the region.

Ethnic occupational stratification was marked at the end of the 1980s. Russians had a greater than average proportion working in industry, transport and administration. In all these sectors the number of Russians was higher than the number of Latvians, even in absolute terms. At the time Latvians made up only 28% of those working in administration, but ethnic Latvians dominated sectors such as agriculture, forestry, culture and art.

<sup>1</sup> In this chapter the concept 'ethnic' is sometimes omitted when it should be clear from the context that reference is made to ethnicity rather than citizenship status.

<sup>2</sup> Paul Kolstø, *Russians in the Former Soviet Republics*, (London: Hurst and Company, 1995), 110-111.

<sup>3</sup> K. C. Farmer, "Consociational Dictatorship or Imperium?", *Nationalities Papers*, 2:1, (1985), 45-69.

Although a large proportion of Russians worked in industry, the majority still worked in other sectors of the economy. Riga attracted large numbers of educated Russians who had higher positions in the managerial class and the technological professions. According to the 1989 census Russians on average even had a slightly higher educational level than ethnic Latvians, measured in number of years at school or university. The Russian population in Latvia should, therefore, not be described as a homogeneous mass of industrial blue-collar workers.

After independence, political institutions came to be dominated by ethnic Latvians, and the dominant position of Russians in public administration was reversed. New language legislation created barriers to certain professions for those without a sufficient command of the Latvian language. Although citizenship status in most cases did not affect economic rights, the large share (still 46% in January 2006<sup>4</sup>) of the Russian population without citizenship restricted eligibility for certain public sector jobs and visa-free travel.

Along several social dimensions the differences between ethnic Russians and Latvians are not very large. Age and gender distribution, average household size and other demographic characteristics are rather similar for both groups. However, there are significant differences in occupational stratification, geographical distribution, as well as formal and informal integration into society. These differences may well influence the economic status of ethnic groups in the country. The Slavic ethnic minorities have dominated in the technical professions and in the former Soviet Union they were over-represented in the large industrial enterprises administered directly from Moscow. Since many of these enterprises faced severe economic difficulties in the transition period, an assumption would be that ethnic Russians would face higher unemployment than ethnic Latvians. Due to language requirements for certain professions and a lack of command of Latvian, one would also expect many Russians to have more difficulties than ethnic Latvians in finding a new job. On the other hand, Russians tend to live in larger cities and therefore could escape some of the countryside's economic hardships. Moreover, some observers have pointed to Russians' success in benefiting from continuing trade links with Russia, helping them to preserve a dominant position in the Latvian business sector.<sup>5</sup>

This chapter will present findings from research on the economic status of different ethnic groups. Most of the data are based on large-scale social surveys where the self-reported ethnicity of the survey respondents has been registered, making it possible to present the survey results through an ethnic lens. The chapter contains sections on the labour market, the earnings structure, and the distribution of poverty and social exclusion. Furthermore,

<sup>4</sup> Figures from the Latvian Naturalization Board, see [http://www.np.gov.lv/index.php?en=fakti\\_en&saite=residents.htm](http://www.np.gov.lv/index.php?en=fakti_en&saite=residents.htm), last accessed on September 13, 2006.

<sup>5</sup> L. Latkovskis, "The Russian Minority in Latvia Since 1991," Paper presented at the 20<sup>th</sup> AABS Conference, Washington, D.C., June 2006.

it includes a section on ethnic characteristics of the Latvian business sector, which has undergone major changes in the post-independence period.

## The Labour Market

Segregation in the Latvian labour market between different ethnic groups is modest. Russians and other minorities are over-represented in certain professions and occupations. Ethnic Latvians have a relatively larger share within the highly skilled non-manual occupations, including senior officials and managers, professionals and technicians. Non-Latvians have larger than average shares among the low-skilled, non-manual and elementary occupations (see Table 1). Moreover, compared to ethnic Latvians, Russians more often work in the private sector of the economy. In 2002 35% of non-Latvians and 49% of Latvians were employed in the public sector. A dissimilarity index has been calculated by Mihails Hazans based on data from the Latvian Labour Force Survey 2005 in order to find the degree of industrial and occupational segregation for ethnic groups in Latvia.<sup>6</sup> This index estimates the minimum proportion of non-Latvians who would have to change occupations or industries in order to make the distribution of Latvians and non-Latvians equal. A high value of the dissimilarity index suggests a high degree of segregation. The dissimilarity index in 2005 was roughly the same as in 2002, depending on the level of division between groups (Figure 2).

Table 1. **Occupation in main job by ethnicity, 2005 (%)**

	Ethnic Latvians	Non-Latvians
Highly skilled non-manual	38.5	27.2
Low skilled non-manual	22.0	23.2
Skilled manual	27.9	34.1
Elementary occupations	11.6	14.2
Total	100.0	100.0

Source: World Bank, *Latvia: Sharing High Growth Dividend. A Living Standards Assessment*.

Table 2. **Dissimilarity index\* by ethnicity 2002 and 2005**

	2002	2005
By four major groups of occupations	10.2	11.3
By nine large groups of occupations	12.5	12.1
By 27 two-digit groups of occupations	16.7	16.7

\*Dissimilarity index DI (also known as the Duncan index) is a number between 0 and 1, with 0 indicating equal distribution of ethnic (or other) groups among occupations, and 1 (or 100 percent) indicating complete segregation. In the given context, DI shows the minimal proportion of non-Latvians which would have to change occupations in order to make their occupational distribution the same as that of Latvians.

Source: World Bank, *Latvia: Sharing High Growth Dividend. A Living Standards Assessment*.

<sup>6</sup> World Bank, *Latvia: Sharing High Growth Dividend. A Living Standards Assessment*. (World Bank: Washington, D.C., forthcoming in 2006).

The restructuring of the economy after independence had great effects on Latvia's employment situation. Macroeconomic changes, including a decline in output, were accompanied by rising unemployment. Although Latvia's transitional economy has recovered, unemployment still remains significant, reaching 8.5% in 2005. Although serious for those affected, this is nevertheless an enormous reduction from the peak of 21% unemployment (ILO definition)<sup>7</sup> in 1996.

Survey data from 1994 (the Norbalt Living Conditions Survey) showed that the unemployment rate was 17% at an early stage of the transition process.<sup>8</sup> The unemployment rate of Russians was at that time 5% higher than for the majority group (19% vs. 14%, respectively). After controlling for a number of background characteristics, it was found that Russian women were at the greatest risk of unemployment, while Russian men had no higher unemployment than men of Latvian ethnicity. This was explained by the fact many Russian women had worked in public administration, where jobs became harder to obtain and keep for those without a command of the Latvian language.

The Norbalt survey also showed that Russians holding Latvian citizenship had a significantly lower probability of being unemployed compared to non-citizens or citizens of other countries (predominantly Russia). Formal integration into the country of residence clearly protected against unemployment. A better command of the local language and a higher general level of integration into Latvian society in terms of social and professional networks are likely to be the two most important reasons why this was the case.

By 1999 according to the Norbalt II survey, the unemployment rate in Latvia had decreased to 12% of the labour force (as measured by the ILO). The difference between Latvians and Russians, however, remained rather stable, with 4% higher unemployment among Russians (15% vs. 11%).<sup>9</sup> In 1999 the concept of discouraged workers, i.e. those who wanted a job and were currently available for work, but had given up actively searching for work because they believed they could not find it, was also brought into the analysis. The unemployed, discouraged workers and those not working because of illness and handicap were added together in order to explore the degree of exclusion from the labour market. The hypothesis was that since minority groups faced higher unemployment rates than ethnic Latvians, this would also have implications for their behaviour and incentives to seek

employment. However, the empirical results did not support this hypothesis. Ethnic minorities were somewhat more often excluded from the labour market than Latvians, but these differences were not due to a higher degree of discouragement, as differences were practically the same as when studying unemployment alone.

A World Bank study based on the Latvian Labour Force Surveys in the 1997-2002 period confirmed that unemployment was higher among non-Latvians than among Latvians.<sup>10</sup> This study showed larger differences between ethnic groups in the 1990s than had been the case for the Norbalt surveys referred to above. By 2002 the differences had been reduced, however, and unemployment was 10% for ethnic Latvians and 15% for non-Latvians.

Data from the 2000 census showed that the differences in unemployment rates between Latvians and non-Latvians could be explained to some extent by a lack of language skills.<sup>11</sup> According to the census the total unemployment rate was 18% for non-Latvians at the time, but among those with Latvian language skills, the unemployment rate was 15%, while it was as high as 21% for those without a command of the language. Another contributing factor was the very high unemployment rates for the Latgale region, which is predominantly populated by non-Latvians. On the other hand, in Riga, where nearly half the Russians live, the unemployment rate has been among the lowest in the country.

While in 1994 the largest differences were found between Russian and Latvian women, the opposite was the case in 2000 according to the census data. Men of non-Latvian origin had an unemployment rate of just above 20%, almost double that of Latvian men. For women differences were smaller (9% and 16% respectively). While women appeared to have adjusted better to the changes in the labour market than men by 2000, particularly men of non-Latvian origin were finding it difficult to find a job. The most likely explanation is that women who had more often been employed in public administration would find jobs more easily in the emerging service and business sectors, while men whose experience often came from manufacturing and work based on Soviet technology were less employable.

The most recent study shows a narrowing gap between Latvians and non-Latvians in terms of employment rates.<sup>12</sup> In the 2002-2005 period there was a sharp increase in the employment rate in Latvia, from 57% to 63%. The major component of this increase can be attributed to a growth in the employment rate among ethnic minorities, and especially among women. Differences in employment rates between Latvians and non-Latvians were reduced from 6% in 2002 to 3% in 2005. For men the difference in 2005 was just 1%, while it was somewhat larger (4%) among women.

<sup>7</sup> The International Labour Organization (ILO) definition of unemployment refers to persons who, during a reference period were a) without work; b) currently available for work; and c) seeking work. There is often a discrepancy between the ILO definition and officially registered unemployment in that the ILO definition does not specify any form of formal registration in order to fulfil the requirements for unemployment.

<sup>8</sup> Aadne Aasland, "Ethnicity and Unemployment in the Baltic States," *International Politics*, 35:3, (1998), 353-370.

<sup>9</sup> A. Aasland and T. Fløtten, "Ethnicity and social exclusion in Estonia and Latvia" *Europe - Asia Studies*, 53, (2001), 1023-1049.

<sup>10</sup> Mihails Hazans, *Unemployment and the Earnings Structure in Latvia*, World Bank Policy Research Paper 3504, 2005.

<sup>11</sup> *Ibid.*

<sup>12</sup> World Bank, *Latvia: Sharing High Growth Dividend*.

The survey data do not give a full explanation of the reasons for higher unemployment rates among Russians than among ethnic Latvians. The changes in the labour market and the mismatch between the needs of the emerging economy compared to the skills that Russians had acquired in Soviet times are likely to be an important explanation. The lack of language skills among large segments of the Russian workforce is another. Data from a recently conducted survey of employees in Latvia indicate that most of the current difference between ethnic groups in labour market participation stems from differences in language skills.<sup>13</sup> Although most Russians living in Latvia today were born in the country, there are also many newer immigrants who are likely to lack the networks that are needed to enter or re-enter the labour market after a job loss.

## Income and Earnings Structure

In market economies incomes and assets are the most important factors in determining the economic resources of a household. While economic welfare in the Soviet system was often distributed through services provided by the workplace, today living conditions in Latvia are largely a result of access to money. Thus, knowledge about the earnings structure gives insights about the economic welfare of different ethnic groups.

Data in this section are based on the Latvian labour force surveys of 2002 and 2005. In 2002 the average net earnings of ethnic Latvians were 10 per cent higher than those of other ethnic groups (mainly Russians).<sup>14</sup> In the 2002-2005 period the wage differential between ethnic groups remained stable, although it was reduced to 9% in 2005.<sup>15</sup>

How can such differences in wages be explained? According to Hazans' calculations, they cannot be attributed to differences in productivity. The most plausible explanation would appear to be occupational segregation in accordance with ethnicity. However, when analysing the survey data, one finds that the wage differential between ethnic groups cannot be explained by observed differences in education, age, occupational characteristics or similar background variables.

A representative survey of employees in late 2005 and early 2006 shows that if language skills are brought into the analysis, the unexplained differentials between groups are significantly reduced.<sup>16</sup> It also shows a clear distribution of the non-Latvian population in the occupational hierarchy in accordance with their language skills. Since it is a requirement to master the Latvian language in order to fill a number of well-paid professions in the public sector, non-Latvians without such language skills do not aspire to such jobs. However, differences between ethnic groups should not be exaggerated. As was shown in the previous section, occupational segregation

in Latvia is modest, and Russians are far from being confined to the lower paid occupations in the country.

One may question the extent to which income surveys give an accurate estimate of people's earnings. In the summer of 2006 the Latvian Economics Minister Aigars Štokenbergs estimated the shadow economy to be 25% of GDP.<sup>17</sup> Moreover, tax evasion has been a serious challenge for the Latvian government as in many other transition countries. In Latvia it has mainly taken the form of salaries paid in "envelopes," on top of a small wage subject to minimum taxes. Underreporting of income is thereby quite common, and this is likely also to distort survey data somewhat.

There is no direct evidence that tax evasion is more common among Russians than among ethnic Latvians. However, Renoy *et al.* suggest that non-citizens – who make up almost 1/5 of the population, are primarily of Russian or other Slavic origin, and are employed in the private sector – are more likely to engage in grey economic activities than citizens of Latvia.<sup>18</sup> According to Renoy, it is plausible that they feel less commitment to comply with social rules, including paying taxes. One may question Renoy's assumptions. Latvians and Russians share the experience from the Soviet past when evasion of pervasive state regulation was the norm, and it is hard to say whether Latvian citizens feel any stronger obligation to pay taxes. Data from the Central Statistical Bureau of Latvia suggest that the highest share of tax evasion does take place in sectors such as construction, trade, commercial services (real estate agents, etc.), and personal services.<sup>19</sup> These are all sectors in which Russians are over-represented.

## Ethnicity and Poverty

This section summarizes research findings about poverty rates among ethnic Russians in Latvia. For the purposes of this chapter, *poverty* is understood as household consumption below a certain poverty threshold (adjusted for economies of scale). By focussing on consumption instead of income, one is likely to obtain an estimate accounting for at least parts of the shadow economy. This section will refer to a large-scale survey for which it is possible to break down the data by ethnicity, even though it is not the most recent study of poverty in Latvia.<sup>20</sup>

<sup>17</sup> <http://www.baltictimes.com/news/articles/15813/>, last accessed on September 13, 2006. See also R. Bernotaite and A. Piskunova, "An Expenditure-Based Estimate of Latvia's Shadow Economy," *SSE Working Papers*, 5:73, 2005.

<sup>18</sup> P. Renoy *et al.*, *Undeclared Work in an Enlarged Union*, (Brussels: European Commission, 2004), 127-128.

<sup>19</sup> *Ibid.*

<sup>20</sup> The study referred to is the Latvian Household Income and Expenditure Survey (HIES) combined with additional quantitative assessment of poverty, a study commissioned by the UNDP and the Latvian Ministry of Welfare and published in 2000. For more on the survey, see F. Gassmann & C. de Neubourg, *Coping With Little Means in Latvia* (Riga: Ministry of Welfare of Latvia / UNDP, 2000).

<sup>13</sup> *Ibid.*

<sup>14</sup> Hazans, *Unemployment and the Earnings Structure in Latvia*.

<sup>15</sup> World Bank, *Latvia: Sharing High Growth Dividend*.

<sup>16</sup> *Ibid.*

The survey, conducted in 1999, showed that ethnicity was not an explanatory factor in explaining the risk of poverty in Latvia.<sup>21</sup> Urban or rural settlement and regional differences were much greater than differences between ethnic groups, while the most important factor in explaining differences in poverty rates was the size of the household. The larger the household, the greater was the risk of falling below the poverty line. While ethnic Russians had slightly higher consumption levels than ethnic Latvians, the risk of poverty was slightly higher among ethnic Russians and other minorities compared to ethnic Latvians after controlling for other background variables. The report *Ethnicity and Poverty in Latvia* concluded that “there does not seem to be a systematic discrepancy in poverty levels between the major ethnic groups living in Latvia.”<sup>22</sup>

On average people in rural areas ran a greater risk of poverty than people in cities. Ethnic Russians, who are more likely to live in cities, thus, on average had a higher consumption level than ethnic Latvians. Both in the cities and, particularly, in the countryside, however, ethnic Russians and persons reporting another ethnicity were slightly worse off than ethnic Latvians living in the same type of settlement.

While there were no major ethnic differences in material well-being, it seems that the implications of being poor were felt to be more serious for ethnic Russians than for the majority group. One of the reasons may be the fact that ethnic Latvians reported more active coping strategies than did the minority groups, even after controlling for urban or rural settlement. For example, ethnic Russians did not often have relatives in the countryside to whom they could turn for assistance in case of a job loss or other sudden deprivation of income. This was a commonly applied coping mechanism among Latvians. The somewhat stronger feeling of security and well-being among ethnic Latvians can also be explained with a closer identification with the reestablishment of the Latvian state, unquestioned citizenship, and a generally more positive evaluation of the direction of social and political development.

Another finding was that among those who had approached the social assistance offices for social assistance, fewer Russians and other ethnic groups had received the benefits they had applied for compared to ethnic Latvians. There may be several reasons for this, for example that Russians and Slavs have less knowledge concerning social services and benefits. Another possibility could be that the social assistance offices give preferential treatment to ethnic Latvians since ethnic Latvians dominate as social workers in large parts of the country, and the social assistance offices have a degree of discretion in the distribution of benefits.<sup>23</sup> Although

there are no reports of the latter systematically being the case, one cannot rule out that it has taken place on some occasions.

More recent surveys do not give reason to believe ethnic Russians have become worse off in terms of poverty since the Ministry of Welfare/UNDP survey was conducted. We have already seen that employment rates of Russians have increased, while wage differentials between ethnic groups have decreased. Nevertheless, to monitor such changes it would be useful again to include ethnicity as a background variable in the Latvian household budget and expenditure surveys.

## Latvian Business

A study of Latvian business carried out by the Baltic Institute of Social Sciences and the Latvian Institute of Economics in 2004 gives valuable information about ethnic relations in the economic sphere not covered by living conditions or labour force surveys.<sup>24</sup> Through a representative survey of enterprise managers and in-depth interviews with managers from both ethnically homogeneous and mixed businesses, it was found that economic globalization, the influx of foreign capital and increased cross-border cooperation have promoted a trend towards a larger proportion of businesses being ethnically mixed. Furthermore, Latvian language legislation has made it difficult for firms without employees speaking the Latvian language. Thus, purely “Russian” companies were mostly found among “small and unnoticed enterprises” in which people can ignore the language law. According to this study, such enterprises “usually have little in the way of loyalty vis-à-vis the state, and they don’t pay their taxes.”<sup>25</sup> In larger enterprises, however, employers tend to pay less attention to the ethnicity of their employees.

In in-depth interviews respondents attached some specific traits to the major ethnic groups in conducting business. Regardless of their ethnicity, personnel specialists pointed out that Russians are more often ready to work abroad and that they are more active in seeking out career opportunities than ethnic Latvians. It is allegedly more common for Russians than Latvians to make use of informal contacts when looking for a job, while Latvians more often take part in open competitions for work. Recruiting specialists maintained that in selection processes, the ethnicity of candidates is of some importance, with claimed differences in mentality being the justification. The study also found that there are still notions of “Russian” and “Latvian” business operating in Latvian society. Nevertheless, one of the main conclusions is that economic interests are one of the driving forces behind integration and that the cultural environment of the workplace is becoming increasingly less important.

<sup>21</sup> Aadne Aasland, *Ethnicity and Poverty in Latvia* (Riga: Ministry of Welfare of Latvia / UNDP, 2000).

<sup>22</sup> *Ibid.*, 50.

<sup>23</sup> This discretionary power of social workers was greater in 1999 when the survey was conducted than it is today, due to the introduction of a Guaranteed Minimum Income. See Feliciano Rajevska, ed., *Insiders' Views about Social Inclusion and Social Security in Latvia* (Oslo: Fafo, 2006).

<sup>24</sup> Brigita Zepa, ed., *Society Integration and Business: The Ethnic Dimension* (Riga: Baltic Institute of Social Sciences and Institute of Economics, Latvian Academy of Sciences, 2004).

<sup>25</sup> *Ibid.*, 6.

The study showed that ethnic Latvian business managers still expressed some negative attitudes towards the leadership style and ethics of their Russian counterparts. Many considered “Russian” enterprises to be dishonest, while describing their employees as “lazier and disloyal Latvian inhabitants.” Russian business leaders did not, however, express such ethnic stereotypes towards ethnic Latvian business managers. They more often held the opinion that it is “natural” to form mono-ethnic business environments, and that this phenomenon is common all over the world. Few Russian business leaders looked upon the limited employability of non-Latvian speakers in the government sector to be the result of discrimination. However, they did complain about Latvian language policy lacking flexibility. Both Russians and Latvians adjust to the conversation partner and are open to speak the other language when needed, which stimulates ethnic integration at the workplace.

The survey of business leaders showed that a vast majority of both Russian and Latvian respondents (73% and 80%, respectively) thought Russians have the same potential to succeed at work as ethnic Latvians. While 22% of the respondents in Russian-dominated enterprises thought Russians have fewer opportunities for succeeding, this was true of only a miniscule proportion of Latvian-dominated enterprises, and 11% in mixed enterprises. In contrast, 23% in Latvian enterprises, 9% in mixed and 5% in Russian enterprises claimed that the potential of Russians to succeed is greater than that of ethnic Latvians. Many Russian respondents *did* express the view that discrimination on ethnic grounds takes place in Latvia, usually in connection with language requirements, but none gave concrete examples of having experienced it themselves.

## Conclusions

In Latvia differences between ethnic groups both in terms of material welfare and level of social integration are smaller than what is observed in most other ethnically mixed European countries. When measured in income and consumption levels, and after controlling for a number of relevant background factors, Russians are only slightly disadvantaged compared to ethnic Latvians. Much, albeit not all, of this difference can be ascribed to Latvian language requirements for certain jobs and the corresponding lack of knowledge of Latvian among large segments of the Russian population.

Despite the fact that Russians since the 1990s have felt more insecure in the labour market than ethnic Latvians, differences in employment levels have been reduced since 2000. There is still a considerable degree of ethnic segregation in the labour market, though, with certain sectors of the economy featuring over-representation of the titular group, and others of ethnic minorities. Most significant is the dominance of ethnic Latvians in the higher positions in public administration. Nevertheless, the general trend is for ethnic and cultural factors in economic activity to become less significant, particularly in large business enterprises.

Since language proficiency has become so important in Latvian work-life, the level of instruction in Latvian at Russian schools is crucial. The “right” of Russians to instruction in their mother tongue needs to be balanced by high-quality instruction of the Latvian language in Russian schools. An ethnically divided educational system may be beneficial for preserving a cultural identity, but is likely to spell difficulties for continuous upward mobility among the Russian population. Still, pessimistic predictions of the economic future of Russians in Latvia that were frequently expressed during debates about citizenship and language in the early 1990s have proven to be wrong. Latvian Russians have in general taken a pragmatic stance, adapted to change with an effort to improve their own material well-being, and had a corresponding positive impact on the economic development of the country.



# The Russian Language Media in Latvia

Iļze Šulmane

## Introduction

After a brief period of cooperation with the emerging power structures of post-independence Latvia, the Latvian language news media distanced themselves from the state and became a watchdog. The Russian language press, for its part, treated the development of events in Latvia with temporizing caution. Changes in the circulation levels, newspaper titles, ownership and content of the press all reflected the difficulties of the transformation and identity crisis in the 1990s.

The Latvian media enthusiastically rejected the Soviet past, concentrating on statehood and Latvian identity, raising previously taboo subjects, and establishing new publications or new versions of outlets published before World War II. The Latvian language press began to adopt the traditions of the print media in the West, calling in Western experts to provide advice and sending journalists and media specialists abroad for training.

The period of transformation was more painful for the Russian language media. The newspaper of the Communist youth organization, *Sovetskaya Molodezh*, lost its all-Union circulation base. The newspaper of the Communist Party, *Sovetskaya Latvija*, was shut down in 1991 along with the party itself. Russian-speakers were, in many cases, far more hesitant to part from the Soviet past. This was seen in the transformation of the names of press publications – the compromised name *Sovetskaya Molodezh* was simply abbreviated and supplemented by a more contemporary word – *SM-Segodnya*.<sup>1</sup> Some of the Russian language newspapers presented a regional identity through names such as *Baltiskaya Gazeta* (1990-1992), *Biznes & Baltija* (since 1991), and *Baltiskoye Vremya* (1989-1992). Another manifestation of the identity crisis was the mix of nostalgia for the Soviet period and support for the restoration of tsarist symbols.

The Russian language media in Latvia do not fulfil the functions of typical minority media outlets. The Russian press represents not just the citizens of a certain minority, with specific interests and needs (media in their native language, the desire to satisfy cultural interests, and interest in news from Russia), but also non-citizens, who see newspapers as a resource in accessing the public sphere and as a bastion during times of change. Instability, difficulties in adapting to change, and a loss of dominant status

generated demand for a scapegoat for one's problems. The leading Russian language newspapers have successfully constructed this scapegoat in the form of "rightists" and "radical nationalists."

## The Russian Language Press Today

The Russian language media in Latvia are fairly powerful, and they represent a diverse sub-system of the media system, particularly when compared to the media in the other Baltic States. Newspapers are the most important source of information among Russian-speakers about events in Latvia.<sup>2</sup> There are only a few areas in which Russian publications lack an analogue to Latvian language publications. At the same time, readership levels of Russian language newspapers are far lower than those of their Latvian counterparts.

At the beginning of the decade, there was considerable instability in the market for Russian language newspapers. Several dailies and regional papers ceased publication or changed their name (*Panorama Latvii*, *Respublika*, *Vechernaya Riga*). Currently, specialists think that the market cannot sustain so many Russian dailies and competition is fierce. There are three daily newspapers in Russian and three in Latvian focussing on socio-political events, business newspapers in both languages (two in Russian), along with other kinds of newspapers.

The Russian daily *Telegraf* tries to be a Western-style newspaper. Initially, it was the thickest Russian language newspaper, with relatively high levels of circulation. Its owner has admitted experiencing financial losses recently – the number of pages has decreased, as has the number of subscribers. At the beginning of 2005, *Telegraf* had only 4,300 subscribers – nearly three times fewer than one year before. In 2006, *Telegraf* changed to a tabloid format, but continued to present itself as a neutral, high-quality daily newspaper.

The leading competitors are the newspapers *Vesti segodnya* (Today's News) and *Chas* (Hour). The former is a popular mass newspaper with a circulation of some 35,000 focussing on the interests of Russians in Latvia, particularly emphasizing older, poorer and more dissatisfied segments of the community. Interviews with journalists and editors at the paper<sup>3</sup> suggest that the newspaper's owner exerts a strong influence on the editorial line, particularly on the business section. The size, tone and content of the newspaper classify it as a tabloid.

*Chas*, with a circulation of 16,000 to 22,000, has the largest number of subscribers among Russian language dailies – approximately 13,000. Its

<sup>2</sup> Ojārs Skudra, "Telpas un virzieni varām un cilvēkiem" in *Dienas kārtība Latvijai* (Riga: Baltijas forums, 2004), 189.

<sup>3</sup> Here and elsewhere, in-depth interviews with the journalists of daily newspapers were conducted in the spring of 2006 as a part of my doctoral research.

<sup>1</sup> The analogous Latvian language newspaper, *Padomju Jaunatne* (Soviet Youth), became *Latvijas Jaunatne* (Latvia's Youth), and then, later, the newspaper *Labrīt* (Good Morning).

readers tend to be members of the middle class. The newspaper actively defends one political party,<sup>4</sup> but also publishes serious analytical articles. The newspaper's position is that of an involved participant in events, not an alienated observer eyeing events from the perspective of Russia's interests, as is often the case with *Vesti segodnya*.

Characterizations of the newspapers offered by competitors and colleagues from Latvian language newspapers are diverse:

I don't see any fundamental difference between the newspapers [*Vesti segodnya* and *Chas*]. We have more human interest stories – their content is more dry, with statistics and politics. We write more about the destinies of individuals, about villages, small towns, local problems. We are a bit closer to the reader as a human being. (*Vesti segodnya* journalist)

A journalist at *Chas*, in talking about his competitors, perceives different target audiences:

*Vesti segodnya* is more distinctly militant, impoverished and aggressive. It favours For Human Rights in a United Latvia more than Harmony Centre, about which it offers a more sarcastic view. That is understandable – that's the newspaper's audience. A desperate individual will always be more radical. (*Chas* journalist who is standing for election to Parliament for Harmony Centre)

The most diverse opinions are offered about *Telegraf*. According to Latvian journalists, it is a neutral, national and loyal newspaper which defends the interests of its readers. According to journalists from competing Russian language newspapers, it is a boring, unprofessional and failed political project.

Russian language newspapers are less expensive than their Latvian counterparts.<sup>5</sup> That is not just because Russian newspapers have fewer pages and a smaller audience, but also because some engage in price dumping. There was some stabilization in subscription prices in 2005, and this can indirectly be seen as stabilization in the Russian press market, too.<sup>6</sup> *Chas* continues to use a dumping strategy, because it is subsidized by its publisher, *Petit*.

## A Comparison of the Audience and Journalistic Culture of Newspapers

The stereotype in Latvia is that Russians read the Latvian language press more often than Latvians read the Russian language press. In reality, the Russian press, particularly *Telegraf*, has a larger share of Latvian readers (18-25%) than Latvian newspapers have Russian readers (6-10%). The exception is in the business newspapers – in certain time periods, *Dienas Bizness* has had a larger proportion of non-Latvian readers than the Russian language business newspaper *Biznes & Baltija* has of Latvian readers (25% and 18% in 2003). Magazines have a slightly larger share of readers from the other ethnic group. Several weekly newspapers from Russia are published in Latvia on the basis of a licence, but only one of these has been adapted to the Latvian market. However, the popularity of these publications is gradually diminishing.<sup>7</sup>

The appearance of the free newspaper *5 min* in the market increased the total readership of daily newspapers. Sometimes the size of the Russian audience for the newspaper has even exceeded the advertising and TV guide publications, traditionally the market leaders. In the spring of 2006, the research company TNS released a study<sup>8</sup> showing that 14.6% of all residents of Latvia read *5 min* (as compared to 12.7% for *Diena* and 11.5% for *Vesti segodnya*). Among non-Latvian readers, the largest share read *Vesti segodnya* (23.4%), followed by *5 min* (19%) and *Chas* (13.3%).

Readers have been attracted by free newspapers which offer brief information without comment and do not play one segment of the audience off the other. This is true despite the fact that translated publications traditionally have not done well in the Latvian market. Both *Diena* and *Rīgas balss* once published Russian language versions, but it soon became clear that it is necessary to take the mentality of the relevant audience into account.

Media specialists and journalists argue that Russian journalism is more emotional, interpretative, and does not always find it necessary to separate news from opinion:

Our journalism is personified. The Latvian press is turning toward the West – facts, commentaries, but no human experiences. Our content is more emotional. (*Vesti segodnya* journalist)

Respondents also argued that journalists must present their personal views. They talked about the mission and different role of Russian journalists in the current situation:

<sup>7</sup> *Ibid.*

<sup>8</sup> I am thankful to the TNS-Latvia market research company and specifically to Kaspars Upišis for the latest data about the readership of Latvia's national press, as well as the ratings of the broadcast media. Data from previous years can be found at <http://www.tns.lv>, last accessed on September 15, 2006.

<sup>4</sup> According to a journalist at *Vesti segodnya*, "they mostly write about FHRUL [the left-wing For Human Rights in a United Latvia]. It is almost a FHRUL newspaper."

<sup>5</sup> The annual subscription price for *Diena* in 2006 is LVL 48.60, and each issue, when bought separately, costs LVL 0.40. For *Chas* the prices are LVL 19.99 and LVL 0.11, for *Vesti segodnya* – LVL 40.80 and LVL 0.20, and for *Telegraf* – LVL 35.00 and LVL 0.25.

<sup>6</sup> For more detail, see Deniss Kolosovs, "Krievu nacionālās dienas preses Latvijā veidošanās tendenču klasifikācijas mēģinājums (1990.-2004.).", unpublished bachelor's thesis, (Riga: University of Latvia, Faculty of Social Sciences, 2005).

I absolutely do not care about the identification of a journalist. My most important identity is that of a worker in the Russian awakening movement, and that is why I work for a newspaper. (*Chas* journalist)

The Russian press is more than a press. The Russian community is not represented. The press offers a megaphone, a stage, an executive committee. We perform the role of a mediator. Journalists are very active, they achieve practical results. (*Chas* journalist)

We do very good work as a lightning rod. People write to us, they don't organize mass protests, as is the case elsewhere in the world. I don't want to draw parallels with Albania and Macedonia. Everything is peaceful here in our country. Protests are expressed in a civilized manner – with a picket line, a march, or in the newspaper. There are conflicts of views in newspapers, not on the street. (*Vesti segodnya* journalist)

In the autumn of 2004, ideas about the need to unify the Russian community appeared in the media space, and parallels were drawn with the processes of the Latvian “national awakening” in the late 1980s. The same ideas can be found in interviews with journalists in 2006:

Under these specific circumstances, journalists have a special mission – they are not just journalists, but also workers in the awakening. The first phase of the third awakening\* ended with the victory of Latvians. The Russian community is being established, it is bubbling and simmering, and I would call this the second phase of the third awakening. I want this to be a serious process. (*Chas* journalist)

These different understandings can also be seen in the attitude of journalists towards the ability to merge the roles of journalist and politician. In the Latvian press, the attitudes range from strict denial (*Diena*) to a certain compromise (not writing about political issues). In Russian newspapers, by comparison, there are members of Parliament who write about political issues as journalists. When they are candidates, they write about encounters with voters or report on their feelings while engaging in a hunger strike against minority education reform.

Analysis of press discourse during the 2002 parliamentary election campaign showed fundamental differences in the strategies of newspapers.<sup>9</sup>

\* The term “third awakening” refers to the pro-independence movement in Latvia in the late 1980s. The first and second awakening respectively refer to the development of Latvian education and culture in the 19<sup>th</sup> century, and the emergence of the independent Latvian state in 1918.

<sup>9</sup> Sergejs Kruks and Ilze Šulmane, *Pilsoniskās sabiedrības attīstība un sabiedrības integrācija: 8. Saeimas priekšvēlēšanu kampaņas preses un politiķu diskurss* (Rīga: SIA JUMI, 2002).

*Diena* made clear its support for several liberal parties, but it offered a chance for all major political participants to declare their views in the newspaper's pages. *Chas*, by comparison, offered campaign coverage tantamount to a well-planned, united propaganda campaign on behalf of a single political force (For Human Rights in a United Latvia).

During the two previous election campaigns, there was a certain confluence of editorial content and political advertising, and hidden advertising was quite common, particularly in the Russian language press. In part because of more effective monitoring, there have been far fewer incidents of this type in the run-up to the 9<sup>th</sup> Saeima elections in 2006. Russian politicians, who are not scattered among many different parties and alliances, traditionally use the opportunities for direct propaganda. They do not have to worry about the cost, because newspapers are sympathetic to them and readers vote for them.

### The Structure of Ownership and its Influence on Editorial Independence

Russian dailies mostly have local owners and no investors from the West. Several studies have shown that owners have a great deal of influence on the editorial independence of their newspapers.<sup>10</sup> Most Latvian experts feel that editorial independence is ensured by foreign capital and the Western tradition of media owners not interfering in the work of the media, as long as that work yields profits. Some journalists from Russian newspapers are very critical about the newspaper *Diena*, which is partially owned by the Bonnier Group, claiming that it represents the governing parties or that it follows the ideas of Swedish Social Democrats.

Both Latvian and Russian journalists have criticized the *Preseš Nams* publishing house, which is owned by companies representing the interests of the Latvian port city of Ventspils. Russian journalists more than Latvian colleagues admit to dependence on owners (this was seen as early as 1998).<sup>11</sup> During interviews in 2006, they particularly emphasized that newspapers are dependent upon their major advertisers (including banks and department stores).

Even an ostensibly independent owner can greatly influence a newspaper's political direction, because that owner can have distinct political ambitions or sympathies. Thus, the director of the *Fenster* publishing house and the publisher of *Vesti segodnya*, Andrei Kozlov, stood for Parliament in 2006, as did the editor-in-chief of *Chas*, Ksenija Zagorovskaya (both in

<sup>10</sup> Ainārs Dimants, *Pašcenzūra pret paškontroli Latvijas presē* (Valmiera: Vidzeme University College, 2004). See also Ainārs Dimants, “Censorship in Baltic and Norwegian Newspapers,” in Rihard Berug, ed., *The Baltic Media World* (Riga: Flēra Printing House, 2005).

<sup>11</sup> See Ilze Šulmane, “Latvijas žurnālisti gadsimta beigās. Socioloģiskas aptaujas rezultāti,” in *Daudzveidība II* (Riga: University of Latvia, Department of Communications Studies, 2000).

For Human Rights in a United Latvia). Journalists at both newspapers have been very critical of the publisher of *Telegraf*, who initially expressed indirect support for a different political party (*Jaunais Laiks* or New Era).

The primary problem is that the structure of media ownership in Latvia is not transparent.<sup>12</sup> This often creates speculation about funding from Russia or claims that the Russian embassy in Latvia has influence on local Russian newspapers.

## Professional Ethics and Identity

Most Russian journalists deny that there is any need for a unified code of ethics or that the Union of Journalists could assume some sort of regulatory role, fearing that any regulations could be used against the Russian press. Latvian journalists have far more diverse views about the matter. Some say that a code is needed, while others say that it is neither desirable, nor practicable.

The professional identity of Russian journalists has mostly to do with the profession as such, not with the publication at which they work. The other, non-professional identities of journalists who were interviewed are far more diverse – some say that their work is a hobby, others mention professional roles such as political scientist or historian, still others present local identities (“I am from Riga”), and yet others speak to civic identity (citizen of Latvia) or an imperialist philosophy:

‘Imperialist thinking’ – an empire is a form of governance to which you belong. I feel a sense of belonging to Russian civilization and the Russian Empire. It is a continent which has created philosophical currents, religion – Orthodoxy, literature, the spiritual school. It is boring for me to think in the framework of local interests. (*Vesti segodnya* journalist)

Journalists display a certain amount of optimism regarding generational change, when disputes about history will become insignificant and Latvians and Russians will share a common enemy:

Eventually Latvians and Russian-speakers will be good friends. There will be new challenges, an influx of immigrants. This, sadly, will create new problems. Latvians and Russians will see that we are closer to one another than to those who immigrate. There will be a change in generations – people will have no problems with language, and they will not carry any historical baggage. (*Vesti segodnya* journalist)

## Presentation of Reality in the Press

Latvian and Russian-speaking residents have differing opinions about various issues of domestic and foreign policy, and this creates objective

differences in the views presented in the media. There are also fundamental differences in the agenda of newspapers in the two language groups in terms of the proportion of foreign and Russian news, as well as the use of sources. Even the cultural pages divide instead of bringing people together. Russian newspapers exist in Russia’s cultural environment, and they devote relatively little attention to the cultural activities of local Russians or Latvian cultural life.

The media must also bear a certain amount of responsibility for the construction of enemy images and of a negative identity.<sup>13</sup> Latvian language newspapers argue that politicians from For Human Rights in a United Latvia are dependent on politicians in Russia. Politicians from parties in the country’s governing coalition, for their part, are described in the Russian language press as “nationalists” who don’t care about the problems of minorities.<sup>14</sup> Words such as “ethnocrats” and “radical Latvian nationalists” are often used to describe all Latvian politicians. Derogatory labels were used particularly frequently regarding the minority education reform. *Latvijas Avīze* wrote about “this whole mob of people” and about “activists from self-proclaimed ‘communities,’” while *Chas* wrote about “Nazis” and “Latvian Russophobes.” In one case, a newspaper wrote that “Latvia, by fleeing from the influence of Russia, looks idiotic.”<sup>15</sup>

There is a conflict in the media space between collective Latvian and Russian memories – liberation versus occupation, oppression versus the positive influence of the USSR on Latvia’s development, war as the main event of 20<sup>th</sup> century history.<sup>16</sup> These diverging discourses are particularly evident in relation to various events on the calendar. For example, between March and May 2006, the entire Russian language press published harsh commentary (and drew a counter-reaction from *Latvijas Avīze*) with respect to the commemoration of the Latvian Legion (a World War II military unit in the German military) on March 16 and the celebration (or lack thereof) of victory in World War II on May 9. These events so dominated the Russian language media that there was no room for other important events covered by the Latvian language press. Russian journalists who were interviewed also admitted that criticism of Russian policy or any positive statements about the parties in power in Latvia would inevitably cause the newspaper to lose popularity and, therefore, circulation.

<sup>13</sup> Nearly all of the Latvian language dailies no longer use negative concepts such as “occupant,” but Russian language newspapers have continued to present a negative and sarcastic self-identification – “occupants,” “second-class citizens,” and “Negroes” (the latter word applied to the country’s non-citizens).

<sup>14</sup> Brigita Zepa and Inese Šūpule, “Etnicitātes konstruēšana: politiķi un masu mediji kā nozīmīgākie aģenti,” *Latvijas Universitātes Raksti – Socioloģija* (Riga: University of Latvia, 2006), 115-116.

<sup>15</sup> Ilze Šulmane and Sergejs Kruks, *Neiecietības izpausmes un iecietības veicināšana Latvijas presē 2004. gadā. Laikrakstu publikāciju analīze* (Riga: IUMSILS, 2006), 62.

<sup>16</sup> Deniss Hanovs and Irina Viņņika, “Krievvalodīgie Latvijā: diasporas kultūras atmiņas saturs un veidošanās tehnoloģijas,” in Žaneta Ozoliņa, ed., *Expanding Borders: Communities and Identities* (Riga: LU Akadēmiskais Apgāds, 2006), 190.

<sup>12</sup> I. Nagla and Anita Kehre, “Latvia,” in B. Petkovic, ed., *Media Ownership and its Impact on Media Independence and Pluralism* (Ljubljana: Peace Institute, 2004), 262.

## The Internet

The percentage of Internet users in Latvia has increased quickly over the last few years. In the spring of 2006, 40% of survey respondents said that they had used the Internet in the past six months, while 35% said that they had done so during the preceding week. The percentage of Latvian and non-Latvian users of the Internet is 43% and 36%, respectively.

The audience of Internet portals is more diverse than that of the press. Although the proportion of non-citizen readers of Latvian language portals is comparable to that of newspapers (5-9%), three Latvian language portals (*delfi.lv*, *apollo.lv* and *tvnet.lv*) have the largest share of the non-Latvian audience.

Another portal, *dialogi.lv*, presents articles and commentary both in Latvian and in Russian, and its aim is to create a unified information space. This portal, as well as *politika.lv*, which offers socio-political analysis, as well as online publication of recent research results, brings together representatives of both languages. Discourse analysis of Internet forums shows that these are environments where representatives of various ethnic groups can meet and debate, but anonymity and a lack of a democratic culture of debate mean that existing stereotypes and aggressiveness are bolstered.<sup>17</sup>

## The Broadcast Media

With regard to television, the Russian-speaking audience is largely under the influence of Russia's information and entertainment industry. This is partly due to viewer inertia and Russia's ability to outcompete Latvian channels with high-quality products. However, Latvian broadcasting policy since the restoration of Latvia's independence is also partly to blame, because of a focus on programmes in the state language and for a time, government-imposed limitations on the proportion of Russian language content on television channels (30% initially, 25% after the regulations were amended in October 1998). These limitations have now been rescinded, and broadcasters have learned to attract Russian-speaking viewers with competitive movies and original programming produced in Latvia, but in the Russian language. The second channel of Latvian Television (LTV7) produces sports programmes, educational shows, entertainment, and programmes for various social groups and minorities, including a daily news broadcast in Russian.

In 1996, Latvia shut down the terrestrial broadcasting of the Russian television channel ORT. This generated much interest in cable television, which offers numerous channels in Russian. The largest non-Latvian audience in 2005 was attracted by cable television channels (78%), followed by Latvian Independent Television (LNT, 62%), and the First Baltic Channel (PBK) (58%). The latter mostly rebroadcasts programmes from Russia, but also presents a local news broadcast in Russian each evening. Commercial Latvian

channels have proven to be more successful than the second programme of public television when competing with Russia's television channels.

In 2005, ethnic Latvians were more active radio listeners than non-Latvians (61.5% and 38.3% respectively). Radio Latvia has news, music and talk shows for Russian-speakers on Channel 4. The commercial channel Radio SWH+ broadcasts in Russian. The privately owned Radio PIK, also in Russian, has been used as a propaganda tool during local government elections for one political party.

According to a 2004 study conducted by the Baltic Institute of Social Sciences, trust in the media is higher among Latvians and citizens and lower among Russians and non-citizens. Thus, for instance, 66.9% of Latvians, but only 46.9% of Russians trust the newspapers. Trust is generally higher in television than newspapers, but the proportions are comparable – 72.4% and 56.9%.<sup>18</sup>

Generally speaking, the broadcast media do better than the press in presenting the heterogeneous nature of society while helping to bring the Latvian and Russian audiences, as well as both information spaces, closer together. Clearly, the approach of the public broadcast media should be more elastic in planning and producing broadcasts of interest to both linguistic audiences and presented in both languages.

## Two Information Spaces - Two Communities?

Most journalists from Russian language newspapers insisted in their interviews that a society with two communities is already a reality in Latvia, arguing that the media only reflect the existing situation. Journalists are proud about the self-sufficiency of Russian journalism and its role in the transformation in Latvia.<sup>19</sup> Latvian journalists and media specialists, for their part, accuse Russian colleagues of being "outsiders," of taking an alienated look from the sidelines. In explaining the causes,<sup>20</sup> respondents argue that Russian journalists only defend the interests and former privileges of their own, narrow community, and are thus unable to take a wider, civic-minded approach.

Paradoxically, the more integrated society becomes, the less the Russian language media in Latvia will assume the role of a militant opposition. Then Russian media will become typical minority media which satisfy the cultural needs of various groups in several languages. No longer will the Russian media join radical Latvian publications in constructing, reproducing and strengthening the system of two separate communities.

<sup>18</sup> Juris Rozenvalds, ed., *How Democratic is Latvia? An Audit of Democracy* (Riga: LU Akadēmiskais apgāds, 2005), 289-290.

<sup>19</sup> Aleksejs Šeiņins, "Krievu prese – Latvijas fenomens," in *Dienas kārtība Latvijai* (Riga: Baltic Forum, 2003), 343-344.

<sup>20</sup> Sergejs Kruks, "Russian Language Media: A Foreign Observer?" in *Latvijas mediju analīze. Komunikācijas pētījumu sērija. Daudzveidība III* (Riga: University of Latvia, Department of Communications Studies, 2001), 51-71.

<sup>17</sup> J. Černobrovaja, "Interneta forumu diskursa īpatnības etniskās piederības kontekstā," unpublished master's thesis (Riga: Faculty of Social Sciences, 2003), 50-51.

# Russians and Civil Society

Ivars Ijabs

## Introduction

In the late 1980s, all of communist-dominated Central and Eastern Europe experienced extensive civic activism. However, more than a decade after the fall of communism, observers concluded that civil society in the new democracies was still quite weak.<sup>1</sup> The atomization resulting from communism, the social divisions engendered by neo-liberal reforms and strong nationalist tendencies in the region all contributed to hindering civic participation, the development of associational life and political involvement.

The Russian population of Latvia began to engage in civic activism during the last years of the Soviet regime. Alongside the pro-communist “Interfront,” several democratically-oriented civic organizations were born, some of which, like the “Latvian Society of Russian Culture” (*LORK*), still exist today. After an early surge in participation and dynamic associational life in Latvia in the late 1980s, a preoccupation with everyday social problems strengthened skepticism towards civil activity as such. The overall decline in civic activism after the fall of communism was particularly marked among Russians.

Russian participation rates in associations, philanthropic activities and political life have been significantly lower than those among Latvians. These differences can be explained by several factors. After independence, Russians found themselves in the new situation of being a minority; they lacked historical roots in local society, a factor which often motivates people to civic action. The Latvian-dominated political elite took policy decisions on citizenship and language which contributed to Russian passivity. While international involvement by the Soros Foundation - Latvia, the Queen Juliana Foundation, the Baltic-American Partnership programme and others helped sustain civil society throughout the 1990s, Western support was targeted primarily at ethnic Latvian NGOs.

Initially, the attitude of the Latvian state towards Russian civil society was distinctly positive. In 1991 the law on the “Free Development and Right to Cultural Autonomy of National and Ethnic Groups in Latvia” was adopted, guaranteeing extensive rights of self-organization for all minorities, as well as some state support. However, this legislation did not include any effective implementation mechanisms.

The situation improved after the adoption of the National Programme on the “Integration of Society in Latvia” (2001), which not only emphasized

the development of civil society as one of the key elements of integration,<sup>2</sup> but also led to the establishment of the Social Integration Fund, which became a major source of funding for ethnic minority activities. In 2002 the Secretariat of the Special Assignments Minister for Social Integration was founded, which also provides informational, educational and financial assistance for minority organizations. New legislation was adopted in 2004 simplifying the procedure for registering NGOs. The National Programme “Strengthening Civil Society: 2005 – 2009” must also be mentioned as a positive step.

At the moment there are about 5000 active non-governmental organizations (NGOs) in Latvia.<sup>3</sup> Nevertheless, these associations are mostly small, member benefit, rather than public benefit associations, suggesting that the development of civil society is still in its initial stage. Official support probably began too late to create a strong link between NGOs and the state in general, and Russian minority NGOs and the state in particular. This chapter analyses the attitudes and values of Russians towards civil society in Latvia, the development of Russian voluntary associations, and the future prospects for Russian civic activism.

## Attitudes and Participation

Both Russians and Latvians are rather skeptical about civic activities and remain alienated from the state. In 1998 about 80% of the overall population had no associational membership.<sup>4</sup> By 2004 60.2% of Latvians and 62.9% of Russians did not participate in any religious, professional, political or cultural organization, a significant improvement.<sup>5</sup> Trust in voluntary associations remains low: in critical situations only 1% of both communities would ask help from these associations.<sup>6</sup> Belief in one’s ability to influence government or municipal decisions is also relatively low in both communities: 67.7% of Latvians and 68.2% of Russians are pessimistic about their ability to influence government decisions in any way.<sup>7</sup> Among post-communist societies in Europe, residents of Latvia are typical in their civic passivity and perceptions of low personal efficacy.

<sup>2</sup> National Programme on the “Integration of Society in Latvia” (Riga: 2001), 12.

<sup>3</sup> Zinta Miezaine and Māra Šimane, “Political Participation,” in Juris Rozenvalds, ed., *How democratic is Latvia? Audit of Democracy* (Riga: ASPRI, Commission of Strategic Analysis, 2005), 149.

<sup>4</sup> *Ibid.*, 152.

<sup>5</sup> Baltic Institute of Social Sciences, “Questions to Access the Dynamics of Society Democratization. Table Report,” in *Ibid.*, 273.

<sup>6</sup> Baltic Institute of Social Sciences, *Pilsoniskās sabiedrības veidošanās Latvijas lielākajās pilsētās un etniski neviendabīgajos rajonos Latvijā* (Riga: BISS, 2005), 34

<sup>7</sup> Baltic Institute of Social Sciences, “Questions to Access the Dynamics of Society Democratization,” in *How democratic is Latvia?*, 271.

<sup>1</sup> Marc Morjé Howard, *The Weakness of Civil Society in Post-Communist Europe* (Cambridge: Harvard University Press, 2003)

However, Russians generally feel more isolated, helpless and insecure than Latvians. The perception of subjective happiness is also significantly lower among Russians (51%) than among Latvians (62%).<sup>8</sup> They are less satisfied with the general development of democracy in Latvia (48% and 37%, respectively), less ready to defend their rights against the state through legal procedures (50.8% and 42.8%), and have less interest in politics (41.9% and 37.1%).<sup>9</sup> Although there are some well-known Russian philanthropists in Latvia (e.g., banker Valery Belokon), philanthropic activity is lower overall among Russians than among Latvians.

Alienation and passivity derive from a number of sources. First, many Russians, especially among the older generation, have encountered difficulties in adapting to minority status. For many, to be “integrated” into a Latvian-dominated state is emotionally unacceptable. The lack of strong historical roots often leads to isolation from public life. The second cause, related to the first, is the language barrier. Latvian is the only official language, prevailing not only in official politics, but also in civic life, which remains closed to many Russians who know Latvian poorly or not at all.<sup>10</sup> Although the situation is changing rapidly (only 35% of 15-34 year olds do not have a good command of Latvian), the majority of the older generation remains limited to a monolingual Russian language environment. Finally, Russians are isolated and alienated by what they see as an arrogant and unconcerned Latvian-dominated political elite.

There are significant differences in trust in state institutions between Latvians and Russians:

**Table 1. Trust in State Institutions, Latvians and Russians**

(% answering “trust” or “rather trust”)

Trust in:	Latvian respondents	Russian respondents
Parliament (Saeima)	26.2 %	14.8 %
State President	73.1 %	37.1 %
Government	28.9 %	18.2 %
Court system	40.0 %	27.4 %

Source: Baltic Institute of Social Sciences, “Questions to Access the Dynamics of Society Democratization. Table Report,” in Juris Rozenvalds, ed., *How democratic is Latvia? Audit of Democracy* (Riga: ASPRI, Commission of Strategic Analysis, 2005).

Differences are greater on topics of citizenship and the status of Russian language which have dominated the official ethnopolitical agenda of party politics.

<sup>8</sup> Ģirts Račko, *Latvijas mazākumtautību sabiedrisko organizāciju dibināšanas mērķi* (Riga: RSU, 2004), 7.

<sup>9</sup> Baltic Institute of Social Sciences, “Questions to Access the Dynamics of Society Democratization,” in *How democratic is Latvia?* 260, 233, 270.

<sup>10</sup> Baltic Institute of Social Sciences, *Etnopolitiskā spriedze Latvijā: konflikta risinājuma meklējumi* (Riga: BISS, 2005), 30.

**Table 2. Attitudes towards Democracy and Minority Rights**

	Latvian respondents	Russian respondents
Were the last Saeima election free? (yes)	68.6%	32.4%
Evaluate the protection of minority rights in our country. (bad/very bad)	8.6%	50.7%
Evaluate the opportunities for minorities to protect their language and culture in Latvia. (bad/very bad)	6.6%	39.0%

Source: Baltic Institute of Social Sciences, “Questions to Access the Dynamics of Society Democratization. Table Report,” in Juris Rozenvalds, ed., *How democratic is Latvia? Audit of Democracy* (Riga: ASPRI, Commission of Strategic Analysis, 2005).

This suggests that the greater passivity of Russians is at least partly due to their disappointment with political developments and exclusion from political life. Several observers suggest that Russians often feel alienated from the state because political parties constantly manipulate ethnic cleavages to mobilize their own supporters.<sup>11</sup> Although this is not the sole cause of the passivity and lack of interest in civic life, the “forced agenda” (Brigita Zepa) of party politics has often played a destructive role in preventing the consolidation of a common civic identity for all inhabitants of Latvia.

There are several dimensions of political culture in which Russians are more open than Latvians in their attitudes towards other groups and identities. For example, they attach significantly less importance to their national identity than Latvians do. While the majority of Latvians (53%) see their national identity as important, most Russians (63%) don’t regard it as a question of primary importance.<sup>12</sup> Mixed marriages are more acceptable to Russians than to Latvians.<sup>13</sup> Russians seem to be more concerned about general problems affecting all groups in society (e.g., poverty, growing socio-economic inequality, americanization of society) than about problems related to ethnicity. Inter-personal trust, sometimes regarded as a necessary precondition for civic cooperation, is also higher among Russians – although general levels of trust are low by EU standards.<sup>14</sup> Yet inter-personal trust contrasts sharply with Russians’ more pronounced distrust in political institutions. This suggests that the relative passivity of Russians has more to do with their attitudes to the political system than with their everyday social experiences.

<sup>11</sup> *Ibid.*, 11; Ilga Apine *et al.*, *Etnopolitika Latvijā* (Riga: Elpa, 2001), 58.

<sup>12</sup> Baltic Institute of Social Sciences, *Etnopolitiskā spriedze Latvijā*, 30.

<sup>13</sup> Kristīne Gaugere and Ivars Austers, *Nevalstiskās organizācijas Latvijā: sabiedrības zināšanas, attieksme, iesaistīšanās* (Riga: Sorosa fonds - Latvija, 2005), 18.

<sup>14</sup> Artis Pabriks, “Ethnic Limits of Civil Society: The Case of Latvia,” in Norbert Götz and Jörg Hackmann, ed., *Civil Society in the Baltic Sea Region* (Ashgate: Gower House, 2003), 142.

## Associational Life: a Brief Overview

With the establishment of a liberal democratic regime in Latvia, Russian associational life obtained a new basis in law for peaceful association, communication and the defence of group interests. This led to the formation of a wide variety of organizations devoted to cultural, social, religious as well as political causes, representing a broad spectrum of different views. However, political controversy has often surrounded issues related to integration policy and Latvian citizenship.

Unlike the Polish, Jewish or German minorities, the Russian minority has traditionally not been very well organized. Although there have been several attempts to unite all Russians under one umbrella, there is currently no overarching association that can legitimately claim to represent the Russian community as a whole. There are numerous centres of Russian civic activity – the Russian Drama Theatre, many Russian schools, the Baltic Russian Institute (an institution of higher education) and others. Considerable organizational work has also been done by the two religious communities – the Orthodox church and the community of Old Believers, which has a long and rich history in Latvia dating from the 17th century. Although these associations attract a relatively small proportion of the Russian population, these civic activists tend to be more positive towards integration and are more interested in political processes in Latvia than the rest of the population.<sup>15</sup>

Since there is no way to identify all civic associations dominated by Russians or Russian-speakers, I will briefly describe only those associations that identify themselves with the Russian minority and try to promote its interests in various fields. There are three types of such associations: 1) associations devoted to cultural and educational purposes, 2) advocacy groups, and 3) overarching, multi-purpose associations formed to promote Russian social activities in general.

## Cultural and Educational Associations

The associations belonging to this group concentrate on the preservation of the Russian and Slavonic cultural heritage in Latvia, as well as on artistic, scientific and educational activities that promote awareness of this heritage. The most widely known association in this group is the “Latvian Society of Russian Culture” (*LORK*), founded in 1989 in close cooperation with the Latvian People’s Front as the Russian counterweight to the reactionary communist Interfront. The organization has built its own infrastructure, including a modern library, and participates in international scientific projects devoted to Russian culture throughout Europe. *LORK*

cooperates with the Pushkin Society of Latvia and with the Alexander Men’ Foundation, which promotes reconciliation of different religious groups and popularizes Russian religious and intellectual ideas among the Latvian public. A major regional centre is the “House of Melety Kallistratov” in Daugavpils, named after the reknowned Russian parliamentary politician of interwar Latvia. Members of the Old Believer religious community extend their activities far beyond the limits of religious practice and involve in their cultural and social work people of different faiths and worldviews.

However, membership in these organizations presupposes a relatively high level of cultural competence and interest, therefore the number of people involved is not high. These organizations tend to have good relations with the Latvian part of society, especially with cultural elites who accept multiculturalism and support the preservation of cultural autonomy for all minorities. Most of these associations also have good contacts with state authorities such as the Ministries of Integration and Culture, which support them financially. This doesn’t mean, however, that they aren’t interested in politics at all.

*LORK* and its leader, Yuri Abizov, were the initiators of an open letter to State President Guntis Ulmanis in 1996, co-signed by distinguished Latvian intellectuals. Touching upon the questions of language and education, it said: “We practically see neither the will to respect minority rights, nor any real attempts to put them into practice.”<sup>16</sup> Ulmanis’ reaction was distinctly negative and disappointed Russian cultural activists. On the other hand, since these organizations tend to cooperate with state institutions, they have also been criticized by the Russian radical left. Several minority cultural organizations have been reproached for being “decorative enterprises” of the state and concealing the real tensions in the society.

## Advocacy Groups

Advocacy groups primarily aim to influence political decision-making in Latvia. Membership bases in these organizations are usually limited and they tend to be rather personalized and dependent on individual activist leaders. Nevertheless some of these associations are very active in promoting their causes.

This category of organizations includes those devoted to the popularization of Latvian citizenship, urging Russian non-citizens to naturalize and acquire the capacity to influence political decisions for their own benefit. The Society of Citizens and Non-citizens, the National Committee of Latvia “Western Russians” and especially Civic Initiative XXI must be mentioned in this regard. The latter organization cooperates actively with various Latvian and European donors in providing information, training and advisory services to potential applicants for citizenship.

<sup>15</sup> Vladislavs Volkovs, “Krievu un krievvalodīgās nacionālās minoritātes politiskā apziņa sabiedrības integrācijas procesā Latvijā,” in Tatyana Liguta *et al.*, *Latvijas etnisko minoritāšu politiskās orientācijas un kultūras dzīves evolūcija sabiedrības integrācijas sākuma posmā* (Riga: 2002), 10.

<sup>16</sup> “Obrashchenie k prezidentu LR G. Ulmanisu,” reprinted in *Latviškoje Obshchestvo Russkoy Kul’tury* (Riga: Daugava, 2002), 199.



The oldest Russian advocacy group is the Latvian Human Rights Committee, which was founded in 1990 and is chaired by former Interfront activist and member of the European Parliament Tatyana Zhdanok. This NGO provides free legal counseling, especially on issues related to housing and immigration, and does not deny its services to Latvians and people of other nationalities as well. However, its confrontational understanding of human rights as incompatible with the policies of Latvian state has given it a public image linked with the reactionary part of the Russian minority. This feature is deepened by its close ties with the Russian political party For Human Rights in a United Latvia, which is known for its socialist nostalgia and opposition to the Latvian state.

In recent years the Latvian Association for Support of Russian-Language Schools” (*LASHOR*) has played an important role. Since 1996 this association has consistently worked to sustain the role of the Russian language in the education system. Its main aim was to promote changes to the 1998 Education law, which initially called for all instruction in state-run secondary schools to be in Latvian from the year 2004. The association, led by Igor Pimenov, tried to influence the government by initiating public discussion and dialogue with the state authorities, as well as elaborating alternative models of bilingual education. However, the state remained largely unresponsive.

In 2003 Russian politicians, in particular, the Equal Rights party, began to stress the issue of education. They created an aggressive unregistered organization called the Headquarters for the Defence of Russian Schools (*Shtab*) which used the education issue as a tool for a populist critique of Latvian democracy in general. Its militant name, strong links with Russia, and slogan “Russian schools are our Stalingrad” suggested that the civic ideals of cooperation and dialogue had been replaced by resentment and isolation.

## Overarching Russian Associations

The idea of uniting all Russian associations under one umbrella organization or movement has exercised permanent attraction over the last fifteen years. The first attempt came in 1991, when the Russian Community of Latvia (*ROL*) was founded. However, none of the various attempts has been successful in creating a truly representative organization with a mass base. Some commentators suggest that the main problem is the politicization of these organizations, which divides the Russian community.<sup>17</sup> However, the popularity of the latest effort, the United Congress of the Russian Community of Latvia” (*OKROL*), founded in 2004, shows that the idea itself still has potential.

Umbrella organizations usually have both collective and individual members, and their official membership ranges from 300 to 50,000 persons. They tend to be divided not only along political lines, but also by ethnic principles. Among organizations claiming to represent the Russian community as a whole, there are two competing conceptions of what a “Russian” association is: some stress ethnic Russian identity and Orthodoxy, while others strive to encompass all Russian-speakers, including ethnic Ukrainians, Belarussians, Jews and others. The Latvian Association of Russian Societies (*LARO*), which has 23 branches across Latvia, emphasizes Russian origin and loyalty to Russian traditions, including Orthodoxy and patriarchy. This association, which supports various cultural activities, is politically backed by the marginal Russian party headed by Mihail Gavrilov.

Most influential associations, however, interpret their Russianness in a broad manner. *ROL*, the largest Russian association until 2004, carries out a wide variety of activities not confined to Russian traditions and culture. Despite being generally supportive of Orthodoxy, *ROL* also works to preserve the Soviet heritage in Latvia, commemorating Soviet soldiers of World War Two and celebrating Victory day on May 9. This stance makes it more acceptable to many non-Russians, especially those with an identity linked to the former “Soviet people.” This association has good relations with Russia, whose authorities have sometimes provided economic support for Russian businessmen in Latvia through *ROL*. The association has close relations with another group of activists, the “Russian Society in Latvia” (*ROvL*), led by Tatyana Favorska, who also co-chairs *ROL*. Both organizations are critical towards the language and education policies of the Latvian state. They have demanded the introduction of Russian as the second official language, as well as Russian-language education at all levels, including state universities.

However, until the implementation of the minority education reform approached in 2003, both influential Russian organizations had a moderate stance towards the state and even collaborated with it. With the onset of education reform, the issue of the status of the Russian language in secondary education became the vehicle for mobilization directed not only against legislation, but also against state institutions and the Latvian-dominated political elite in general. A key role in the protests was played by *Shtab*, supported by FHRUL. Its activities in spring and summer 2004, like broadly publicized hunger strikes and passionate calls for (ultimately unsuccessful) school boycotts, were perceived as deeply controversial not only by most Latvians, but also inside the Russian community itself. However, the overall radicalization of the atmosphere swept up other Russian organizations like *ROL* and *ROvL*, which became involved in the uncompromising activities of the *Shtab*.

The protest activities of 2003-2004 resulted in the formation of the largest and most influential Russian association to date. The United Congress of the Russian Community of Latvia (*OKROL*) was established

<sup>17</sup> Deniss Hanovs and Irina Vinnika, “Krievvalodīgie Latvijā: diasporas kultūras atmiņas saturs un veidošanas tehnoloģijas,” in Zāneta Ozoliņa, ed., *Expanding Borders: Communities and Identities* (Riga: LU, 2005), 200-201.

in 2004 and has claimed about 50,000 members. Among the founders of the Congress were activists of *Shtab* and FHRUL who tried to infuse the new organization with their oppositionist ideology. These attempts have not been completely successful. The ideological dominance of radical FHRUL is not acceptable to all members of *OKROL* and the party's leader Tatyana Zhdanok was not even elected as a board member of the Congress. However, although *OKROL* officially declares itself as being "above" all political parties, its political programme, including demands for Russian as a second official language, automatic citizenship for all inhabitants of Latvia, and equal status for autonomous Russian and Latvian communities, is practically identical to the programme of FHRUL. Although *OKROL* also has an extensive economic programme to support Russian business and entrepreneurship, its main aims are political and coincide with those of FHRUL. The latest political statement was *OKROL*'s public denouncement of Boris Yeltsin's visit to Latvia in August 2006, which *OKROL* deemed a "betrayal" of Latvia's Russian population.

The recent activities of *OKROL* and related organizations can be regarded as a new stage in the mobilization of the Russian community. Although this movement is not consolidated and by no means included the entire Russian population, it has initiated an upheaval of Russian activism in Latvia. This development testifies to the growing need for political participation after a period of overall civic passivity that affected the Russian community particularly hard. Some activists of *OKROL* even interpret these processes as the beginning of a new Russian awakening which corresponds to the awakening of Latvians during the early late 1980s and early 1990s.<sup>18</sup> Although the comparison is overdrawn, civic activism is undoubtedly on the rise within the Russian population. Unfortunately, this activism is mainly based not on a common civic identity and culture of participation, but on political protest and general opposition to the state. The general passivity of the previous period, as well as the often arrogant and inflexible stance of state institutions have contributed to the militant disposition of many Russian civic activities. Combined with Soviet nostalgia and the orientation towards Russia, this activism remains isolated from the Latvian part of society, which tends to see in it evidence of a fifth column, rather than co-citizens with legitimate interests.

## Conclusion

Since the restoration of independence, Russian civil society in Latvia has occasionally been marked by populist, reactionary and radical sentiments, which have not always corresponded to "ideal-typical" forms of civic activism known in the West. However, one must take into account that

fifteen years is a very short period of time, and that these processes mirror other political, economic and social transformations taking place.

The mutual isolation of the Russian and Latvian segments of civil society will probably be evident for at least some time. An important factor is generational change. The younger generation of Russians has no direct experience of the Soviet regime with its authoritarian egalitarianism, and, consequently, little nostalgia for it. This makes it more critical towards the ideology of mainstream Russian political parties, like FHRUL or the Socialist party that constantly manipulate these sentiments. Russian youth often have a good command of three languages (Russian, Latvian and English) and are more open to the West, democracy and participation. This can already be seen in the active participation of Russian youth in Europe-oriented minority youth organizations such as *JASMA*, *KID* and others. This doesn't mean a loss of interest in Russia, which still holds a big attraction for many Russian youths in Latvia. However, they are more flexible and open to multiculturalism than their parents. Collective embitterment and resentment are slowly being replaced by individual autonomy and readiness to defend one's own interests. If minority NGOs founded in the early 1990s concentrated mostly on collective preservation of cultural identity, organizations founded in 2003 are more individualized and concentrate on self-expression and civic participation.<sup>19</sup>

Since the younger generation of Russians increasingly has a good command of Latvian, the role of the language divide will lose its present significance in civil society. Nevertheless the cleavage will remain on other important levels of identity – for example, in attitudes towards history, integration and language policy. Whether these inherited differences will be as divisive in the future depends not only on the readiness to participate in civic activities, but also on the level of responsibility and the democratic attitudes of politicians on both sides. Such attitudes are needed for the development of the Russian segment of civil society and are even more necessary for Latvia's progress towards a sustainable and dynamic democracy in which all ethnic, cultural and political identities are provided with a framework for peaceful coexistence and development.

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<sup>19</sup> Račko, *Latvijas Mazākumtautību Sabiedrisko Organizāciju Dibināšanas Mērķi*, 25.

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<sup>18</sup> "Kak *OKROL* stroit ruszkuyu natsiyu," interview with Alexander Gaponenko, available at <http://www.ruslv.org/index.php?option=content&task=view&id=499&Itemid=2> last accessed on September 13, 2006.

## **Latvian-Russian Relations: the International Dimension**

# Latvian and Russian Foreign Policy: Bound by a Post-Soviet Heritage

Žaneta Ozoliņa and Airis Rikveilis

## Introduction

Bilateral relations between Latvia and Russia cannot be understood outside the specific historical context of more than 80 years of conflict and attempts at reconciliation. Two world wars and two revolutions, memories of ruthless crimes against the population and rhetoric about value differences create ongoing dilemmas for policies deeply rooted in history. Each country's vision of its future role in the international system further complicates relations.

Latvia and Russia had to redefine their foreign and security policy goals several times in the last century, sometimes in a very drastic manner. Russia had to acknowledge that the three Baltic States became members of the North Atlantic Treaty Organization (NATO) and the European Union (EU) in spring 2004. Latvia had to set its foreign and security policy orientation after the restoration of independence and redefine and adapt this orientation after the dual enlargement.

The enlargement of NATO and the EU was expected to spur positive changes in Latvian-Russian relations. Currently, both states are inclined to ease "negative stability," but recent initiatives have not improved the essence of bilateral relations. Therefore the question remains whether relations are stalled due to policy-makers' lack of skill or because these relations are hindered by a broader set of external and domestic factors.

This chapter will focus on two topics. Firstly, we will address the historical development of Latvian-Russian relations after the Soviet collapse. The historical overview will help identify patterns of behaviour and their impact on bilateral relations. Secondly, we will analyse the present state of relations, focussing on the main principles upon which Russian and Latvian foreign policy are based, the most important policy directions and the prospects for relations in the context of an enlarged EU and NATO.

## Towards Stalemate: Fifteen Years of Identity Politics

### 1990 – 1994

Since Latvia declared a transition period to independence in May 1990, Latvian-Russian relations have constituted a complex package of problems shaped by the heritage of Soviet policies and the dilemmas of post-Soviet development. Latvia's foreign policy objective was reintegration into the community of Western democracies, while Russia struggled with seeking its

identity in the global and European security environment and constructing its own model of democracy, which today is often called “sovereign democracy.”

When the Soviet Union collapsed, both states found themselves in qualitatively different positions. In Latvia, neither the vast majority of society nor the political elite questioned the desire to be a part of Europe. Europe was the only alternative for everything experienced in the Soviet Union. Moreover, Latvia’s integration into NATO and the EU is not solely based upon broadly defined national interests. Latvia “re-joined Europe” to participate in a community of shared values, liberal democracy and the free market. From this perspective Latvian policies are naturally pro-Western, either in the European or Transatlantic sense.

Russia, on the other hand, discovered that after the geopolitical changes of the early 1990s the new state had gained sovereignty, but lost its former identity and status. The first document produced by the Russian Ministry of Foreign Affairs defining foreign policy goals stated clearly that the Baltic States would be treated as the “near abroad,” a zone in which Russia had special rights and interests. Since Russian troops were not withdrawn from Latvian territory, the concept of the “near abroad” caused a logical reaction. The more Russia sought to preserve its influence over Latvia, the more Latvia committed to westernization, thus ensuring the irreversibility not only of independence, but also of integration into the West.

Relations between Latvia and Russia have been asymmetrical since the beginning of the 1990s due not only to the vastly different sizes and resource endowments of the two countries, but also to the presence of Russian troops on Latvian territory. Two aspects of the Russian troop issue were of particular importance in light of subsequent developments. Firstly, internationalization of the troop withdrawal clearly demonstrated that Latvia had allies. Russia, for its part, felt betrayed and perceived internationalization as a symptom of Russia’s diminished international status. Secondly, Latvia’s preoccupation with the troop withdrawal issue shunted other important bilateral issues beyond the attention of most policy-makers. As a result, Latvian foreign policy was clear in one issue area, but lacked a more comprehensive vision of Latvian-Russian relations in the mid- and long-term perspective.

### 1995 – 1998

It was only after the withdrawal of Russian troops that Latvia defined its broader foreign policy goals. In 1995 the Parliament (Saeima) adopted the Foreign Policy Concept for 1995-2005 setting as the main policy goals integration into NATO and the EU.<sup>1</sup> This document also highlighted the objective: “to maintain normal bilateral relations with Russian Federation. They must be based on norms of international rights, international obligations and mutually beneficial cooperation.”<sup>2</sup>

<sup>1</sup> Foreign Policy Concept of Latvia 1995-2005, available online at the web page of the Ministry of Foreign Affairs of Latvia at [www.am.gov.lv](http://www.am.gov.lv), last accessed on April 20, 2006.

<sup>2</sup> *Ibid.*

In the mid-1990s it became clear that the foreign policies of both countries were founded on mutually exclusive principles. Latvia opted for a cooperative or even integrationist logic in its foreign and security policy, while Russia maintained a Soviet-type foreign policy. George Kennan posited that Soviet leaders, in the interest of enhancing regime legitimacy and domestic political stability, “never hesitated to depict the outside world as more inimical and menacing than it actually was, and to treat it accordingly. In this way they not only encumbered themselves with imagined burdens that had no real existence, but they also provoked real fears and resentments that need otherwise never have existed.”<sup>3</sup> This explains Russia’s behaviour towards Latvia during 1995-1998. The more successful Latvia was in implementing EU and NATO integration policies, the more aggressive Russian discourse became.

Russia made several attempts to hinder or even to stop EU and NATO enlargement to the Baltic States. At the end of 1997 then Russian Prime Minister Viktor Chernomyrdin offered security guarantees to the Baltic States.<sup>4</sup> This Russian proposal to replace a credible and effective alliance policy with non-existing regional cooperative security measures was rejected by the Baltic States. Some months later, in Spring 1998 domestic social tension on the streets of Riga was fuelled by the Russian media and later framed in the context of the non-citizen issue.<sup>5</sup> This took place a year before the EU was to decide on the start of accession negotiations with Latvia and NATO was to decide on Latvia’s candidate country status. Social unrest and political tension could harm Latvia’s bid to enter both organizations, thus leaving Latvia vulnerable to Russia.<sup>6</sup>

### 1998 – 2004

Russia’s desperate attempts to stop Latvia’s accession to the EU and NATO failed in 1999. Within Russia, this failure was perceived as another humiliation caused not by Western partners, but by Latvia and other candidate countries. Therefore, the period between 1998 and 2004 could be characterized as a period of frozen relations with a few attempts to provoke tensions in Latvian society in order to discredit Latvia in the international arena. These attempts included utilizing gatherings to commemorate the

<sup>3</sup> George F. Kennan, *Soviet Foreign Policy: 1917 – 1941* (Westport: Greenwood Press, 1978), 115.

<sup>4</sup> See Zaneta Ozolina, “Crisis Prevention or Intervention: Latvia’s Response to the Proposed Russian Security Guarantees,” in Eric Stern and Dan Hansen, ed., *Crisis Management in a Transitional Society: The Latvian Experience* (Stockholm: CRISMART, 2000), 188-215.

<sup>5</sup> See Daina Bleiere and Aivars Stranga, “The Latvian Russian Crisis of 1998,” in Eric Stern and Dan Hansen, ed., *Crisis Management in a Transitional Society: The Latvian Experience* (Stockholm: CRISMART, 2000), 216-259.

<sup>6</sup> Russia also introduced economic sanctions against Latvia and succeeded in harming seriously some small industries, such as fisheries and some food processing companies. This period also saw a financial crisis in Russia that put some over-exposed Latvian banks under bankruptcy pressure.

Latvian Legionnaires on March 16 every year and supporting demonstrations against the reform of minority education in Latvia.

## Lessons from the History of Latvian-Russian Relations

Difficulties in Latvian-Russian relations derive from the historical inheritance. The process of state and nation-building in both countries led to conflicting visions of each country's role in the world. Latvia strived to join the community of democratic countries accepting basic principles already established by EU and NATO countries. In Russia the quest for a new identity continues to this day. The current leadership espouses an ideology of *derzhavnost'* (great power) based on "a call to create [a] strong, paternalist and to some extent expansionist state."<sup>7</sup> This approach, similar to that of "enlightened patriotism,"<sup>8</sup> calls for a unique Russian synthesis of values and interests in international politics that does not exclude cooperation with Europe. Therefore, the contrast to "Westernism" is foundational to the uniqueness of contemporary Russian identity. Instead of a desire to embrace value-driven cooperation, Russia's cooperation with European states is based on a narrow interest in certain segments of economics and security. The contradiction between the value-driven foreign policy of Latvia and the "unsentimental and realistic"<sup>9</sup> interest of Russia is fundamental.

The second difference is related to divergent interpretations of cooperation. Latvia and the other states around the Baltic Sea have been interlinked in a web of cooperation such as the Council of the Baltic Sea States, the Council of Nordic and Baltic States, and numerous joint Baltic projects.<sup>10</sup> The range of cooperation is very broad, starting from environmental projects and extending to military cooperation. Russia is also a full-fledged partner in most of these ventures. However, there is a difference in how Latvia and Russia approach the new institutional and cooperative framework. For Latvia cooperative measures are a tool for economic growth, stability and security in the region and in the country. For Russia cooperative structures matter if they can be exploited to maximize power and political influence.

Thirdly, Latvian and Russian relations have always been driven by a very narrow agenda of highly conflict-laden issues. Among issues characterized by a gulf in perspectives have been the occupation of Latvia, the

outcome of World War II, the annexation of the Abrene district, the status of compatriots living beyond Russian borders, the procedures for obtaining citizenship and minority education reform.

Since the collapse of the Soviet Union, Latvia and Russia have consistently pursued agendas that prevented the coalescence of a joint long-term vision of bilateral relations. This trend can be explicitly observed in the foreign policy documents of both states. For example, the Latvian Foreign Policy Concept of 1995 highlighted the objective of maintaining bilateral relations with Russia based on international norms and mutually beneficial cooperation.<sup>11</sup> These objectives stress the process, not the desired outcome. Moreover, the difficulties Latvia experienced in "the Russian vector" are not mentioned at all. Russia, on the other hand, in 2000 issued a foreign policy paper in which "good neighbourliness and mutually beneficial cooperation" were linked to the time-worn conditions of respecting Russian interests in the Baltic States and the rights of the Russian-speaking population.<sup>12</sup>

Almost any other issue on the foreign policy agenda of both states is treated in a more detailed manner. This suggests that neither Latvia nor Russia before NATO and EU enlargement were truly committed to developing relations based on mutual economic benefit and diminishing historical suspicions.

## Latvian-Russian Relations after 2004

Have Russian and Latvian foreign policies changed after the dual enlargement? Bilateral relations with Latvia are not a priority of Russian foreign policy.<sup>13</sup> Indeed, in the last decade Russian foreign policy has focussed on events closer to the southern border, where the war in Chechnya and the volatile situation in Central Asia and the Caucasus are a source of persistent concern. Moreover, the loss of influence in Ukraine after the "Orange Revolution" signalled some confusion in Russia's relations with neighbours, some of whom it considers "natural allies."<sup>14</sup>

<sup>11</sup> Foreign Policy Concept of Latvia 1995-2005, available online at the web page of the Ministry of Foreign Affairs of Latvia at [www.am.gov.lv](http://www.am.gov.lv), last accessed on August 7, 2006.

<sup>12</sup> Chapter III, National Security Concept of the Russian Federation, Adopted by the President of Russia on January 10, 2000. Available online at the web page of Russian Ministry of Foreign Affairs at [www.mid.ru](http://www.mid.ru), last accessed on April 12, 2006.

<sup>13</sup> Interview of the Ambassador of Russia to Latvia Viktor Kaluzhny to the radio station "Latvijas Radio 4" on February 17, 2006. Excerpts from the interview available online at the news agency LETA web page at [www.leta.lv](http://www.leta.lv), last accessed on February 23, 2006.

<sup>14</sup> The expression "natural allies" was used by the former Minister of Foreign Affairs Andrei Kozyrev with regard to liberal democracies and in particular to the United States of America. The term now seems applicable also to the states of Eastern, Central and Northern Europe. Reference in Thomas Ambrosio, "The Russo-American Dispute over the Invasion of Iraq: International status and the role of Positional Goods," *Europe-Asia Studies* Vol., 57, No.8 (December 2005), 1194.

<sup>7</sup> Sergei Medvedev, "Power, Space, and Russian Foreign Policy", in Ted Hopf, ed., *Understandings of Russian Foreign Policy* (Philadelphia: Pennsylvania State University Press, 1999), 42.

<sup>8</sup> "Enlightened patriotism" is the term used by Russian political ideologist Sergei Kortunov in the article "Natsional'naya Sverkhzadacha: Opyt Rossiskoy ideologii," *Nezavisimaya gazeta*, October 7, 1995. For an analysis of Kortunov's position, see Henrikki Heikka, "Beyond Neorealism and Constructivism: Desire, Identity, and Russian Foreign Policy" in Hopf, ed., *Understandings of Russian Foreign Policy*, 93.

<sup>9</sup> Medvedev, "Power, Space, and Russian Foreign Policy," 46.

<sup>10</sup> Throughout the 1990s, the Baltic States developed a set of multilateral military projects such as BALTBAT, BALTNET, BALTRON, BALTDEFCOL, BALTCCIS and others. For further information, see the web page of the Ministry of Defense of Latvia at [www.mod.gov.lv](http://www.mod.gov.lv), last accessed on August 7, 2006.

While expanding, economic cooperation between Latvia and Russia has been seriously impeded by political constraints. The reviving Russian economy, driven by high energy prices, gives Russian politicians tools for influencing neighbouring areas. Current Russian foreign policy towards Latvia is not dependent on changes in the international system, but is the outcome of the domestic inconsistency of the Russian self-image, the perception about the unique role of Russia in the world, as well as increasing geo-strategic claims in the post-Soviet realm.

Russian policy papers do not reflect geopolitical changes in the region, because they were adopted in 2000 and are currently outdated. With the exception of the reference to threats created by NATO enlargement to the East and claims to Russian territory,<sup>15</sup> the National Security Concept (NSC) does not specifically point to the Latvian-Russian agenda. The other document, the Foreign Policy Concept of Russia, makes more specific reference to relations with the Baltic States:

There are good prospects for the development of the Russian Federation's relations with Lithuania, Latvia and Estonia. Russia stands for routing these relations onto the track of good neighbourliness and mutually beneficial cooperation. One indispensable condition for that is respect for Russia's interests of those states, including on the central question of respect for the rights of the Russian-speaking population.<sup>16</sup>

The European department of the Russian MFA also emphasizes the Russian-speaking population in Latvia, claiming that Latvia's large non-citizen population is the main impediment to cooperation. Russia denies the fact of occupation of Latvia by the Soviet Union in 1940; it also claims that Latvian efforts to investigate the actions of Soviet partisans during World War II and KGB officials are tantamount to "historical revisionism."<sup>17</sup>

The Russian MFA admits the "limited nature of political contacts" and blames Latvia for its "well known position against Russia and discriminatory policy towards the Russian-speaking population."<sup>18</sup> Nevertheless,

contacts at the parliamentary and ministerial level, albeit not very active, have been maintained regularly. Cooperation between Latvia and Russian regions has been gradually developing, particularly in cities such as Moscow or St. Petersburg, or those regions that have geographical proximity with Latvia. In general, according to the Russian MFA, since 1991 both countries signed more than 60 agreements and treaties, though not all of them have been ratified.

In the sphere of economics Russia maintains that in mutual trade Latvia has most-favoured nation status. Russia has expressed interest in ownership of the Latvian transit and energy infrastructure, but the Latvian government refused to sell the relevant companies to Russian buyers, to a large extent out of national security considerations. Overall, trade turnover has a tendency to grow, while the proportion of mutual trade in the trade of both states has a tendency to decrease.<sup>19</sup>

Interestingly, Russian foreign policy documents practically ignore the problem of the unsigned border treaty with Latvia. The problem, examined in detail in the chapter by Toms Rostoks, actually arches over the whole spectrum of bilateral cooperation. There are also disagreements between the two states concerning the accession of Latvia to the Treaty on Conventional Armed Forces in Europe, but this is a secondary problem.

Thus, relations between Russia and Latvia can be characterized as uneasy and less than friendly: a) the most serious issues between the two states are linked to the status of the Russian-speaking population, which is also related to the issue of the outcome of the World War II; b) economic cooperation with Latvia has been considered important for Russia, but is constrained by the overall climate of bilateral relations.

Russian foreign policy towards Latvia displays a strong inconsistency between political statements and real commitments. Russia expresses its willingness for cooperation, but implements policies that disregard any mutual gains. As a result, this *energy realism* creates suspicions about Russian intentions. One policy direction, however, is clear: Russia is facilitating an internal schism within the EU about the future of energy supplies and seeking to derive political gain from such a schism. When European states have an overriding interest in cheap energy resources, Poland and the Baltic States risk sliding gradually into an energy "quasi isolation." Therefore, the idea of an "energy NATO" should be considered as a serious signal of insecurity.

Russia does not have a comprehensive and positive long-term policy towards Latvia and relations are characterized by "negative stability" or a political freeze on most important bilateral questions. According to one of the most influential Russian foreign policy experts, Sergei Karaganov, "We [Russia] lack a long-term policy with regard to most regions of the

<sup>15</sup> Chapter III, National Security Concept of Russian Federation, Adopted by the President of Russia on January 10, 2000. Available online at the web page of Russian Ministry of Foreign Affairs at [www.mid.ru](http://www.mid.ru), last accessed on April 12, 2006.

<sup>16</sup> Chapter IV, Foreign Policy Concept of Russian Federation, Adopted by the President of Russia on January 28, 2000. Available online at the web page of Russian Ministry of Foreign Affairs at [www.mid.ru](http://www.mid.ru), last accessed on April 12, 2006.

<sup>17</sup> Russian-Latvian relations, reference information, Second European department of the Ministry of Foreign Affairs of Russia, available online at <http://www.mid.ru/ns-neuro.nsf/strana>, last accessed on April 15, 2006. This source, however, should be regarded cautiously, because the last update is from September 30, 2003. The period 2004-2006 is better covered in the webpage of the Ministry of Foreign Affairs of Latvia at <http://www.am.gov.lv/en/policy/bilateral-relations/4542/Russia/>, last accessed on April 12, 2006.

<sup>18</sup> See the web page of Russian Ministry of Foreign Affairs at <http://www.mid.ru/ns-neuro.nsf/strana>, last accessed on April 15, 2006.

<sup>19</sup> See statistical data in the web page of the Ministry of Foreign Affairs of Latvia at <http://www.am.gov.lv/en/policy/bilateral-relations/4542/Russia/> last accessed on April 20, 2006.

world. We lack strategic planning. We lack knowledge.”<sup>20</sup> The lack of knowledge sustains the Russian perception of Latvians as their greatest enemies in the world.<sup>21</sup>

There have been no substantial shifts in Russia’s attitude towards Latvia after the latter’s accession to the EU and NATO. Latvia’s new institutional position has not yet changed its foreign policy towards Russia. Only at the end of 2004 did the Minister of Foreign Affairs submit new foreign policy guidelines to the government, which were finally adopted by the Cabinet of Ministers in June 2006.<sup>22</sup> This document demonstrates that Latvian foreign policy has shifted from the national to the European context, and Russia is not treated as a country needing a special approach. From Latvia’s perspective Russia is an important partner in the Baltic Sea regional setting and “co-operation therein cannot be considered to the exclusion of Russia. Regional initiatives must be seen as an opportunity to promote cooperation with that country.”<sup>23</sup> In the chapter devoted to relations with third countries Latvia would like to “facilitate political dialogue and economic cooperation with Russia.”<sup>24</sup>

Latvian and Russian relations at the moment look ambivalent. On the one hand both sides have declared an interest in good neighbourly relations and a commitment to a normalization of political dialogue. Indeed, occasionally both sides demonstrate good will (the President of Latvia’s visit to the commemoration of the end of World War II, Russia’s expressed desire to sign the border agreement, Russian Orthodox Church Patriarch Aleksei II’s visit to Latvia, Putin’s conversation with Latvian Prime Minister Aigars Kalvītis, etc.), but practical steps are lagging behind.

To sum up, the vague statements in policy documents on the position of the Latvian state towards current problems in relations with Russia must be considered inadequate for implementing systematic policy. This lack of cohesion is undermining efforts to defend Latvian interests in communication with Russia. It is especially important because these statements not only create confusion in communication with domestic audiences, but also send inconsistent signals to other actors in the international system. This has the potential to paralyse some policy options and seriously limit others.

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<sup>20</sup> Sergei Karaganov, “Take Care Not To Repeat The Same Mistake,” *Nezavisimaya Gazeta – Dzhurier*, No. 16 (79) December 2004, Yulia Petrovskaya, available on line at the *WPS Monitoring Agency* web page at [www.wps.ru/e\\_index.html](http://www.wps.ru/e_index.html), last accessed on April 22, 2006.

<sup>21</sup> Opinion polls in the spring of 2005 in Russia revealed that Latvia and Estonia are among four states Russians see as their greatest enemies. Latvia is first with 49 per cent, second was Lithuania with 42 per cent. Georgia was third (38 per cent) and fourth was Estonia (32 per cent). See <http://en.rian.ru/analysis/20050621/40562651.htm>, last accessed on December 4, 2005. This trend has been confirmed also by a similar survey by *VTsIOM* in May 2006.

<sup>22</sup> See the web page of the Ministry of Foreign Affairs at <http://www.mfa.gov.lv/en/policy/guidlines/>, last accessed on July 31, 2006.

<sup>23</sup> *Ibid.*

<sup>24</sup> *Ibid.*

In the last two years, Latvia’s membership in the EU and NATO has influenced the context of Latvian-Russian relations, but so too has the development of relations between Russia and the EU and NATO. Even if NATO is perceived by Russia as a more powerful and decisive institution in the international arena, the EU has been of particular importance due to economic reasons, energy politics, coalition-building against the US, and other considerations. Russian-EU dialogue has provided one more lesson for Latvia that the Common Foreign and Security Policy and European Security and Defence Policy are not fully functioning policies, but “policies in the making” that can be manipulated by individual member states according to national interests. The diversity of foreign policies within the EU is extremely convenient for Russia, because relations with France, Germany and Great Britain are the most important for Russia, not only because these are the most influential states in the EU, but because reaching agreement with these three alone can become standard practice for Russian foreign policy makers. As pointed out by one Russian analyst, “Russia is objectively interested in maintaining the current uncertain and unstructured security arrangement that took shape in Europe in the wake of the Cold War as long as possible – preferably until the economic upsurge in Russia expected by the middle of the next decade.”<sup>25</sup>

In regard to the European Neighbourhood Policy (ENP), Latvian and Russian interests intersect directly. For Latvia, experience acquired during the transition can be transferred to other states of Eastern Europe. Latvia, according to its foreign policy guidelines, is interested in assisting “states in between”<sup>26</sup> in their transition efforts. The ENP is designed to give new impetus to cooperation with the EU’s neighbours following enlargement.<sup>27</sup> In ENP practice though, cooperation with Ukraine, Georgia and Moldova means facilitating the escape of these countries from the sphere of influence of Russia, which opposes any more so-called “coloured revolutions” in the post-Soviet realm.

Obviously, for Latvia bilateral relations with Russia are more important than relations with Latvia are for Russia. This also means that the Russian agenda with the EU has greater potential to influence Latvian-Russian relations than Latvian efforts to influence the EU’s agenda towards Russia. The tendency of Russian foreign policy makers to speak of “good” versus “bad” EU and NATO partners can hinder the establishment of a coherent

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<sup>25</sup> Medvedev, “Power, Space, and Russian Foreign Policy,” 46.

<sup>26</sup> Belarus, Ukraine and Moldova after NATO and the EU enlargement geopolitically are “states in between” Russia and these two alliances. See the detailed description of this concept in Oleksandr Pavliuk, “Russia’s Integration with the West and the States “in Between”” in Alexander J. Motyl, Blair A. Ruble and Lilia Shevtsova, eds., *Russia’s Engagement with the West: Transformation and Integration in the Twenty-First Century* (New York: Armonk, 2005), 185-205.

<sup>27</sup> See the web page of the European Commission at [http://europa.eu.int/comm/world/enp/pdf/strategy/strategy\\_paper\\_en.pdf](http://europa.eu.int/comm/world/enp/pdf/strategy/strategy_paper_en.pdf), last accessed on April 28, 2006.



position in areas such as external relations, in the ENP as well as broader economic and political cooperation. Nonetheless, Latvian-Russian relations will not necessarily develop along the general lines of European-Russian cooperation because issues that are unique to Latvian-Russian relations do not generally fall into the purview of the EU agenda. Problems in bilateral relations, if unsolved, have the potential to transform into problems in European-Russian relations.

## The Road Ahead

There is little basis for optimism about the future of Latvian-Russian relations. The agenda has been heavily constrained by interpretations of events before and after World War II, as well as the results of the Soviet occupation (e.g. the issue of citizenship for migrants from the Soviet Union, compensation for damages caused by the Soviet occupation, etc.). This has limited dialogue on economic, humanitarian and international issues. These interpretations have been transformed into policies, which have precluded productive outcomes. As the President of Latvia has pointed out, Latvia and Russia have a “dialogue of the deaf.”<sup>28</sup>

Russia clearly has to take chief responsibility for this outcome, as the Russian leadership has yet to begin to come to terms with the communist past and has even justified such crimes as aggression and unlawful annexation of other states’ territories. This has fed perceptions that Russia does not differ much from the Soviet Union in terms of values and the boundaries of “acceptable” and “unacceptable” behaviour in international affairs. Moreover, Latvia has evolved from its initial stringent positions on citizenship and the status of minorities, but positive changes have gone largely unnoticed by Russia.

Latvia, on the other hand, constantly misses windows of opportunities to end the emotional race with Russia for the status of one of “the greatest victims of World War II.” Its domestic political agenda keeps generating discussions about the past that shift the focus away from the achievements of the transformation caused by Latvian integration into NATO and the EU. The historical facts are undeniable: the Communist and the Nazi regimes did commit horrendous crimes on Latvian territory; Latvians have experienced both refugee camps in the West and the GULAG in Siberia; there are fewer Latvians in the world now than before the war; fifty years of Soviet occupation made Latvia a backward periphery of Europe. However, it is now time to close the “book of pain” and look into the future.

Four main conclusions can be drawn from the analysis above. First, changes in the international system had little influence on Latvian-Russian bilateral relations. Tensions between Latvia and Russia persist after the enlargement of NATO and the EU. Even if Latvia’s relative position in

international affairs has significantly improved by participation in these alliances, this is insufficient to spur bilateral cooperation.

Second, neither Latvia nor Russia has a feasible policy with regard to the other. No foreign or security policy document in Latvia or Russia sheds light on how mutual relations should look in the next decade. Meetings of diplomats and politicians of both states currently consist of declarations that neither create any positive development, nor are intended to do so. In this regard both states lack practical incentives to find a solution to their differences.

Third, the Russian commitment to great power politics makes Latvian reliance on alliance politics even more important. NATO and the EU not only integrate Latvia in the European security system institutionally and psychologically, they guarantee Latvia a say in European politics. At the same time, the opportunity to express an opinion on the European political stage does not guarantee that other Europeans will listen or act supportively. Therefore, even if it requires additional resources, Latvia should not only rely on support from its allies in transatlantic security structures, but seek to persuade partners about the importance of current issues on the Latvian political agenda with Russia. For example, the decision to seek European support for signing the border treaty with Russia, recently expressed again by the government of Latvia,<sup>29</sup> is correct, but has been tactically clumsy and untimely. In another case, construction of the North-European Gas Pipeline requires common political positions of more than one EU state. Hence regional pressure on EU institutions and Germany seems the only way to ease the concern of the Baltic States and Poland about this project.

Fourth, contemporary Latvian-Russian relations are heavily constrained by history. Latvians should not expect that the Russian leadership will formulate and implement its’ foreign policy based on vague norms of morality. In situations where Russia has the potential for global leverage in the form of energy resources, to expect benevolence would be “to confuse foreign policy with philanthropy.”<sup>30</sup> Meanwhile, the Russians should not expect their “energy stick” to give them *carte blanche* over the seemingly fragmented Latvian political environment. On the most important issues of domestic and foreign policy – a transatlantic and European Union orientation, legal continuity and the associated interpretation of the past, suspicions towards Russian intentions – the Latvian political elite is united.

<sup>29</sup> News agency LETA report on May 9, 2006, available online at [www.leta.lv](http://www.leta.lv), last accessed on May 9, 2006.

<sup>30</sup> Charles Krauthammer, “When to Intervene,” *The New Republic*, 6 May, 1985, 10, cited in Gregory A. Raymond, “Necessity in Foreign Policy”, *Political Science Quarterly*, Vol. 113. No.4, (1998-1999), 674.

<sup>28</sup> See news agency LETA reference on *Telegraf*, Riga report at the web page of news portal TVNET at [www.tvnet.lv](http://www.tvnet.lv) on December 27, 2006, last accessed on May 28, 2006.

# Latvian-Russian Economic Relations

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## Introduction

As a Soviet republic Latvia had few, if any, economic ties to the outside world before 1991. The Latvian economy was geared to the all-Union Soviet economy and local policy makers had almost no interaction with the world outside the rest of the USSR and the Soviet bloc. Less than twenty years on, Latvia is no longer isolated from the world economy and is today in 2006 the fastest growing economy in the European Union. Integration into the world economy has taken place both in terms of actual economic relations (trade, FDI, etc.) and in terms of membership of international economic organizations such as the World Trade Organization (WTO),<sup>2</sup> the International Monetary Fund (IMF), the World Bank (WB) and the European Bank for Reconstruction and Development (EBRD).

The aim of this chapter is to examine both the present state of Latvia's economic relations with its former "colonial master" as well as the main developments during the years since Latvia regained independence.

The questions addressed include the following:

- Does Russia remain an "important" trading partner of Latvia, and vice-versa?
- What is the extent of Russia's "influence" on Latvia's economy and through which channels is it exercised?
- Is there "missing trade"? There is a general perception in Latvia that there is too little trade between Russian and Latvia because of a cool political relationship (at best). There have been various boycott campaigns against Latvian goods in Russia. Is this the case and what might be the extent of missing trade?
- What are the current economic issues between Latvia and Russia? For this we turn to negotiations in the WTO.

There is also the issue of Latvia's dependence on Russian energy supplies, but this is addressed in a separate chapter.

Economic relations between the two countries take place in three spheres and the rest of this chapter is organized accordingly. First, there is

trade in merchandise goods. Second, there is trade in services. Third, there is trade in the factors of production, such as capital and labour – in other words investment and migration. In the fourth section we address the issue of missing trade. The fifth section offers an overview of the economic issues between Latvia and Russia and is followed by some concluding remarks.

## Merchandise Trade with Russia

After half a century largely isolated from the outside world Latvia has become an open and competitive market economy that is fully integrated into the world economy. Nearly 76% of Latvia's merchandise exports in 2005 were to the fellow members of the European Union. At the same time, trade with its former economic partners has declined in importance from the early years of independence. The share of Latvian exports going to the Commonwealth of Independent States (CIS) dropped from 45% in 1992 to just 12% in 2005. In particular, Russia's share in Latvian exports is down from 30% in 1993 to 8% in 2005. The high levels of trade with Russia in the early 1990s reflected former Soviet links and the rather rapid decline represented a natural reorientation towards the West. Arguably, current levels of trade are now rather "normal" and this is discussed in more detail below when we address the "missing trade" question. Table 1 provides a detailed picture of the dynamics of Latvia's international merchandise trade with Europe, the CIS, and Russia.

Although merchandise trade with Russia has declined in importance, Russia remains in 5<sup>th</sup> place among Latvian export partners, closely behind Lithuania and Estonia (in joint first place with shares of 10.8%) and Germany and the U.K. (with shares of 10.3% and 10.1% respectively). Exports to Russia provide a significant contribution to Latvia's national income. In 2005 they totalled about LVL 228 million (more than €324 million), which amounted to 2.6% of Latvia's GDP. The value of merchandise imports from Russia in the same year was about LVL 414 million (€589 million).<sup>3</sup> Thus, although not playing the dominant role it did in the past, Russia is still an important trade partner. Given Russia's size, the reverse is not true.<sup>4</sup>

What does Latvia trade with Russia? In short, Latvia imports capital-intensive goods from Western Europe and raw materials from Russia, and exports its own natural resources to the West and some of its own capital intensive goods to Russia. More than half of Latvian exports to Russia are concentrated in machinery, prepared foodstuffs, and products of chemical industry sectors. In turn, raw materials such as mineral products, base metals, and articles of wood altogether account for 74% of all imports from Russia. By comparison, 41% of Latvia's exports to "old Europe" in 2005 were timber (probably Latvia's only natural resource) and timber

<sup>1</sup> We are grateful to Krisjanis Balodis and Roman Bobilev for excellent research assistance. We are also indebted to Konstantin Kozlov at the Centre for Economic and Financial Research (CEFIR) in Moscow for making available to us the results of a multi-country gravity trade model that they have estimated.

<sup>2</sup> Latvia was the first of the Baltic States to accede to the WTO in February 1999.

<sup>3</sup> Latvia's trade deficit is not only with Russia. In general, Latvia's imports surpassed exports by almost 69% in 2005.

<sup>4</sup> Russia's exports to Latvia are only about one tenth of one percent of Russia's GDP.

products. Two other major export goods to Europe are base metals and textiles. In turn, a major import (45%) from the EU-15 is machinery and transport vehicles. Few, if any, transport vehicles are now imported from Russia, which is hardly surprising to anybody who has ever driven a Soviet-made car. A nearly total shift to Western manufactured cars has been one of the most dramatic and visible changes that has taken place in post-Soviet Latvia and is widely hailed as one of the greatest blessings of open markets.

## Trade in Services with Russia

It is commonly assumed that Latvia's economic well-being is promoted by its convenient geographic location on the trade routes between the resource rich countries of the former Soviet Union and affluent Western economies. After all, there was a good reason why Peter the Great fought bitterly to wrest the Baltic territories from Swedish control in the XVIIIth century.

Indeed, Latvia's well-developed transport infrastructure has been very busy serving the transit of goods from East to West and vice-versa. Somewhat unexpectedly, Latvia has also emerged as a sort of "Baltic Switzerland" – a financial haven for post-Soviet economies, including Russia. In this section we will attempt to assess the dimensions and the magnitude of Latvia's trade in services. Russia's Central Bank estimates that Latvia's exports of services to Russia in 2005 were about USD 148 million.<sup>5</sup> However, it is well known that, in contrast to merchandise trade, trade in services is often intangible and, thus, notoriously difficult to measure. Thus, we have reasons to believe that the above figure underestimates the real extent of trade in services between Latvia and Russia.

### a. Transit services

Resource-rich Russia is a major exporter of natural resources (e.g. oil, gas, minerals) to Central and Western Europe. Typically, these are shipped by rail or, in the case of oil and gas, also through pipelines, and then by sea to destinations in Europe and elsewhere. The railroad system in the countries of the former Soviet Union is not compatible with railroad tracks in Central and Western Europe. This makes shipping by railroad only impractical and necessitates the use of ports on the Baltic Sea. In what follows we only look at the role of transit services provided by rail and by the ports.<sup>6</sup>

## Rail transport

It would be only a slight exaggeration to say that Latvian Railways (the state-owned Latvian rail monopoly) makes its living from servicing the transit of goods. Only about 5% of the physical volume of all cargo transported in 2005 was local transportation and the bulk (84%) was transit.<sup>7</sup> About half (49% in 2005, or 27 million tons) of all cargo handled by the Latvian railroad was transited from, imported from, or exported to Russia.<sup>8</sup>

As Russian exports to the West increased, the volume of cargo transited via the Latvian rail system has also grown. Latvian Railways has been showing healthy annual growth rates of the physical volume of commercial cargo transported. Between 1995 and 2005 the total volume of commercial cargo transported almost doubled. However, overall growth masks dramatic changes in the structure of transit commodities that have taken place. Back in 1998 nearly half of all cargo handled by the railroad was the transit of oil from Russia, followed by base metals. In 2005 more than half of all cargo handled was less lucrative coal, transit of which was nearly non-existent in 1998. Transit of oil and base metals fell dramatically, with the volume of oil transported falling by more than a half from 1998 to 2005. Table 2 in the appendix provides a detailed comparison of the commodity structure of the commercial cargo transported in 1998 and 2005.

## Ports

Just like the railroads, Latvian ports thrive on transit from East to West. Most of the cargo turnover (about 90%) at the Latvian ports is for departure by sea, i.e. transit from the CIS to Central and Western Europe.<sup>9</sup> The biggest ports are in the cities of Riga and Ventspils.

In 2005 the total cargo turnover in Latvian ports was about 60 million tons, about a third more than in 1996. Just like the railroads, Latvian ports have seen substantial changes in the kind of cargo that they handle. Only ten years ago, about 70% of all cargo turnover was oil and oil products. In 2005, the share of oil and oil products dropped to only 40%. Largely as a result of Russia's decision to shut down the Polotsk-Ventspils oil pipeline in 2002, the flow of raw oil through Latvian ports slowed to a trickle – only 447,000 tons were handled in 2005 – only 3% of the volume in 1996.

How important is the servicing of Russian transit to Latvia's national income? Although no accurate estimates are available, there are some clues. Sea, railroad, and road freight contributed just over 3% to Latvia's 2005 GDP, or about LVL 273 million (€380 million).<sup>10</sup> The bulk of this comes from the railways and ports, and the share of Russian transit in the cargo handled by the railway (hence, also the ports) is about one half. Thus, our

<sup>5</sup> See [http://www.cbr.ru/eng/statistics/credit\\_statistics/print.asp?file=trade\\_2002-05\\_e.htm](http://www.cbr.ru/eng/statistics/credit_statistics/print.asp?file=trade_2002-05_e.htm), last accessed on August 25, 2006.

<sup>6</sup> We ignore road transport because its contribution is relatively small compared with the ports and the railroad and good statistical information is unavailable. According to the data provided by the Latvian Auto Transit Association, only about 5 tons of cargo handled by Latvian road transport is classified as "international." This is less than a tenth of cargo turnover by rail.

<sup>7</sup> The source of data is JSC "Latvijas Dzelzceļš" (Latvian Railways).

<sup>8</sup> The bulk of all Russia-related transport is transit, which accounted for about 25 million tons in 2005.

<sup>9</sup> The source of data is the Ministry of Transportation of Latvia.

<sup>10</sup> These data come from EuroStat.

best guess is that in 2005 the direct impact of Russian transit<sup>11</sup> on Latvian GDP was LVL 131 million (€186 million). It should be noted that this estimate of income from servicing transit alone is substantially larger than the Russian Central Bank estimate of Latvia's total exports of services to Russia in 2005 (USD 148 million).

### **b. Financial services**

For a country of its size Latvia boasts an unusually large and profitable banking sector. Latvia has 23 largely private banks that have been earning record profits for several years in a row. The banking sector turned in some LVL 191.3 million (€272 million) in profit in 2005, with a return on equity (ROE) at a staggering 27.1%. By comparison, neighbouring Estonia only has three banks. Some observers believe that Latvian banks derive lucrative profits from acting as a financial haven for companies and individuals from the CIS countries, and Russia in particular.

The largest piece of evidence pointing to Latvia's role as a financial haven is the amount of non-resident deposits in the banking system. According to the Association of Commercial Banks, non-resident deposits made up almost a half (47%) of all Latvian commercial bank deposits in 2005. Thus, in the end of 2005 there was LVL 2.7 billion (more than €4 billion) of non-resident money in the banking system. Most of these deposits are not seeking a rate of return, as 79% are in the form of demand deposits. Most of these deposits (90% in 2005) are made by corporations and denominated in USD (75%), followed by euro (20%).

How did Latvia happen to emerge as a financial haven in the post-Soviet economic space? Its liberal banking legislation, political and economic security, as well as rapid integration into the European Union must have played important roles. An additional impetus seems to have come from the banking crisis of 1995, which pressed commercial banks hard to look for new markets. It is probably no coincidence that the share of non-resident deposits in the banking system grew rapidly from only about 20% in 1994 to around 50% in 1999.

There is little doubt that non-resident deposits make a substantial contribution to Latvia's national income. It is often pointed out that the non-resident deposits are used to finance credit to domestic businesses. The extent of this is probably small, however, as the banks are likely to

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<sup>11</sup> One should bear in mind that this figure is based on some rather heroic assumptions. First, we only have the data on the cargo turnover as measured by tons handled, not as ton-kilometres, that would give a more accurate picture. We have to assume that all cargo travels about the same distance, which should roughly hold as long as transit from the Russian border to the ports is concerned. Second, we have to assume that railroad tariffs are about the same for all commodities transported, regardless of the country of origin. Then, the above figure is obtained by summing up the turnover of the state JSC "Latvian Railways" in 2005 with the sea freight's contribution to the 2005 GDP, and multiplying it by 48%, which was the share of Russian transit in the railroad.

channel most of the demand deposits into highly liquid assets. Nonetheless the banks must be collecting handsome fees for whatever transactions non-resident companies make. Overall, given the amount of non-resident money in the system and the huge profits made by Latvian banks, there is little doubt that the benefits reaped from the sale of banking services to Russian individuals and corporations are substantial.

### **c. Tourism**

Back in Soviet times the town of Jurmala, located on the shore of the Riga gulf, was a famous resort frequented by tourists from all over the USSR. After the iron curtain was lifted in the early 1990s, Jurmala lost much of its clientele to resorts in Turkey, Spain, and Greece. Nevertheless, annual surveys of incoming tourists suggest that many Russians still like to visit Latvia, and spend their money in the process. According to estimates of Latvia's statistical office, in 2001-2003 Russian tourists spent more money in Latvia than tourists from any other country. Only in 2004 and 2005 did the Germans narrowly outrank them.

In 2005 tourists from Russia spent about LVL 20 million (€28 million), which was about 11% of the total expenditure by foreign tourists in Latvia that year. Furthermore, there is much anecdotal evidence (but no official data, of course) that many of Jurmala's summer houses are owned by the Russian new rich, perhaps for nostalgic reasons.

## **Trade in Factors of Production**

Apart from being an important export market for the goods and services produced in Latvia, Russia is also a major foreign investor in the Latvian economy. It ranks as the fifth largest investor in terms of the stock of foreign direct investment (FDI), after Sweden, Germany, Estonia, and Denmark. According to the latest official statistics, cumulative FDI stock from Russia is about LVL 248 million (€353 million). For comparison, FDI stock from the U.S. was about LVL 171 million (€243 million).

Table 3 in the appendix provides more detailed data on the share of selected countries in the stock of FDI in Latvia over the period 2000-2006. The amount of Russian investment has picked up after Latvia's accession to the European Union in 2004, possibly reflecting the desire of Russian companies to establish a foothold in the European economic area. The bulk of Russian FDI (58%) has gone to the energy sector. Russia's energy giant, *Gazprom*, is one of the major shareholders in *Latvijas Gaze*, the Latvian gas monopoly. Overall, Russian FDI is very concentrated in just a few sectors. 88% of all the capital invested is in the sectors of energy, transport, and banking.

Although there are virtually no restrictions on the movement of capital from Russia to Latvia, there are serious restrictions on any kind of migration, including work-related migration from non-European countries. Thus, there are probably only a handful of Russian labour migrants in Latvia. However, with growing shortages of labour as Latvian workers

move to Ireland and the UK, and with wages rising rapidly, the possibility of importing unskilled labour from the East is currently a hotly debated issue. Depending on the outcome of these discussions, Latvia may soon see a surge of labour migrants from countries like Ukraine, Belarus, and Russia.

### Is There "Missing Trade"?

A number of observers, including Russia's present ambassador to Latvia, have consistently argued that poor political relations are detrimental to economic relations between the two countries. For example, when Latvian riot police used clubs to dissolve an unauthorized demonstration of primarily Russian-speaking pensioners in 1998, a number of Moscow shops withdrew Latvian goods from their shelves and a number of politicians including Moscow's mayor, Yuri Luzhkov, called for boycotts of goods produced in Latvia. There is generally a perception of bureaucratic barriers as well as allegedly discriminatory transport tariffs.

This raises the question of whether Latvian-Russian trade is less than it might be if political relations were more normal. In this section we attempt to provide some answers to the question of whether there is indeed "missing trade."

How much trade is expected between the two countries? A common approach to this question is the use of a *gravity model*. The idea behind the gravity model of trade is analogous to Newton's law of gravity: just as the gravitational attraction between any two objects is proportional to the product of their mass and diminishes with distance, the trade between any two countries is, other things being equal, proportional to the product of their GDPs and diminishes with distance. Gravity models are estimated using econometric techniques and the data on trade between countries. One of the principal uses of gravity models is to identify anomalies in trade. When trade between two countries is either much more or much less than what a gravity model predicts, an explanation (e.g., political relations) is sought.

We use the gravity model kindly provided to us by the Centre for Financial and Economic Research (CEFIR), a Moscow-based economic think tank. In accordance with the model that was estimated, a country's exports to another country are assumed to be determined by each country's GDP, distance between the capitals, each country's geographic area, and a number of other factors.<sup>12</sup> The model was estimated using the data on world trade in 2004, with 16,856 observation points.

Rather surprisingly, the gravity model reveals no anomalies in merchandise trade between Russia and Latvia in 2004. Figure 1 in the Appendix shows a scatter plot of actual versus predicted trade between all the pairs

of countries for which the gravity model was estimated. The scatter plot is cut through the middle by the 45 degree line, which represents the locus of points for which actual exports coincide with predicted exports. For all points lying below the solid line, actual trade is greater than predicted by the gravity model. In turn, all points above the solid line are cases when actual trade is smaller than what is predicted. Note that most of the points are close to the 45 degree line, implying that the gravity model fits the data rather well. Latvia's exports to Russia and Russia's exports to Latvia virtually lie on the solid line, meaning that actual trade is as predicted by the gravity model.

We have performed the same exercise for other years and find no significant deviations of actual from predicted trade in 2003. In 2000, however, Latvian exports to Russia were somewhat smaller than predicted by the model. However, the difference was not large and was practically gone by 2003. We also compare estimation results for Latvia with those for Estonia and Lithuania, as well as Poland. If politics really mattered to trade we would expect Lithuania to do better than either Latvia or Estonia. The reasoning here is that Lithuania had a relatively small Russian minority to begin with, and automatically granted citizenship to all Russians living there. Thus, Russia was always much more sympathetic to Lithuania than it was to either Latvia or Estonia. The results are presented in Figure 2 in the Appendix. Indeed, we find that Lithuania's exports to Russia are greater than predicted by the gravity model, whereas for Latvia and Estonia it is "business as usual." However, Lithuania's higher-than-expected exports to Russia could be due to anything that it is not factored into the model. Better political relations are only one such possible explanation.

To sum up, we find no strong evidence of "missing trade" in merchandise goods between Latvia and Russia. Thus, we are inclined to conclude that, despite political rhetoric, private business between the two countries proceeds rather normally – not much differently from what we would expect for any other two countries with similar incomes and geographic distances. Nonetheless, strong suspicions remain that political meddling does affect another important area of Latvian-Russian economic relations – the sale of transit services. We next turn to this important issue.

Clearly the transit of Russian oil through Latvian ports (most notably, Ventspils) has effectively ceased. There is also little oil transited through the pipeline. However, it is not clear to what extent this is political, i.e., to what extent is Latvia being punished for its treatment of Russian-speakers or whether it really represents simple economic nationalism or protectionism from Russia's side. In other words, this may represent a policy initiative to encourage transit through Russian ports – even if it is less cost-efficient compared with using Latvian ports. In the latter case, mending political relations may not be very helpful because vested interests of Russian ports are sure to resist a switch back to the previous regime.

<sup>12</sup> These are variables such as the presence of a common border, a common language, historic ties (e.g. whether a country is a former Soviet republic), a currency union, or a regional trade agreement.

## Unresolved Economic Issues

What are the unresolved economic issues between the two countries? To address this question, it is illuminating to examine the negotiations between Russia and Latvia in the process of Russia's accession to the World Trade Organization (WTO).

Latvia was admitted to the WTO in 1999. Russia, which has applied to join the WTO, has had to ensure that no WTO member, including Latvia, has objections to its accession to the club. Negotiations between the two countries began in 1999 and ended just two weeks before Latvia's accession to the European Union with the signing of a bilateral protocol on merchandise trade, but not trade in services. With Latvia in the EU, further negotiations had to be held between the European Commission and Russia.<sup>13</sup> These talks were concluded fairly quickly during the EU-Russia summit just another few weeks later. At the time of writing, the U.S. remains Russia's only obstacle on the way to the WTO and German Gref, Russia's economics minister, speculated that his country could join in the first half of 2007.

What were Latvia's demands in the sphere of services? It appears that demands focussed on the fight for Russian transit. In recent years the dominance of the Baltic ports in servicing Russian export flows has been challenged by the emergence of Russia's own ports in the Leningrad *oblast*. The ports of Primorsk and Ust'-Luga began functioning in 2001 and 2006, respectively. Symbolically, the opening ceremonies for both ports were attended by President Putin, who emphasized their importance for Russia's development.<sup>14</sup> However, competition between Baltic and Russian ports is distorted by discriminatory application of railroad tariffs. The state-owned Russian railroad charges higher tariffs on transit through Latvian ports than through its own ports. In effect, the Russian government applies a subsidy to the transit of goods through its own ports. Understandably, abolition of such discriminating tariffs was Latvia's main demand during the WTO talks.

As is well-known, Russia and the EU completed their talks on Russia's accession to the WTO in May 2004. The talks focused on *Gazprom's* export monopoly and domestic gas prices in Russia. It appears that the issues raised by Latvia remained in the shadow of the EU-Russia summit. Today, Russia continues to practice differentiated railroad tariffs in favour of ports located on its own territory in transit trade through the Baltic sea ports. In the event of Russia's accession to the WTO, it is possible that Latvia would seek to invoke the WTO protocol to attempt to force its large neighbour to apply fair rules of the game.

<sup>13</sup> Trade policy is an area where EU member states negotiate as a single unit. Therefore, when Latvia became an EU member state, it gave up its independent negotiating rights within the WTO.

<sup>14</sup> *ARCIS press review* 31.01.2006. Retrieved from the Lursoft electronic library, [www.lursoft.lv/library](http://www.lursoft.lv/library).

## Concluding Remarks

Despite a certain degree of political rhetoric to the contrary, we find that an objective examination of the evidence reveals that Russia and Latvia enjoy rather normal commercial relations. There is no evidence of missing merchandise trade, there are substantial Latvian exports of services to Russia – transit, tourism and financial – and Russia is a significant source of FDI in Latvia. There is no evidence that in the oil transit sector diversion of Russian oil away from Latvian ports was in some sense politically motivated. After all, what political goals could Russia expect to achieve by this action? Rather it represents a mercantilistic view of national economic interest on the part of Russia. Moreover, the combination of Russian accession to the WTO combined with Latvian membership of the EU can be expected to further promote rule-based economic relations between the two countries.

## Appendix

Table 1. **Latvia's merchandise trade by groups of countries (% of total)**

	Exports				Imports			
	EU-15	EU-25	CIS	Russia	EU-15	EU-25	CIS	Russia
1992			45%				38%	
1993			48%	30%			38%	28%
1994			43%	28%			30%	24%
1995	44%		38%	25%	50%		28%	22%
1996	45%		36%	23%	49%		26%	20%
1997	49%		30%	21%	53%		20%	16%
1998	57%		19%	12%	55%		16%	12%
1999	63%		12%	7%	55%		15%	10%
2000	65%	81%	9%	4%	52%	74%	17%	12%
2001	61%	79%	10%	6%	53%	76%	15%	9%
2002	60%	78%	10%	6%	53%	77%	13%	9%
2003	62%	79%	10%	5%	51%	75%	15%	9%
2004	54%	77%	11%	6%	47%	75%	16%	9%
2005	47%	76%	12%	8%	44%	75%	17%	9%

Source: Central Statistical Bureau of Latvia.

Note: 1992-1994 data for EU-15 are incomplete and, thus, not shown here.

**Table 2. Commodity structure of Russian commercial cargo transported by the Latvian railroad (% of total)**

	1998	2005
Coal	0.7%	58.6%
Oil products	47.0%	17.4%
Scrap metal	15.0%	11.8%
Ammonia	2.6%	3.1%
Articles of wood	1.0%	3.4%
Sugar	2.4%	0.6%
Base metals	23.3%	0.6%
Cotton	0.3%	0.2%
Methanol	0.2%	0.1%
Grain	0.3%	0.1%
Other cargo	7.1%	4.2%
Total	100.0%	100.0%

Source: JSC "Latvijas Dzelzceļš"

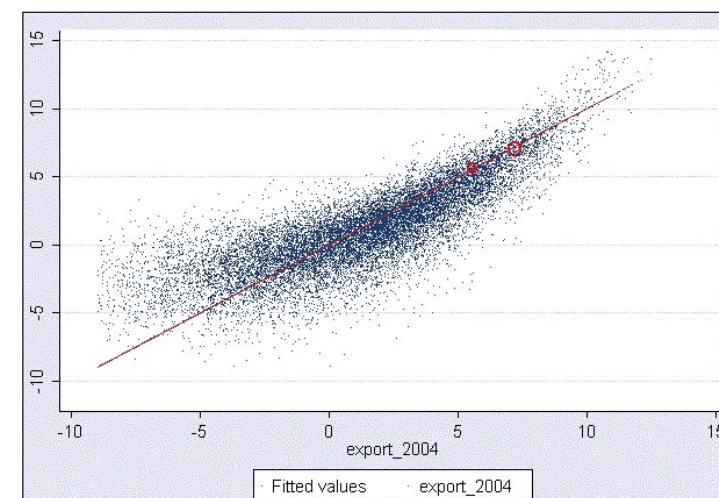
Note: includes export, import, and transit to and from Russia

**Table 3. Cumulative FDI stock by country (percent of total)**

	2000	2001	2002	2003	2004	2005	2006
Germany	11%	11%	13%	11%	15%	13%	12%
Denmark	10%	11%	11%	9%	9%	8%	9%
Estonia	12%	7%	6%	7%	8%	9%	10%
Finland	6%	6%	7%	9%	8%	6%	7%
United Kingdom	5%	5%	3%	3%	3%	4%	3%
Lithuania	0%	0%	1%	1%	1%	2%	3%
Netherlands	3%	5%	5%	7%	8%	8%	6%
Norway	6%	7%	7%	6%	5%	5%	3%
Russian Federation	6%	5%	5%	5%	7%	8%	8%
Sweden	13%	10%	13%	13%	12%	13%	16%
United States	9%	12%	7%	7%	7%	6%	5%
<b>Total</b>	100%	100%	100%	100%	100%	100%	100%

Source: Central Statistical Bureau

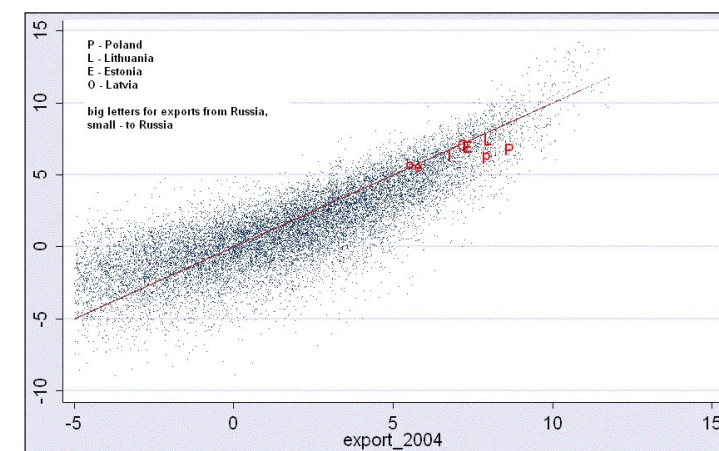
**Figure 1. Actual vs. predicted trade between Latvia and Russia in 2004**



Notes: Actual exports, measured in natural logarithms, are presented on the horizontal axis. Predicted exports, also measured in natural logarithms, are on the vertical axis. The red line is the 45 degrees line that contains all the points for which actual exports are equal to predicted exports. A small "o" denotes Latvia's exports to Russia. Large "O" is for Russia's exports to Latvia.

Source: Centre for Financial and Economic Research (CEFIR)

**Figure 2. Actual vs. predicted trade between Russia and selected countries in 2004**



Notes: Actual exports, measured in natural logarithms, are presented on the horizontal axis. Predicted exports, also measured in natural logarithms, are on the vertical axis. The red line is the 45 degrees line that contains all the points for which actual exports are equal to predicted exports.

Source: Centre for Financial and Economic Research (CEFIR)

# Latvian-Russian Energy Relations: Between Economics and Politics

Andris Sprūds

## Introduction

Energy issues have been an important component in the Latvian-Russian relationship during the last fifteen years. Developments in the energy sector have generally reflected the overall character of Latvian-Russian political relations; indeed, supplies and transit of crude oil and natural gas have become a barometer of interstate politics. Although clearly influenced by the political atmosphere, interaction in the energy sector also has an economic rationale that reflects business interests. The complicated and contradictory nature of Latvian-Russian energy relations is due to both political manoeuvring and economic considerations, which have changed over time.

## From Disruptions and Tensions to Interdependence: 1991-1997

After the break-up of the Soviet Union, Latvia and Russia had to re-adjust their relations in a new domestic and international environment. In the energy sector, the supply problem became a major concern for energy importing countries such as Latvia. Russia experienced a substantial decrease in extraction and production of energy resources.<sup>1</sup> This had a considerable negative impact on Latvian-Russian energy interaction. The collapse of the centralized system of delivery, insufficient oil extraction, and the introduction of export quotas by Russia affected the supply side, while inadequate hard currency reserves and a shortage of marketable exports affected the demand for Russian oil exports in Latvia as well as the other Baltic States.

The apparent decline in Russia's ability and willingness to provide former republics with the necessary energy sources, primarily oil, was manifested at the end of 1991 and beginning of 1992, when Latvia was receiving a mere 10% of the necessary oil products.<sup>2</sup> The oil delivery situation remained unchanged for much of 1992. Similar trends occurred in the gas

sector, and disruptions in deliveries were frequent in 1991-1993. Economic interaction and the energy supply chain were clearly influenced and further aggravated by political tensions between the two sides.

Despite the existing political tensions, energy relations gradually began to normalize. This was largely facilitated by the presence of an important dimension of Latvia-Russia energy relations - transit of energy resources. Above all, Russia needed to export its energy commodities in order to obtain hard currency revenues. Historically, Baltic ports had played a considerable role in Russian exports, especially of energy resources.<sup>3</sup> Latvia became the leading country in trans-shipment of Russia's crude oil and oil products. This was primarily due to the Ventspils port. With its well-developed infrastructure and port facilities, Ventspils retained a strong comparative advantage over other Baltic competitors and attracted a considerable amount of Russia's crude oil and oil products shipped to European markets. During the 1990s, annually 13-15% of all exported Russian oil and about 30% of Russian oil exported to Western Europe (mostly to Finland, Germany, the Netherlands, Great Britain and Belgium) was transported through Ventspils. Ventspils was second only to Russia's Novorossisk port in terms of transported volumes of Russian crude oil and oil products. In 1997, the peak year that decade, more than 28,000 tons of crude oil and oil products were transported through the Ventspils port.<sup>4</sup>

Hence, the interest in developing normal transit and, by extension, energy relations between Russia and Latvia was mutual. Russia needed the Baltic ports, such as Ventspils, as its own port facilities were insufficiently developed. Access to Baltic ports guaranteed to the Russian government acutely needed hard currency revenues, which in substantial part came from oil exports to the West. The Baltic States, especially Latvia, were also interested in constructive and businesslike interaction, as they profited immensely from the transit of energy resources. In 1997, for example, transit of Russian crude oil and oil products, accounting for around 60% of all transit through Latvia, contributed around \$160 million to Latvia's economy. One-fourth to one-fifth of the GDP of Latvia was estimated to be linked directly to revenues generated in the transit sector and related branches of the economy.<sup>5</sup> Despite the frequent ineffective use of financial revenues and

<sup>3</sup> By the second half of the 1990s, Latvian ports accounted for 36 million tons of Russian freight, whereas Lithuania and Estonia, respectively 10 and 9 million tons. The general Baltic port share increased in Russia's maritime trade shipments from 35% in 1990 to 45% in 1997; see Rene Nyberg, "A Study in Interdependency. Russian transport needs and economic development in the Baltic Sea area" in *Kungl. Krigsvetenskapsakademiens Handlingar och Tidskrift*, No.6 (1997), 142.

<sup>4</sup> *Baltiia- transeuropeiski koridor v XXI vek.* Report of the Council on Foreign and Defense Policy of Russia; printed in *Nezavisimaya Gazeta*, 26 October 2000; *Monthly Bulletin of Latvian Statistics*, No. 6 (49) (Riga: Central Statistical Bureau of Latvia, July 1998), 106.

<sup>5</sup> *Dienas Bizness*, 13 February 1998; Russia's Council on Foreign and Defense Policy estimated a \$200-\$250 million contribution to Latvia's economy; see *Baltiia - transeuropeiski koridor v XXI vek.*, section 2.5.1.

<sup>1</sup> The extraction of energy resources was in continuous decline after the break-up of the Soviet Union. While in 1989 production totalled 624 million tons, in 1991 it dropped to 461 million tons and continued to decrease during the first half of the 1990s, eventually reaching 305 million tons in 1999. A similar pattern could be detected in Russia's natural gas sector.

<sup>2</sup> See Alexander Shabanov, "My uzhe privikli spat' odetimi," *Biznes i Baltiya*, May 7- 13, 1992.



over-dependence on the transit sector, Latvia received a considerable economic boost, which allowed it to develop various branches of the economy in the 1990s. Hence, Latvia had a strong interest in retaining and expanding the transit, especially crude oil and oil products, through its territory.

Baltic ports and the transit infrastructure attracted substantial national and international state and private financial capital inflows, of which Russian investments accounted for a considerable portion. The economic and political interest of the Russian political elite in the region was clearly manifested, for instance, by a major Russian governmental investment in the Latvian transit infrastructure. *Transnefteprodukt*, an affiliate of the Russian state-owned oil transportation company *Transneft*, obtained 34% of the capital shares of the Latvian-Russian joint venture *LatRosTrans* that supervised the pipeline system in Latvia stretching from Polotsk to Ventspils as well as to the Mazheiku refinery in Lithuania. Moreover, Russian investment sources were sought for further development and implementation of transit projects, such as the Western Pipeline System that aimed to increase the flow of oil to Ventspils port.<sup>6</sup> The largest Russian oil companies, such as *Lukoil* and *Yukos*, which had already made substantial investments, were contemplating participation in the project.<sup>7</sup> In the gas sector, *Gazprom*, which remained the major supplier of the Baltic countries, strengthened its foothold and presence in the Baltic gas business by obtaining shares of the Baltic gas companies. *Latvijas Gaze*, with its extensive underground storage facilities, became an attractive investment opportunity and eventually *Gazprom* accumulated a considerable package of the company's shares.<sup>8</sup>

Hence, by the second half of the 1990s, energy relations between Russia and Latvia were active and mutually beneficial, notwithstanding the initial period of disruptions and tensions influenced by the political atmosphere and economic structural constraints. Russian and Latvian transport and energy infrastructures were firmly interlocked, and mutual interest in cooperation was maintained through most of the 1990s. Transit through Baltic ports was unequivocally beneficial for the Baltic economy. For Russia, the Baltic export route was a reliable one for crude oil, oil products, and other export goods, and a core source of revenue for the Russian state. Thus, it was possible to discern a complex web of interdependence between transit-related state and non-state actors in the Baltic States. One could

even characterize the relationship between Russia and the Baltic States during this period as economic interdependence, which, according to Keohane and Nye, refers to “situations characterized by reciprocal effects among countries or among actors in different countries.”<sup>9</sup>

This energy interdependence also had implications for the political relationship. Although bilateral political interaction remained rather tense and the Baltics clearly played the role of the “constituting other” in the turbulent Russian politics of the 1990s, the Russian leadership was entirely aware of the necessity of constructive economic engagement internationally in order to reduce domestic political and economic instability. Hence, despite frequent assertive parlance in its pronouncements, Russian foreign policy towards the Baltic States incorporated a number of cooperative elements. Energy interdependence as well as the vested interests of influential Russian business groups contributed to tilting the balance towards cooperation rather than confrontation with the Baltic countries during the 1990s.

### Diversification and “Economization”: 1998-2004

Latent business disagreements and the unfavourable political milieu, however, existed throughout the 1990s. Dialogue on potential investment conditions and the oil transit issue was complicated by increasing political tensions between Russia and Latvia, as well as diverging business strategies, increasing competition among Baltic ports and the intention of the Russian government to develop its own transit routes and facilities. As a result, in 1997 and 1998 the economic and energy relationship between Russia and the Baltic countries gradually transformed from cooperation to increasing competition. This trend was manifested in relations between states and private companies. Although the costs of terminating or reducing the intensity of interaction could be detrimental for both parties, increasing political tension probably contributed to a growing aspiration to reduce economic interdependence and vulnerability. In such a situation, the government usually becomes the driving force behind changing economic relations.

As early as 1996, Russian Minister for Fuel and Energy Pyotr Rodionov pointed out clearly that, “this is nonsense that Russia, which possesses an enormous export potential and the means to build its own ports on the Baltic coast, has to orient itself towards Ventspils.”<sup>10</sup> In the same year, the Russian Ministry of Transportation at the behest of the Ministry of Foreign Affairs took the decision to revoke the existing tariff discounts on rail freight trans-shipped at Latvian and Estonian ports, effectively

<sup>6</sup> Oleg Stepanov, “Problemy, osobennosti i perspektivy razvitiya Ventspil'skogo svobodnogo porta,” in *Rossiya-Baltiya: Dokladi SVOP, materialy konferencii*, ed. Sergei Oznobishchev and Igor Yurgens (Moscow: Izdatel'skii tsentr nauchnikh i uchebnikh program, 2001), 357-358.

<sup>7</sup> By 1999, *Lukoil* was estimated to have invested in the Baltic countries an impressive USD 80- 90 million. See *Diena*, 9 February 1999.

<sup>8</sup> Yuris Savitskas, “Delovoe sotrudnichestvo, ustremlennoe v budushchee,” in *Rossiya-Baltiya: Dokladi SVOP, materialy konferentsii*, ed. Sergei Oznobishchev and Igor Yurgens (Moscow: Izdatel'skii tsentr nauchnikh i uchebnikh program, 2001), 370.

<sup>9</sup> Robert Keohane and Joseph Nye, *Power and Interdependence: World Politics in Transition* (Boston: Little and Brown, 1977), 8.

<sup>10</sup> Vyacheslav Shirayev, “Shansy Ventspilsa: 1 k 10 s vozmozhnym povysheniem,” *Biznes i Baltiya*, 11 December 1996.

increasing Baltic transportation expenditures by 30 percent.<sup>11</sup> Further discriminatory taxes were introduced in 1998. Given growing bilateral tensions and the context of domestic political turmoil in Russia in the aftermath of the presidential elections, these decisions were at least partially politically motivated. Although no one seemed to benefit from this decision economically, the Russian government certainly aimed at encouraging the intensification of transportation routes in Russia and bypassing the Baltics in the long-term. The Baltic Pipeline System project revealed the presence of various political and economic interests in changing Russia's economic policy towards Latvia, Lithuania and Estonia.

At the beginning of the 1990s, the Russian political leadership had already recognized the necessity of enhancing Russia's transportation capacity and developing its own infrastructure and facilities. The Russian government made a decision to carry out the Baltic Pipeline System project aiming to link the developed and resource-rich Timano-Pechora and West Siberian oil regions with prospective port terminals on Russia's Baltic coast in the Leningrad region.<sup>12</sup> Yevgeny Primakov's government, which came to power in the aftermath of the Russian economic crisis, was determined to launch the project, which had grown more topical in the context of deteriorating Latvian-Russian political and economic relations. The Russian government, which had been critical of Baltic aspirations for NATO membership and treatment of the Russian minority, sought to increase its political room for manoeuvre with respect to the West in general and the Baltic States in particular.

Undoubtedly, the Russian government would not have pushed the project forward in the absence of economic calculations and motivations. Using Baltic ports entailed considerable transit costs for Russia, with the spectre of future cost increases as the Baltic States approached European Union membership. According to Transportation Minister Nikolai Tsakh, Russia spent an estimated USD 600 million for oil export through Baltic ports.<sup>13</sup> By constructing its own ports, Russia would decrease its economic dependence on foreign ports in the Baltic Sea. Moreover, strong lobbies in Russia's North Western regions strongly advocated the construction of ports and pipelines there to attract investment and create new jobs. Apparently,

<sup>11</sup> Aivars Stranga, "Baltic-Russian Relations: 1995-Beginning of 1997" in Atis Lejiņš and Žaneta Ozoliņa, ed., *Small States in a Turbulent Environment: The Baltic Perspective* (Riga: Latvian Institute of International Affairs, 1997), 211.

<sup>12</sup> *Baltija – transevropēiski koridor v XXI vek.* Report of the Council on Foreign and Defense Policy of Russia; printed in *Nezavisimaya Gazeta*, 26 October 2000; section 3.5.

<sup>13</sup> Additionally, according to the Minister, Russia generally spent USD 1.3 billion for chartering oil tankers; see *Biznes i Baltija*, 11 November 1997. According to other data, Russia expended USD 600 million for export in the Western direction through the Baltic countries and Ukraine. See E. Telegina et al., *Bezopasnostj Rossii: pravovie, social'no-ekonomicheskie i nauchno- tehicheskie aspekti. Energeticheskaya bezopasnost' (neftianoi kompleks Rossii)* (Moscow: Znanie, 2000), 240.

the prospective benefits outweighed the potential difficulties of dealing with freezing ports and the cost of new construction. As Russia's oil exports increased in the late 1990s, so did the Russian leadership's determination to reduce dependence on Baltic ports. The decision of Primakov's government to introduce the investment taxes eventually cut this Gordian knot.

The project eventually attracted the support of Russia's leading oil companies. For instance, *Lukoil's* approach was certainly influenced by that company's disappointment concerning business development in the Baltic States. In 1998 the company made an unsuccessful attempt to privatize *Ventspils Nafta*, the main operator of the Ventspils port. Local businessmen succeeded in privatizing a considerable amount of shares in the company. More importantly, in 1999 *Lukoil* failed to establish control over *Mazheiku Nafta*, the company that owned the oil refinery and supervised operations in Klaipeda port in Lithuania.<sup>14</sup> Despite the necessity of cooperating with large Russian companies such as *Lukoil*, business and political elites in Latvia and Lithuania were rather reluctant to allow Russian capital to dominate this strategically important economic domain. This stance invariably contributed to the transformation of *Lukoil's* long-term economic calculations and investment plans in the region.<sup>15</sup>

In the context of its diversification policy, Russia's Primorsk port began to function in 2001. A year later, Russia ceased to transport crude oil through the pipelines from Polotsk to Ventspils. Some in Latvia hoped to compensate for lost freight by increasing railway deliveries, yet this was economically unsustainable and transportation of crude oil from Russia to Latvian ports stopped altogether by 2005. Russia also plans to cease trans-shipment of oil products as soon as it completes construction of the terminals on its coast. As a result, Russia's diversification policy effectively turned the tables on its Baltic partners in interdependence. Prior to the construction of the Baltic Pipeline System, the Baltics, and especially Latvia, were indispensable transit countries for Russian oil exports. Currently, in the context of the diversification of Russian energy export routes, instead of setting prices for transit, the Baltic States can merely hope to maintain an important role in the transit sector.

## From Bilateralism to Multilateralism: 2004 – to Present

Growing demand and skyrocketing prices for energy resources have allowed Russia to position itself as an "indispensable global energy nation" and to continue to implement its transit and external supply diversification policy. After Latvia joined the European Union, political and economic interaction between Latvia and Russia acquired a new multilateral dimension.

<sup>14</sup> Tatyana Komorskaya, "Lukoil stavit uslovia," *Biznes i Baltija*, 1 October 1999. Ludmila Romanova, "Rossiiskie neftianiki na postsovetском prostranstve. V Litve oni pytayutsya vosstanovit' svoi pozitsii," *Nezavisimaya Gazeta*, 13 January 2000.

<sup>15</sup> *Vedomosti*, 26 January 2000.

In the energy sector, the new context for bilateral energy interaction has been exemplified by the recent debate over the Russian-German agreement to implement the North European Gas pipeline (NEGP) project, which aims to increase Russian natural gas supplies to West European countries.

The new pipeline would bypass the Baltic States and Poland, thus evoking considerable consternation in those countries. Along with their Baltic counterparts, Latvian representatives have pointed to the political motivations behind the NEGP project demonstrated by immense costs, increased length of delivery times, technological complexity and the ecological risks of pipeline construction on the Baltic Sea bed. Implementation of an alternative route for the pipeline through the Baltic countries and Poland would not only create a shorter, technologically less complicated, less expensive and ecologically safer route, but also allow Russia to intensify regional cooperation in the energy sector. The recent gas conflicts between Russia and its neighbours further contributed to the perception of the NEGP as Russia's economic and political tool in its external policy. Hence, the Baltic States have clearly considered Russian activities related to the NEGP as an application of the energy card to regional and bilateral politics.<sup>16</sup>

Russian officials have denied Baltic allegations regarding the political nature of the project. *Gazprom* has pointed to Russia's diversification strategy and determination to reduce its dependence on transit countries. According to *Gazprom*, "it would be a mistake to say that we have chosen a more expensive kind of gas pipeline," as the construction of the offshore pipeline would only necessitate the building and operational maintenance costs and allow avoiding further payments for transit trans-shipment.<sup>17</sup> However, apparently the decision by the Russian leadership and *Gazprom* to implement this project was also considerably influenced by strategic economic and political calculations. The NEGP effectively allows Russia to increase its political and economic room for manoeuvre in Central and Eastern Europe, including in Latvia, while simultaneously strengthening interdependence with West European countries and companies.

Russian representatives have acknowledged both implicitly and explicitly the importance of political considerations in the decision to bypass the Baltic countries, although this somewhat contradicts *Gazprom's* official pronouncements. Viktor Kaluzhny, Russia's ambassador to Latvia, pinpointed the failure to find a mutual political understanding between Russia and the transit countries, such as Latvia, as one of the key factors that led to the selection of the gas trans-shipment route.<sup>18</sup> Moreover, the manipulative potential of the energy card in political interaction can be

seen, as Russia has indicated its interpretation and expectations: "...Russia has never advanced any preconditions to Latvia... On the contrary, Latvian politicians have demanded on every occasion that Russia, above all, must apologise for the occupation [of the Baltic countries in 1940]." According to Kaluzhny, "the pipeline would pass through Latvia, Lithuania and Estonia and everybody would be satisfied" provided the Latvian side would adhere to purely economic rather than political principles in bilateral relations.<sup>19</sup> Russia's ambassador has also stipulated the need for "willingness and initiative" on Latvia's side to restore the terminated transit flow of crude oil to Ventspils.<sup>20</sup> Obviously, these assertions contain implicit recommendations for Latvian political and economic elites to consider the repercussions of their decisions and activities.

Prospective gas supplies to Latvia and exploitation of underground storage facilities could become an important indicator or "litmus test" for the Latvian-Russian energy relationship.<sup>21</sup> Latvia's extensive underground storage capacity allows assuring steady gas deliveries to consumers in Latvia, neighbouring Baltic countries and northwest Russia in the winter period. In the context of the NEGP, Russia has hinted at the possibility of developing the necessary infrastructure and facilities to ensure natural gas supplies to northwest Russia. This could considerably reduce the economic relevance of Latvia's underground storage capacity. Concerns about Russia's possible plans and an invitation to *Gazprom* to consider further investments into underground storage facilities have been expressed by the chairman of *Latvijas Gaze*, the enterprise that is largely controlled by *Gazprom* (34%) and its associate *Itera* (16%).<sup>22</sup> This demonstrates that *Gazprom* and Russia possess additional levers in the context of asymmetric energy relationships through the creation and development of vested interests within Latvia that lobby closer economic and energy cooperation with Russia.

Despite the political and economic controversy surrounding the NEGP, this project, along with Russia's energy disputes with its neighbours, has created a window of opportunity to develop a common understanding of energy security and move towards a common European Union energy strategy. The Baltic Prime Ministers have conceptually agreed to cooperate on a joint project with the aim of building a nuclear power station in Lithuania. The Latvian Ministry of Economics has elaborated the basic guidelines for a long-term energy policy aiming to strengthen energy security.<sup>23</sup> Hence,

<sup>19</sup> Viktor Kaluzhny, interview with *Telegraf*, 28 November 2005.

<sup>20</sup> Viktor Kaluzhny, interview with *Biznes&Baltija*, 3 February 2006.

<sup>21</sup> Latvia possesses an underground gas storage facility located in Inčukalns with a storage capacity of 4.4 billion cubic metres; information by *Latvijas Gaze*, available at <http://www.lg.lv/pub/default.php?lapa=1&oid=72>, last accessed on September 1, 2006.

<sup>22</sup> *LETA*, 19 February 2006.

<sup>23</sup> Available at: [http://www.em.gov.lv/em/images/modules/items/item\\_file\\_12288\\_2.doc](http://www.em.gov.lv/em/images/modules/items/item_file_12288_2.doc), last accessed on September 1, 2006.

the signals coming from Russia in the context of the NEGP may serve as a catalyst for new perceptions and new policy initiatives. The so-called Amber gas route, envisaging an on-shore pipeline infrastructure passing through Latvia, would have effectively restored some elements of mutual interdependence, this time in the natural gas sector. However, as the previous experience in Latvia-Russian energy relations demonstrated, economic interdependence requires reciprocity and can be mutually beneficial only in a cooperative political setting. Although Latvia's membership in the European Union has clearly extended the framework of interaction and ensures a certain element of stability and continuity, economic interaction in a context of politically tense bilateral relations is vulnerable to both political and economic manipulation.<sup>24</sup> Although these considerations obviously influence the ongoing debate in Latvia regarding energy policy and energy relations with Russia, a comprehensive strategy has yet to be defined. The development of a common European energy policy and the EU-Russia energy dialogue may become an important factor in this regard.

## Conclusion

The bilateral interdependence of the 1990s in the oil sector was replaced by a clearly asymmetrical energy relationship after 2000. As a result of Russian diversification policy, Latvia lost its comparative advantage in the transit of Russia's oil. At the same time, Latvia remained almost entirely dependent on Russian supplies of energy resources. Russia's recent agreement with Germany to build the gas pipeline bypassing the Baltic countries caused largely justified concerns that Latvia's Russian-centred energy dependence would be even further strengthened and, in the context of political disagreements, Latvia could become hostage to Russia's political and economic manipulation.

On the other hand, recent developments may eventually contribute to decreased dependence on Russia in the energy sector. The notion that "intolerable dependence" on Russian energy resources has spurred the need for diversification of energy supplies is increasingly entering public discourse. This trend could be reinforced by Latvia's EU membership and a generally more active European common energy policy. However, structural constraints remain in place and the "normalization" of Latvian-Russian energy relations depends on both Latvia's determination to lessen its energy dependence and Russia's willingness to de-politicize energy relations.

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<sup>24</sup> Spruds, "The NEGP and Russia's Gas Diplomacy," 24-25.

# Russian Foreign Policy Towards "Compatriots" in Latvia

Nils Muižnieks

## Introduction

The Russian Federation has made the status of Russians<sup>1</sup> in Latvia one of the central issues in bilateral relations since the failure of the putsch in August 1991 and the restoration of Latvian independence. This is clear from both Russian foreign policy documents and repeated statements from various Russian political leaders. This chapter analyses how Russian policy towards Russians in Latvia evolved over the last 15 years and seeks to explain why the "compatriot" issue has been so high on the bilateral agenda.

The policy of the Russian Federation towards its "compatriots" in Latvia has taken place in three separate arenas. First, from 1992 through August 1994, Russia sought to use its military as a tool to affect the status of Russians in Latvia, attempting to link the issue of troop withdrawal to changes in Latvian policy and even threatening military action. Second, from 1992 to the present Russia has raised the issue of Latvia's Russians in various international organizations, seeking to exert pressure on Latvia to change its policies and to isolate it diplomatically. Third, as of 1999, Russia has implemented a package of policy measures aimed at assisting certain categories of Russians in Latvia and maintaining their link to Russia.

## The Russian Military as a Tool for Assisting Compatriots, 1992-1994

Attempts to use the Russian military as a tool to achieve policy goals in Latvia did not take place in a historical vacuum. From a Latvian perspective, the Red Army facilitated the violent incorporation of Latvia into the Soviet Union and post-war repression against civilians. Throughout the Soviet era veterans were beneficiaries of widely resented privileges in the allocation of housing.<sup>2</sup> In the late 1980s, many active duty and retired

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<sup>1</sup> The Russian authorities have used a variety of terms over time: Russians, Russian citizens, Russian-speakers, *rossiyane* (people of Russia), *sootchestvenniki* (compatriots), etc. The nuances in meaning and the changes over time are not essential here, unless otherwise noted.

<sup>2</sup> On housing privileges, see Jānis Riekstiņš, ed., *Migranti Latvijā 1944-1989, Dokumenti* (Riga: Latvijas Valsts arhīvs, 2004), 151-214.

Soviet military personnel stationed in Latvia participated in the anti-independence movement.<sup>3</sup> Moreover, Moscow repeatedly sought to use alleged discrimination against Russians, veterans, Communists and others as a pretext to crack down on the independence movement.

Upon the attainment of independence in August 1991, Latvia had between 50,000 and 80,000 Soviet military personnel stationed on its territory, along with more than 22,000 retired Soviet military officers.<sup>4</sup> While Latvia was eager to rid itself of this foreign military presence, Moscow dragged its feet for a number of reasons: housing shortages in Russia, the desire to blackmail financial assistance from the West, fear of disgruntled military returnees strengthening hard-liners, spontaneous boycotts of the withdrawal by servicemen, and others. One consideration was the Kremlin's desire to affect minority policy in Latvia or at least to be seen as attempting to influence it.<sup>5</sup>

From May 1992 through April 1993, various Russian officials suggested that Russian troops would be withdrawn only after all Russians were granted Latvian citizenship and alleged rights violations were halted.<sup>6</sup> This linkage was made explicit in late October 1992, when Yeltsin signed a decision to halt the troop withdrawal, claiming he was "profoundly concerned over numerous infringements of the rights of Russian speakers."<sup>7</sup> While making the linkage might have momentarily strengthened Yeltsin's hand within Russia, it backfired abroad, as it provided ammunition to Latvia in its attempts to internationalize the troop withdrawal issue.

While the Kremlin soon disavowed linkage, this was not the only attempt to use the military to affect minority policy within Latvia. In October 1992, Sergei Zotov, Russia's chief negotiator with Latvia, issued a barely veiled threat: "One should not forget that [Russia's] military personnel in Latvia have access to weapons. If apartheid against inhabitants of Russian nationality continues, conflict is unavoidable."<sup>8</sup> This threat of military action to protect "compatriots" was not an isolated instance limited to Latvia.

In early November 1993, the "Main Provisions of the Military Doctrine of the Russian Federation" were accepted stating that "the oppression of the rights, freedoms and lawful interests of Russian citizens in other countries would permit the use of military force to defend the interests of such citizens."<sup>9</sup> After August 1994, when the troop withdrawal was concluded, Russian efforts to use the military to assist Russians in Latvia waned, while those former republics of the Soviet Union where Russian troops remained (e.g. Moldova, Georgia) were not so fortunate.

## Russia and the Internationalization of the Compatriot Issue

From 1992 to the present day, Russia has sought to internationalize the issue of the treatment of Russians in Latvia, putting it on the agenda of all the major regional and international organizations, including the United Nations (UN), the Organization for Security and Cooperation in Europe (OSCE), the Council of Europe (CoE), the Council of the Baltic Sea States (CBSS), the European Union (EU) and the North Atlantic Treaty Organization (NATO). At a minimum, Russian representatives expressed the hope that Latvia would implement the recommendations of international organizations. More often, however, Russia's portrayal of Latvian reality was over-dramatized at best and grossly distorted at worst: Latvia's regime was a form of "apartheid," Latvian minority policy was tantamount to "ethnic cleansing," Latvia was witnessing the "rebirth of fascism." The most infamous example of hyperbole came in 1998 when Moscow Mayor Yuri Luzhkov accused the Latvian authorities of "genocide" and compared Latvia to Cambodia under Pol Pot.<sup>10</sup>

Internationalization began with the UN. In the fall of 1992, immediately following the announcement of a halt to the troop withdrawal and linkage to the minority issue, Russia pressured the UN Secretary-General to send a fact-finding mission to Latvia on 27-30 October 1992 "to investigate alleged discriminatory practices against minorities." The mission's report noted "anxiety" among minorities "about their future status," "rather than any gross violation of human rights."<sup>11</sup> Subsequently, the Russian Federation raised the issue of the treatment of Russians in various UN bodies virtually every year through letters, *notes verbales*, draft resolutions, and speeches alleging "blatant" and "systematic discrimination" against

<sup>3</sup> See Nils Muiznieks, "The Pro-Soviet Movement in Latvia," *Report on the USSR 2*, No. 34 (August 24, 1990), 19-24.

<sup>4</sup> The estimate of 50,000 to 80,000 was provided by Sergei Zotov, head of Russia's delegation in negotiations with Latvia. See *Diena* 10 March 1992. The figure of 22,000 pensioners is the number mentioned in the inter-state agreement between Latvia and Russia.

<sup>5</sup> See Sven Gunnar Simonsen, "Compatriot Games: Explaining the Diaspora Linkage in Russia's Military Withdrawal from the Baltic States," *Europe-Asia Studies* Vol. 53, Issue 5, (July 2001), 771-791.

<sup>6</sup> See *Ibid* for numerous statements. For an early statement making the linkage, see *Diena* 5 May 1992. For the April 1993 linkage by Yeltsin, made at a press conference in Vancouver, see Gregory Guroff and Alexander Guroff, "The Paradox of Russian National Identity," in Roman Szporluk, ed., *National Identity and Ethnicity in Russia and the New States of Eurasia* (London: M.E. Sharpe, 1994), 74.

<sup>7</sup> Cited in Simonsen, "Compatriot Games," 775.

<sup>8</sup> Cited in *Diena* 14 October 1992.

<sup>9</sup> For this passage and analysis thereof, see Aivars Stranga, "Russia and the Security of the Baltic States: 1991-1996," in Atis Lejiņš and Daina Bleiere, ed., *The Baltic States: Search for Security* (Riga: Latvian Institute of International Affairs, 1996), 146.

<sup>10</sup> *RFE/RL Newslines* 30 March 1998.

<sup>11</sup> The citations are from "Summary of the Report on a Fact-Finding Mission to Latvia" by Ibrahim Fall, November 1992, reprinted in Hanne-Margret Birckenbach, *Preventive Diplomacy through Fact-Finding: How international organisations review the conflict over citizenship in Estonia and Latvia* (Hamburg: The Schleswig-Holstein Institute for Peace Research, 1997), 299-306.

Russians, “expelling the non-indigenous population,” “destroying the cultural life of the Russian-speaking population,” “organizing political trials against anti-fascist veterans,” “forbidding people to speak in their native language” and so forth.<sup>12</sup>

Russia has also been active in drawing attention towards its Latvian “compatriots” at the CSCE/OSCE. One of the first efforts was in December 1992, when Russia distributed a memorandum “On the Situation of the Russian-speaking Population in Latvia and Estonia” to CSCE foreign ministers in Stockholm.<sup>13</sup> Subsequent initiatives focussed on influencing the work of the CSCE/OSCE Mission to Latvia (from November 1993 through December 2001) and the High Commissioner on National Minorities (HCNM) - key interlocutors with the Latvian government on minority issues. While generally supportive of the work of the Mission and the HCNM throughout the 1990s, Russia became increasingly critical in 2000 and especially in 2001.

Throughout 2001 Latvia lobbied its partners vigorously to close the OSCE Mission to Latvia, fearing that the presence of the Mission would tar Latvia’s image and, thus, its bids to join the EU and NATO. Russia, for its part, fought a tough diplomatic battle to have the Mission remain, claiming that it had not yet fulfilled its pledge to protect Russians from discrimination and that citizenship and language issues remained unsolved.<sup>14</sup>

<sup>12</sup> Russian authorities sent a host of letters to the Secretary-General on human rights in Estonia and Latvia throughout late 1993 and 1994 which can be found in the UN documents database. For a Russian MFA statement on the “Situation of Human Rights in Estonia and Latvia,” see UN document A/49/57 of 3 January 1994; for Kozyrev’s address to the Director-General of the UN Office at Geneva, see document E/CN.4/1994/107 on the “Rights of persons belonging to National or Ethnic, Religious and Linguistic Minorities” of 4 February 1994; for a letter from Russia’s Permanent UN representative to the Secretary-General on the “incompatibility of Latvia’s Law on citizenship with the norms of international law,” see document A/49/220 of 8 July 1994; for a 12-page document from Russia’s permanent representative to the Secretary-General on “Discrimination against the Russian-speaking population in Estonia and Latvia,” see document A/49/265 of 20 July 1994; for a letter to the Secretary-General by Yeltsin condemning Latvia’s citizenship law, see document A/49/298 of 8 August 1994; for an address by Kozyrev to the Secretary General on Latvia’s citizenship law, see document A/49/304 of 9 August 1994. On the draft resolution on human rights in Latvia and Estonia, see *Integration and Minority Information Service*, <http://www.humanrights.org.lv/html/monitor/> for 28 November 1996 citing that day’s *Diena* and *Neatkarīgā*. This is a press review prepared by the staff of the OSCE Mission to Latvia until the end of 2001, then taken over by the Latvian Centre for Human Rights and Ethnic Studies. For interventions at the Commission on Human Rights in March 2004, see *Radiostantsiya Mayak* “Novosti,” 17 March 2004, *Telekanal “1. kanal” “Vremya”* 17 March 2004, and *Integration and Minority Information Service* of 18 March 2004 citing that day’s *Telegraf*. For interventions at the March 2005 session, see *RIA Novosti* 18 March 2005 and *Integration and Minority Information Service* of 18 March 2005 citing that day’s *Vesti segodnya*.

<sup>13</sup> For the text, see *Diplomatičeski Vestnik* No. 1-2, (1993), 34-5.

<sup>14</sup> See *Integration and Minority Information Service* of 3 December 2001, citing that day’s *BNS*, *Neatkarīgā* and *Vesti segodnya*.

Agreement could not be reached at the OSCE Permanent Council on extending the mandate of the Mission, and despite vigorous and “categorical” Russian objections, it closed at the end of December 2001.<sup>15</sup>

Russia initially supported the HCNM and, despite his objections, tried to link an improvement in Latvian-Russian relations to implementation of his recommendations.<sup>16</sup> However, starting in July 2000, Russia began to criticize the HCNM for an insufficiently tough stance towards Latvia’s legislation on language and other issues.<sup>17</sup> In recent years, Russia has chosen other OSCE structures and events, such as the OSCE Parliamentary Assembly, various conferences, and even the OSCE Economic Forum as platforms to criticize Latvia for alleged “discrimination against Russians and Russian-speakers.”<sup>18</sup>

The Council of Europe has been an important forum for Russia to attack Latvia. Indeed, much of the work of Latvian diplomats in this organization revolves around refuting Russian charges.<sup>19</sup> When Russia submitted an application to join the Council of Europe in May 1992, it used the opportunity to distribute to the Committee of Ministers a “Memorandum on the Violation of Human Rights in the Baltic States.”<sup>20</sup> One of the core goals of Russian diplomacy in the Council of Europe after it joined was to prolong human rights monitoring of Latvia by the Parliamentary Assembly (PACE) and then, the post-monitoring dialogue. This was a way of shaming and pressuring Latvia on the minority issue, as well as harming its bid to join the EU, insofar as meeting CoE human rights standards is considered a necessary prerequisite for EU membership. Dmitry Rogozin, head of the Russian delegation at the PACE suggested as much in 2004, claiming that Latvia was “not worthy of being invited to the EU.”<sup>21</sup> While

<sup>15</sup> For an overview of the Mission and the controversy over closing it, see Wilhelm Hoyneck, “Elements for Success of the OSCE Mission in Latvia,” unpublished presentation made at a conference “OSCE and Latvia: Past, Present and Future” in Riga, Latvia on 20 March 2002.

<sup>16</sup> See Walter Kemp, ed., *Quiet Diplomacy in Action: The OSCE High Commissioner on National Minorities* (The Hague: Kluger Law International, 2001), 61, n. 33.

<sup>17</sup> See *Integration and Minority Information Service* of 31 July 2000 citing that day’s *Neatkarīgā*.

<sup>18</sup> For a Russian statement at the Brussels Conference on Tolerance in September 2004 slamming discrimination in Latvia, see [http://www.osce.org/documents/cio/2004/09/3644\\_en.pdf](http://www.osce.org/documents/cio/2004/09/3644_en.pdf), last accessed on July 26, 2006. For reports on Russia’s activities aimed at Latvia in the Parliamentary Assembly, see *Integration and Minority Information Service* of 9 July 2003 citing that days *Chas*, and *Parlamentuskaya gazeta* 7 July 2004. For a report on activities at the Economic Forum, see *Integration and Minority Information Service* of 25 May 2005 citing that day’s *Chas* and *Telegraf*.

<sup>19</sup> For candid admissions to this effect by a number of Latvian diplomats at the CoE, see Uldis Krastiņš, ed., *Latvija Eiropas Padomē – 10 gadi/Latvia in the Council of Europe – 10 Years* (Riga: Council of Europe Information Bureau, 2005), 12, 27, 30, 42.

<sup>20</sup> For a text of the memorandum, see *Diplomatičeski Vestnik* No. 9/10, (1992), 19-23.

<sup>21</sup> See *Radiostantsiya Mayak* 29 January 2004 and *Radiostantsiya Yunost’* 29 January 2004.

PACE monitoring ended in December 2001, the post-monitoring dialogue extended all the way to June 2006.

Another regional organization used by Russia to attack Latvia on the compatriot issue was the Council of the Baltic Sea States (CBSS), a body uniting the Nordic and Baltic countries, Germany, and Russia. While the CBSS deals primarily with environmental and economic cooperation around the Baltic Sea, Russia supported the establishment of a CBSS Democracy Commissioner in 1994 in order to have another lever to pressure Latvia and Estonia on the minority issue.<sup>22</sup> Over time, Russian authorities regularly met with the High Commissioner and urged that the issue of the Russian minority be a priority.<sup>23</sup> However, this body never attained the prominence or influence of the OSCE or the Council of Europe and the Democratic Commissioner's post was quietly scrapped at the end of 2003.

While Russia sought to harm Latvia's EU bid indirectly by keeping the issue of minority rights in Latvia on the agenda of the OSCE and the CoE, Russia has also directly addressed EU bodies on issues related to Russians in Latvia. When Latvia adopted a language law in December 1999, the Russian Foreign Ministry appealed to the Council of the EU to reconsider Latvia's invitation to negotiate EU membership.<sup>24</sup> In late May of 2003, Russia tried to include the compatriot issue on the agenda of the EU-Russia summit and made it clear that if the EU raised the Transdnester issue, Russia would raise the issue of Russians in the Baltic States.<sup>25</sup>

From October 2003 through April 2004, Russia resisted applying the Partnership and Cooperation Agreement (PCA) between Russia and the EU to Latvia and Estonia, claiming that these states violated the rights of Russian-speakers. In the end Russia relented in late April 2004 and agreed to apply the PCA to all new member states, with the EU offering in return to engage in human rights consultations with Russia.<sup>26</sup> While such consultations provide Russia the opportunity to raise the compatriot issue, one

Russian observer also noted with concern that they can be used by the EU to discuss Chechnya.<sup>27</sup>

By tarnishing Latvia's image on the minority issue, Russia hoped not only to hinder its bid to join the EU, but also its efforts to join NATO. Analysts at Russia's Council on Foreign and Defence Policy, a think-tank close to the Kremlin, reflected this mindset in 1997, when they claimed in a piece on the Baltic states that "NATO cannot accept into its ranks countries with unresolved problems with minorities and borders."<sup>28</sup> On 27 December 2002, not long before Latvia's accession to NATO, Russian Foreign Minister Igor Ivanov addressed a letter to NATO Secretary General George Robertson on the "situation with the one and a half million Russian speaking residents" in the three Baltic States, listing the various areas of concern, and asking "whether it is envisaged within NATO to keep this problem unresolved or will its prompt solution be sought?" Ivanov went on to note that Russia "would not like these sensitive points of our relations with Latvia and Estonia be carried over into the framework of NATO-Russia cooperation."<sup>29</sup> In 2003, Russian deputies at the NATO Parliamentary Assembly even managed to place the issue of Russian-speakers on the agenda, when Russian deputy Lyubov Sliska prepared a highly critical report on minorities in Estonia and Latvia, had the report discussed and noted, and followed up with on-site visits.<sup>30</sup>

The aforementioned instances are only the most prominent and well-documented efforts on the part of Russia to internationalize the compatriot issue over the last 15 years. According to communications from Latvian diplomats and politicians at the time of writing (September 2006), similar initiatives continue. Moreover, Latvia's Russian language media, as well as certain Russian-oriented NGOs and politicians have played along with Russia and supported its efforts. In recent years, Russia has complemented its diplomatic initiatives with a more on-the-ground effort to assist certain categories of Russians within Latvia.

## Russia's Direct Assistance to Compatriots in Latvia

The Russian authorities have never disclosed how much assistance they provide to various organizations and individuals in Latvia. Fragmentary information on various programmes has appeared in Latvia's Russian-language press. However, there is strong reason to believe that not all

<sup>22</sup> See Igor Yurgens and Sergei Karaganov, "Rossiya i pribaltika (Analitichesky Doklad)" (Moscow: Council on Foreign and Defence Policy, 1997) reprinted in Sergei Oznobishchev and Igor Yurgens, ed., *Rossiya-Baltiya: Doklady SVOP, Materialy konferentsii* (Moscow: Izdatel'sky tseñtr nauchnikh i uchebnikh programm, 2001), 57.

<sup>23</sup> *Integration and Minority Information Service* of 14 May 1998 citing that day's *SM* and *Chas*, of 20 June 2000 citing that day's *Diena*, and of 7 December 2000 citing that day's *Lauku Avīze*.

<sup>24</sup> See *Integration and Minority Information Service* of 11 December 1999 citing that day's *Diena* and *Neatkarīgā*.

<sup>25</sup> See *Integration and Minority Information Service* of 31 May 2003 citing that day's *Diena*, *Neatkarīgā*, and *Lauku Avīze*.

<sup>26</sup> For Latvian coverage of the controversy, see *Integration and Minority Information Service* of 24 October 2003 citing *Diena*, of 7 November 2003 citing *Diena*, and of 28 April 2004 citing *Diena*. For Russian coverage, see *Radio Mayak* 14 October 2003, where Dmitry Rogozin states that "We will not sanction the joining of Latvia to the Russia-EU agreement;" see also *Novaya Gazeta* 6 November 2003, *Gazeta* 28 April 2004.

<sup>27</sup> See *Vedomosti* 28 April 2004.

<sup>28</sup> Yurgens and Karaganov, "Rossiya i pribaltika," in Oznobishchev and Yurgens, ed., *Rossiya-Baltiya*, 48.

<sup>29</sup> NATO unclassified document SG(2003)0007 of 07 January 2003 and Annex, on file with the author.

<sup>30</sup> For minutes of the meeting discussing the report, see <http://www.nato-pa.int/Default.asp?CAT2=0&CAT1=0&CAT0=576&SHORTCUT=413>. For minutes of the Estonian and Latvian visits, see <http://www.nato-pa.int/Default.asp?CAT2=0&CAT1=0&CAT0=576&SHORTCUT=420>, last accessed on July 24, 2006.

the assistance is publicly known or acknowledged. For example, rumours about Russian Federation funding to certain Russian-language periodicals in Latvia have persisted for years, but cannot be confirmed (see Ilze Šulmane's chapter above). The same holds true for assistance to certain political parties (see Jānis Ikstens' chapter above). Here, the focus will be only on those cases in which assistance has been acknowledged or can be demonstrated with a strong degree of certainty.

Before 1999, there is little evidence of any substantial direct assistance to Russians in Latvia. The only exceptions regard limited sums of aid from the Federal Migration Service to those who wanted to resettle in Russia, pension payments to retired military officers in accordance with the interstate treaty between Latvia and Russia and consular assistance to citizens of Russia, which will not be treated here. Out-migration from Latvia virtually ceased in the mid-1990s and the number of retired military pensioners has dwindled significantly from its peak of 22,000 in 1994.

Interestingly, the number of citizens of Russia living in Latvia has never been officially revealed, but figures quoted in the press in the 1990s ranged from a minimum of 12,000 to a maximum of 60,000, though many apparently acquired citizenship immediately before moving to Russia.<sup>31</sup> A study of the diaspora commissioned by the Russian Foreign Ministry claimed in 2004 that there were 40,000 citizens of Russia in Latvia (compared to 114,000 in Estonia).<sup>32</sup> Clearly, Russian Federation policy has not been one of encouraging the adoption of citizenship of the Russian Federation.

Veterans of World War II have been an important target group for Russian diaspora policy from the early days. Every year Russian diplomats have provided moral support to veterans in Latvia celebrating Victory in World War II day by organizing meetings with veterans in the embassy and attending various commemorations. In 2000, Russian President Vladimir Putin sent personal greetings to 35,000 residents of Latvia, while in 2001, the Russian embassy gave vouchers to veterans for visiting health resorts in Russia.<sup>33</sup> The Russian Embassy has provided subscriptions of Russia's newspapers to veterans.<sup>34</sup> Russia has also taken part as an interested third party in a number of cases involving former KGB personnel, military officers or their families challenging Latvia in the European Court of Human Rights.

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<sup>31</sup> See Aina Antane and Boris Tsilevich, *Latviya: Model' etnologicheskogo monitoringa* (Moscow: Rossiiskaya Akademiya Nauk, 1997), 59. See also Nils Muiznieks, "Russia's Citizens in the Baltics: A Security Threat in the Making," *The Baltic Observer* March 31-April 6, 1994.

<sup>32</sup> V.M. Skrinnik, T.V. Poloskova *et al.*, *Rossiskaya Diaspora v Stranakh Baltii: Sostayaniye i perspektivy* (Moscow: Moskovskoe otdelenie gosudarstvenno-obshchestvennogo fonda "Rossiyane," 2004), 20.

<sup>33</sup> Regarding the personal greeting to 35,000 residents, see *Integration and Minority Information Service* of 3 May 2000 citing that day's *Chas*, *Vesti segodnya* and *Panorama Latvii*. For a story on the vouchers, see the review of 30 April 2001 citing that day's *Chas*.

<sup>34</sup> *Integration and Minority Information Service* of 4 November 2001 citing that day's *Diena* and *Vesti segodnya*.

Another important target group has been Russian-speaking students, teachers and schools. In recent years, the Russian authorities have sent large consignments of textbooks almost every year to schools in Latvia – while the first shipment consisted of 7341 books in 1998, the total in 2003 was 55,000 books. The shipments have generated some controversy in Latvia, as the Russian side has not always observed the proper customs procedures. Moreover, some of the books in the social sciences contain ideologized versions of history or current affairs.<sup>35</sup>

Another area of "compatriot" policy of growing importance is providing scholarships to study in Russia and organizing teacher-training seminars. In 1999 the Moscow City Council established what in popular parlance came to be known as "Luzhkov scholarships." That year 45 students from Latvia were awarded fellowships to study in Russian universities; the figure grew to 48 in 2001 and 54 in 2002.<sup>36</sup> Over the last several years, the Russian Embassy in Riga has also supported study visits to Russia – in 2006, for example, 120 schoolchildren from all over Latvia spent 9 days in St. Petersburg.<sup>37</sup> The Russian central government has also organized and funded training seminars for 40 teachers of Russian language and literature in 2000, 65 in 2001, and more than 90 in 2002.<sup>38</sup>

There is very little publicly available information about the amount of Russian financial support for various cultural groups and non-governmental organizations in Latvia. For example, in 2001, a local Russian newspaper reported that two beneficiaries of Russian aid were the Russian cultural and education centre for children "Korny" and the Riga Children's music school, which received musical instruments.<sup>39</sup> In the last several years, a major centre of Russian cultural activities, exhibits, exchanges, and so forth has been the House of Moscow – a cultural centre in the very heart of Riga funded by the Moscow City Council. While most Russian assistance fits in the categories of culture or education, another direction of policy is more clearly political.

For example, the Latvian Security Police has confirmed that sources in Russia provided financial support to the unregistered Headquarters for the Defence of Russian-Language Schools, which organized a series of protests against the education reform in 2003 and 2004.<sup>40</sup> At the same time, various

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<sup>35</sup> For the 1998 shipment and discussion thereon, see *Integration and Minority Information Service* of 19 September 1998 citing *Diena* and *SM*. For the 2003 shipment, see the review of 27 June 2003 citing *Vechernaya Riga*, *Chas* and *Telegraf*.

<sup>36</sup> See *Integration and Minority Information Service* of 29 April 1999 citing *Chas*, of 13 October 2001 citing *Chas*, and of 29 June 2002 citing *Vesti segodnya*.

<sup>37</sup> *Vesti segodnya* 16 August 2006.

<sup>38</sup> See *Integration and Minority Information Service* 4 November 2000 citing *Diena* and *Vesti Segodnya*, of 31 August 2001 citing *Chas*, *Vesti segodnya*, and *Panorama Latvii* and of 25 July 2002 citing *Vechernaya Riga* and *Vesti segodnya*.

<sup>39</sup> *Integration and Minority Information Service* of 13 October 2001 citing *Chas*.

<sup>40</sup> *Integration and Minority Information Service* of 16 September 2004 citing *Diena*.



Russian officials and institutions have sought to assist certain political parties in Latvia through statements, gestures and perhaps other means.

In 1998, in the run-up to Latvia's parliamentary elections, Moscow Mayor Yuri Luzhkov openly called upon Yeltsin to support the electoral aspirations of the coalition "For Human Rights in a United Latvia." Coalition leader Jānis Jurkāns could then claim that many voters now "understand which political force could normalize relations with Russia."<sup>41</sup> That same year, Jurkāns and Russian Party "Our House Russia" head Viktor Chrenomyrdin signed an agreement on cooperation calling for regular meetings, mutual activities and joint positions in international organizations.<sup>42</sup> After the election, Luzhkov promised to cooperate with those businessmen who supported Jurkāns' bloc.<sup>43</sup> In the run-up to the 2002 parliamentary elections, without any prior notice or coordination with the Latvian authorities, Jurkāns was received by Vladimir Putin himself – a move widely interpreted in Latvia as a blatant effort by the Kremlin to assist one political party in Latvia.<sup>44</sup>

## Conclusion

In reviewing Russian diaspora policy towards Latvia over the last 15 years, one is struck by a number of features. Regarding the troop withdrawal-diaspora linkage in the early 1990s, there is no evidence that it had any direct impact on treatment of Russians at the time. However, as Wilhelm Hoyneck has noted, after internationalizing the troop withdrawal, "Latvia could not refuse international involvement in the minority problem."<sup>45</sup>

Russian efforts to maintain this international involvement have been unrelenting and all-encompassing. Clearly, regional and international organizations paid more attention to the situation of Russians in Latvia than they would have in the absence of Russia's efforts. Despite Russia's efforts, however, Latvia did join the EU and NATO, the OSCE Mission to Latvia was closed, and PACE monitoring and the post-monitoring dialogue have ceased. At the same time, there is an ongoing academic debate about the extent to which the European minority rights regime and conditionality actually changed policy in Latvia.<sup>46</sup>

<sup>41</sup> *Integration and Minority Information Service* of 1 August 1998 citing *Diena*.

<sup>42</sup> *Integration and Minority Information Service* of 21 August 1998 citing *Chas* and *Biznes & Baltija*.

<sup>43</sup> *Integration and Minority Information Service* of 25 November 1998 citing *Diena*.

<sup>44</sup> See *Integration and Minority Information Service* of 23 September 2002 citing *Diena*.

<sup>45</sup> Hoyneck, "Elements for Success of the OSCE Mission to Latvia," 2.

<sup>46</sup> For analysis of the OSCE role, see Jekaterina Dorodnova, *Challenging Ethnic Democracy: Implementation of the Recommendations of the OSCE High Commissioner on National Minorities to Latvia, 1993-2001* (Hamburg: Centre for OSCE Research/Institute for Peace Research and Security Policy at the University of Hamburg, 2003). For the role of EU conditionality, see Nils Muiznieks and Ilze Brands Kehris, "The European Union, democratization, and minorities in Latvia," in Paul J. Kubicek, ed., *The European Union and Democratization* (London: Routledge, 2003), 30-55.

Russia's efforts to provide direct assistance to Russians in Latvia through cultural and educational programmes began in earnest only in 1999. The late start of these activities may be linked to scarce resources, but also to a lack of interest and understanding about the true needs of the diaspora or the most effective way to mesh diaspora policy with larger Russian foreign policy goals.

Interestingly, in 2004 the Russian MFA commissioned an evaluation of diaspora policy in the Baltic States and published the results, which were not always flattering. The authors of the report noted that "there is a widespread opinion that the policy of Russia to support compatriots is to a certain degree declarative and exists only in words."<sup>47</sup> The authors conclude that "certain programmes, such as the Moscow mayor's scholarships and programmes to support veterans, are known," but that "with regard to education, youth are to a large extent oriented to Europe, and not Russia, though participants in the research do identify themselves as Russians in the first place."<sup>48</sup>

Thus, Russia's efforts have not been fully appreciated by their intended beneficiaries and have enjoyed only limited success in winning their "hearts and minds." Clearly, though, various actors within Russia have pursued a number of policy goals in addition to helping Russians. Some (e.g. Yuri Luzhkov) used the diaspora issue for domestic political posturing. The Russian MFA undoubtedly used the diaspora issue as a bargaining chip in the international arena in return for gains on other issues or to deflect attention from Russian policies elsewhere. At the same time, Russia clearly sought to use the minority issue to harm Latvia's EU and NATO bids and to isolate Latvia internationally.

Given Latvia's small size, relative prosperity (by post-Soviet standards) and civic peace, one is struck by the prominence Russia has given the "compatriot" issue in Latvian-Russian relations. Latvia does have one of the highest shares of Russians of any area in the "former Soviet space." In the last Soviet census in 1989, Russians constituted 34% of the population of Latvia, a figure topped only by Kazakhstan. If one adds those inhabitants of Ukrainian, Belarussian and other ethnic origin with Russian as a native language, the share of "Russian-speakers" surpasses 40% of the population. Given the sheer number of persons it could consider "compatriots" in Latvia, Russia was bound to pay notice.

A second reason for the attention has to do with Latvian minority policy (see my chapter above). Along with Estonia, Latvia was the only state in the "former Soviet space" that did not grant all inhabitants citizenship virtually automatically. Compared with many other areas where the Russian language has maintained a more or less official status equal to that of the "titular" language, Latvia has taken vigorous steps to enhance the status

<sup>47</sup> Skrinnik, Poloskova *et al.*, *Rossiskaja Diaspora v Stranakh Baltii*. 45.

<sup>48</sup> *Ibid.*, 48.

of the Latvian language, which inevitably impinged upon the status of the Russian language. Latvian minority policy evoked special attention from Russia and, often, made Latvia vulnerable to international criticism.

A number of observers have put forth additional explanations. After examining media treatment in Russia of the citizenship issue in Latvia and Estonia in 1992 and 1993, one observer concluded: “no other diaspora issue was accorded so much space in the Russian media or provoked so much bitter and incensed comment.”<sup>49</sup> While genuine outrage in Russia might have been a motivation to raise the diaspora issue domestically and internationally, so were more instrumental concerns.

In 1992, as part of a strategy of post-imperial integration, influential Russian political analyst Sergei Karaganov proposed using the idea that human and minority rights were being violated as a weapon against the countries of the former Soviet Union.<sup>50</sup> By raising the minority rights issue, Russia could not only put Latvia on the defensive, but also deflect international criticism of its own policies in Chechnya and elsewhere. It could be that the Russian regime as a whole needs to sustain the image of a “bad” Latvia in order to bolster its own domestic legitimacy. As the narrative above suggests, often several different actors in Russia (e.g., the president, the Mayor of Moscow, the MFA, the military) engaged on the diaspora issue and the motivations were often mixed.

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<sup>49</sup> Paul Kolstoe, *Russians in the Former Soviet Republics* (London: C. Hurst & Co., 1995), 283.

<sup>50</sup> For a discussion of Karaganov and his strategy, see Stranga, “Russia and the Security of the Baltic States: 1991-1996,” in *The Baltic States*, 149-150.

## The Border Issue<sup>1</sup>

Toms Rostoks

### Introduction

The issue of a border treaty has been important in the relationship between Latvia and Russia since the restoration of Latvia’s independence in the early 1990s. Regardless, no treaty has been signed or ratified. This chapter reviews the issue from the early 1990s to the present and examines the primary reasons the treaty has not been signed. In the end, possible future scenarios are explored.

### The History of the Border Dispute

Most of the border between Latvia and Russia is not under dispute, but the Abrene District<sup>2</sup> has been the main reason the two countries have not been able to agree on a border treaty. The Latvian-Russian border is functional in *de facto* terms, but it is not supported by a bilateral agreement. No country can arbitrarily set its borders with another – agreement on both sides is necessary, and this agreement must be confirmed in a treaty. Latvia and Russia have not achieved such voluntary agreement.

The Abrene district is 1,294 km<sup>2</sup> in size, and between 1920 and 1940 (1944) it was a part of Latvia, representing some 2% of the country’s pre-war territory. According to various sources of information, the population of the Abrene District was around 50,000 people before World War II – 85% of them Russians and slightly more than 12% of them Latvians.<sup>3</sup> Before World

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<sup>1</sup> The author would like to express his deepest thanks to Normans Penke, state secretary of the Latvian Foreign Ministry, as well as Vilmārs Heniņš, director of the First Bilateral Relations Department of the ministry’s Third Political Directorate for their support in the writing of this paper.

<sup>2</sup> The Abrene District was made up of the city of Abrene and the Kacēni, Upmale, Linava, Purvmale, Augšpils and Gauri parishes. In tsarist Russia and during the Soviet era after 1944, Abrene was called Pitalov, and the rural territories surrounding it were called Vishgorod, Kachanov and Tolkov.

<sup>3</sup> Various sources cite different population figures for the Abrene District before the war. Dietrich Loeber wrote that the population was around 50,000 people, while Bonifācijs Daukšts and Artūrs Puga reported that in 1935, there were some 44,600 residents in the district. Other sources cite different numbers. To be sure, it must be remembered that the number and composition of residents changed significantly during World War II and as a result of Soviet-era deportations. See Bonifācijas Daukšts and Artūrs Puga, “Abrene,” in T. Forsberg, ed., *Contested Territory: Border Disputes at the Edge of the Former Soviet Empire* (Edward Elgar, Aldershot, 1995), 180. See also Dietrich A. Loeber, “Krievijas un Latvijas teritoriālais strīds Abrenes jautājumā,” *Latvijas Vēsture*, No. 3(5), (2005), 47.

War II the Abrene District was home to 2-3% of the Latvian population.<sup>4</sup> Most inhabitants of the district lived in the countryside and the town of Abrene had only about 1,200 residents, nearly 40% of them ethnic Latvians. The standard of living in Abrene was far below the Latvian average, but it was comparable to the standard of living in the rest of the eastern Latvian region of Latgale.<sup>5</sup>

Before the war the border between Latvia and Soviet Russia was based on a peace treaty of 1920. Soviet Russia stated that it “recognizes the independence and sovereignty of the Latvian state without any objection and willfully and eternally rejects any sovereign rights which Russia once had with respect to the Latvian people and land under the previous structure of state, doing so also on the basis of international agreements which are mentioned here and lose force for all time eternal. The Latvian people and state have no obligations vis-à-vis Russia as a result of their previous belonging to the Russian state.”<sup>6</sup>

Latvia’s border was confirmed in the Constitution, which took effect in November 1922. Articles 3 and the 77 of the Constitution state that Parliament has no right to change borders confirmed in international agreements without a national referendum.<sup>7</sup>

Despite the categorical statement in the peace treaty, the Soviet Union did not respect Latvia’s sovereignty and independence in practice. That applied not only to Abrene as a component of Latvia, but also to Latvia as a whole. The view in the Soviet Union was that “bourgeois” Latvia would not survive long, and soon would be a part of the USSR. Historians in Latvia and Estonia have concluded that in the 1920s, to say nothing of the 1930s, the Soviet Union was planning to annex the three Baltic States and to help in organizing coups in all three.<sup>8</sup> The Soviet Union had two different policies vis-à-vis the Baltic States. One was to cultivate formally friendly relations, while the other was to provide support to Communist organizations in the Baltic States seeking to undermine the Baltic governments.<sup>9</sup>

Latvia’s forcible incorporation into the Soviet Union began on June 16, 1940, when the Soviet government issued an ultimatum to Latvia.

This was followed by fraudulent parliamentary elections on July 14 and 15, and the process officially ended with Latvia’s admission to the Soviet Union on August 5. Control over Abrene was transferred toward the end of World War II, in 1944, when the Red Army liberated the territory of Latvia from the German armed forces. The Abrene District was transferred to the Russian Soviet Federative Socialist Republic (RSFSR) on the basis of a request made by the Presidium of the Supreme Soviet of the Latvian Soviet Socialist Republic (LSSR) on August 22, 1944. The Presidium asked the RSFSR to take over Abrene and its surrounding parishes. On the next day, the Presidium of the Supreme Soviet of the USSR accepted this request by decree.<sup>10</sup>

The question arises as to why this shift in the border was necessary. The Latvian SSR’s request was officially based on requests from many people who lived in the Abrene District, but there is evidence to suggest that most people in that area – Communist party functionaries included – learned about the transfer only after August 1944. The actions of the RSFSR led to dissatisfaction among local party and government officials.<sup>11</sup> The only credible suggestion in the historical literature is that, as the end of the war approached, the allies of the Soviet Union began to pose more frequent questions about the destiny of the Baltic States. By manipulating the borders, the Soviet Union demonstrated who truly controlled the territories in question.<sup>12</sup>

Inevitably, World War II and its aftermath had a significant impact on the population of the district. Daukšts and Puga report that only 5% of the residents of Pitalov today are pre-war residents of Latvia or their descendants.<sup>13</sup> The historical memory of local residents was also deformed, since the issue of who had control over Pitalov in the inter-war period was a taboo subject in the Soviet Union and children were taught that the territory had always belonged to Russia.

## The Issue of Abrene since the Restoration of Latvia’s Independence

The issue of Abrene appeared on the political agenda immediately after the declaration of Latvia’s independence on May 4, 1990. The declaration ordered the Latvian government to negotiate with Russia on the future of Abrene. The independence declaration re-instituted the 1922 Constitution, Article 3 of which states that Latvia’s territory is determined in international agreements. Paragraph 9 of the declaration, moreover, also said that relations with Russia would be based on the peace treaty

<sup>4</sup> The shift of borders caused much greater losses to Estonia. The part of the Veru District which was behind the Narva River, as well as most of the Petseri District were attached to the Leningrad and Pliskau districts of Russia – 5% of Estonia’s pre-war territory and 6% of its population. See Edgars Andersons, “Kā Narva, Pečori un Abrene tika iekļauta Krievijas Sociālistiskajā Federatīvajā Republikā,” *Latvijas Vēsture*, No. 1(1), (1991), 55. www.historia.lv, last accessed on August 5, 2006.

<sup>5</sup> Daukšts and Puga, “Abrene,” 180-181.

<sup>6</sup> Peace treaty between Latvia and Russia, Article 2. www.historia.lv, last accessed on July 27, 2006.

<sup>7</sup> Constitution of the Republic of Latvia. [http://www.saeima.lv/Likumdosana/likumdosana\\_satversme.html](http://www.saeima.lv/Likumdosana/likumdosana_satversme.html), last accessed on July 27, 2006.

<sup>8</sup> Daukšts and Puga, “Abrene,” 181.

<sup>9</sup> Edgars Andersons, *Latvijas vēsture. 1920-1940. Ārpolitika*, 491.

<sup>10</sup> Loeber, “Krievijas un Latvijas teritoriālais strīds,” 48.

<sup>11</sup> A. Bergmanis, “Jauni fakti par Abrenes pievienošanu,” *Diena*, 17 January 1994, 4-5, www.historia.lv, last accessed on August 5, 2006.

<sup>12</sup> Daukšts and Puga, “Abrene,” 182.

<sup>13</sup> *Ibid.*, 183.

of 1920.<sup>14</sup> This created a political problem, because the *de facto* border between Latvia and Russia was not the same as it had been between 1920 and 1940. To this day, this problem has kept Russia and Latvia from concluding a border treaty.

The simplest solution would be for Russia to return to Latvia the Abrene District, but there is nothing to suggest that this is possible. While Latvia could base its claims to the Abrene District on the 1920 peace treaty, Russia insists that the peace treaty became null and void in 1940, when Latvia was incorporated into the USSR. Dietrich Loeber has argued that this difference in opinions about the 1920 treaty is the basic problem in the territorial dispute between Russia and Latvia.<sup>15</sup> One can question whether Latvia and Russia have a territorial dispute, because Latvia has made no territorial claims vis-à-vis Russia, nor has it tried to recover Abrene.

In 1992, the Latvian Parliament adopted a resolution which upheld the demand for Abrene, announcing that the 1944 decree on its incorporation into Russia was null and void from the moment that it was adopted. The resolution, however, did not demand that the territory be returned.<sup>16</sup> This pointed to the unlawful nature of Abrene's incorporation, but did nothing more. In 1995, a conceptual document related to Latvia's foreign policy stated that the issue of Abrene should be resolved in accordance with internationally recognized legal norms.<sup>17</sup>

Russia bases its refusal to accept Latvia's claims to Abrene on the 1975 Helsinki Act, which stated that the borders of countries are not to be changed. There are also different interpretations of history. Russia argues that the Soviet Union did not occupy Latvia and that Latvia joined the USSR voluntarily. In legal terms, Latvia's position may be stronger, but there is no legal way of resolving the Abrene problem, because, as Loeber points out, neither Latvia nor Russia have accepted the mandatory jurisdiction of the International Court.<sup>18</sup> The court cannot review cases if the countries involved might refuse to obey its rulings. This means there are very limited opportunities to resolve the Abrene issue on a legal basis and a political solution is far more realistic.

It was specifically in pursuit of such a solution that Latvia took part in the establishment of an intergovernmental commission with Russia – one which had the preparation of a mutually acceptable border treaty as one of its aims. By the end of 1997, the two sides had drafted a border treaty.

Latvia's government approved it on December 9, 1997, but the treaty was not signed, because bilateral relations were so poor at the time. Moreover, as noted by Stranga in 1997, Russia hoped that its refusal to sign the border treaty would hinder Latvia's accession to the EU and NATO, arguing that the only benefits from the signing of a border treaty would accrue to Latvia.<sup>19</sup> Russia tried to link the treaty to other problems in the bilateral relationship as well.

For instance, the Kremlin insisted that the situation of Russian-speakers in Latvia must be improved before any treaty could be signed.<sup>20</sup> It should be noted that as late as 2003, Russia believed that if it signed a border treaty, Latvia would agree to Russian demands vis-à-vis minorities in Latvia, as well as demands related to transit to Kaliningrad. According to the authors from the Russian Council on Foreign and Defence Policy, however, such hopes were unjustified, because the Russian government had not yet understood how far integration of the Baltic States into the EU and NATO had proceeded.<sup>21</sup>

For a long time, the Russian government made the excuse that it would not sign the treaty because the Russian Parliament would not ratify it anyway.<sup>22</sup> There were also problems with signing and ratifying the treaty in Latvia when the head of government was Guntars Krasts of the nationalist Fatherland and Freedom/LNNK alliance. Krasts thought that the treaty could be signed, but members of his party in Parliament objected to the fact that the 1920 peace treaty was not mentioned in the draft text. Fatherland and Freedom/LNNK argued that ratification could only happen if a unilateral declaration with reference to the 1920 treaty were appended to the text.<sup>23</sup>

After Latvia joined the EU and NATO, in the autumn of 2004, Russia signalled interest in signing a border treaty and Latvia reciprocated this interest. It was decided that the treaty would be signed on May 10, 2005, in Moscow during celebrations commemorating the 60<sup>th</sup> anniversary of the end of World War II. The scheduled date for the signing and the context of the process fueled debates in Latvia about incorporation into the USSR, Russia's denial of the occupation, and the meaning of the end of World War II. The quality of debates on the border treaty was undermined by the fact

<sup>14</sup> Declaration of the Supreme Council of the Latvian SSR on the restoration of Latvia's independence, 4 May 1990. [http://www.saeima.lv/4maijs/docs/d\\_4maijs.htm](http://www.saeima.lv/4maijs/docs/d_4maijs.htm), last accessed on July 27, 2006.

<sup>15</sup> Loeber, "Krievijas un Latvijas teritoriālais strīds," 47.

<sup>16</sup> *Ibid.*, 50.

<sup>17</sup> Foreign Policy Concept of the Republic of Latvia, attached to the document "Basic Directions of the Foreign Policy of the Republic of Latvia Through 2005", <http://www.saeima.lv/AK/dokumenti-koncepcija-div.html>, last accessed on July 27, 2006.

<sup>18</sup> Loeber, "Krievijas un Latvijas teritoriālais strīds," 55.

<sup>19</sup> Aivars Stranga, "Baltic-Russian Relations: 1995-Beginning of 1997," in Atis Lejiņš and Žaneta Ozoliņa, ed., *Small States in a Turbulent Environment* (Riga: Latvian Institute of International Affairs, 1997), 199-201.

<sup>20</sup> Aivars Stranga, "Baltic-Russian Relations: 1997," *Humanities and Social Sciences in Latvia: The First-Round Enlargements – Implications for Baltic Security*, Vol. 2(19)/3(20), (Riga: University of Latvia, 1998), 140 and 163.

<sup>21</sup> A.L. Moshes, S.K. Oznobishchev, and I.Yu. Yurgens, "Rossiya i Baltiya: Novie Otnosheniya v Novom Kontekste?" in G.Yu. Oznobishchev, ed., *Rossiya – Baltiya III* (Moscow: Council on Foreign and Defense Policy, 2003), 30.

<sup>22</sup> Aivars Stranga, "Baltic-Russian Relations 1997," 176.

<sup>23</sup> *Ibid.*

that at the end of 1997, when the Latvian government accepted the draft treaty, it declared it confidential. It was publicly known that in the treaty, the government waived all claims to Abrene, but the specific formulation of the text was not clear.

It became known later that the border treaty created a new border between Russia and Latvia, ignoring the fact that the Soviet occupation led to a loss of Latvian territory. Legal problems emerged and politicians agreed that it was impossible to sign the border treaty without a reference to the 1920 peace treaty and that a unilateral declaration must be appended to the treaty to explain Latvia's position on issues not addressed in the treaty itself. The draft declaration on the Latvian-Russian border treaty and on the bilateral relationship stated:

Latvia declares that by Article 1 of this Agreement it understands the *de facto* functioning line of demarcation dating from year 1990/1991, which is documented and technically described in the Annex of the Agreement. The only objective and subject of this Agreement is to document the abovementioned line of demarcation in order to ensure and to facilitate its practical functioning in the interests of both countries and their residents as well as in the mutual interests of the European Union and the Russian Federation.

Latvia does not link this Agreement with the broader issue of the elimination of the consequences of the illegal occupation of Latvia. Latvia declares that this Agreement is not related and does not diminish, does not deprive the state of Latvia and its citizens of the rights and legal claims provided by international law, including the Peace Treaty between Latvia and Russia of August 11, 1920, and by state law of the Republic of Latvia pursuant to international law.<sup>24</sup>

The unilateral declaration was approved on April 26, 2005, and a few days later Russia announced that the border treaty would not be signed until Latvia waived all territorial claims against Russia. Russia argued that the declaration was completely unacceptable and announced that if the declaration were attached to the treaty, the treaty would lose all meaning.<sup>25</sup> In reaction, Latvian Prime Minister Aigars Kalvītis announced on April 29 that Latvia had no territorial claims and that “the declaration which

was approved by the government contains no territorial claims against Russia.”<sup>26</sup> However, the treaty was not signed.

Prime Minister Kalvītis may have been perfectly honest in claiming that Latvia had no territorial claims vis-à-vis Russia, but the text of the unilateral declaration is subject to a wide range of interpretations, creating the impression that the border between Latvia and Russia is temporary and that in the future, a different government might revisit the border issue and present new demands, e.g., for financial compensation for the loss of Abrene. Unofficial information suggests that the issue of compensation upsets Russia the most.

In the spring of 2005, it was clear that Latvia had no unified or sustainable policy vis-à-vis the country's eastern frontier. The political elite was divided on the issue, and its confusion was exacerbated by constitutional obstacles and the context in which Russia had hoped to organize the signing ceremony. It appears that the signing of a border treaty is impossible in the near term, but is more likely in the medium term, provided Latvia rejects the unilateral declaration.<sup>27</sup>

### Evaluating the Conditions and Possibilities for Signing a Border Treaty

The Latvian government approved the unilateral declaration to the treaty for two reasons. First of all, the treaty did not make mention of the 1920 peace treaty, deemed a cornerstone of the Latvian-Russian relationship. The treaty made no reference as to why the two countries should conclude a new border treaty, though Latvia was a continuation of the independent republic which had existed between the two wars, while Russia was the heir to the USSR. Second, the possible contradiction between the treaty and the Constitution forced the government to think about whether it could sign a treaty at all, given possible ratification problems in the parliament. According to state secretary of the Foreign Ministry Normans Penke, before the unilateral declaration was approved, legal experts were divided, but many believed the Constitutional Court would review the treaty and hinder its ratification by Parliament.<sup>28</sup>

There are two possible ways in which the situation might develop in the future. The possibility that Latvia might entirely waive the unilateral declaration or that Russia might agree to ratify a treaty with the appended declaration, or else agree to start negotiations completely anew will not be considered, as they are quite unlikely.

<sup>24</sup> <http://www.mfa.gov.lv/en/policy/bilateral-relat>, last accessed on July 27, 2006.

<sup>25</sup> Kommentarii Departamenta informatsii i pechaty Ministerstva Inostrannikh Del Rossii v sviazi s voprosom sredstv massovoi informatsii otnositel'no vidvigaemoi s latviiskoi storoni noboi uviazki podpisania Dogovora o gosudarstvennoi granitse. 28.04.2005. <http://www.mid.ru/ns-reuro.nsf/348bd0da1d5a7185432569e700419c7a/432569d80022027ec3256ff100487f8a?OpenDocument>, last accessed on July 27, 2006.

<sup>26</sup> [www.mk.gov.lv/lv/aktuali/zinas/2005gads/04/29042005-01/](http://www.mk.gov.lv/lv/aktuali/zinas/2005gads/04/29042005-01/), last accessed on July 27, 2006.

<sup>27</sup> “Lavrovs: atgriešanās pie robežlīguma ar Latviju ir iespējama,” <http://www.tvnet.lv/zinas/latvija/article.php?id=238340>, last accessed on July 27, 2006.

<sup>28</sup> “Vietas atrašanas problēmas” (Locating a Place), interview with Normans Penke, state secretary of the Foreign Ministry, *Panorama*. <http://www.politika.lv/index.php?id=7939>, last accessed on July 24, 2006.

The first scenario is that the Latvian government solicits the views of the Constitutional Court on a preventive basis on whether the border treaty is in line with the Constitution. A draft law envisaging such a process has been approved in the first reading and is pending before the Legal Commission of Parliament.<sup>29</sup> It is not likely that the Constitutional Court will be brought into the process, but if it did rule on the issue, there are two possibilities. The Court might rule that the draft treaty is in line with the Constitution, and so no national referendum is needed – a parliamentary vote would be sufficient to ratify the treaty. In that case, there would be no need for the unilateral declaration, and Latvia could sign a border treaty with Russia without adding anything.

It is also possible that the Constitutional Court might recommend that a referendum be organized. The SKDS public opinion research company conducted a study in 2005 which showed that 53.9% of Latvia's citizens would be prepared to give up Abrene, and only 22.9% would object to its being turned over to the neighbouring country.<sup>30</sup> Even though the share of respondents who are prepared to give up Abrene is significant, it is nevertheless just slightly over 50%. If people were to vote in favour of giving up Abrene in a referendum, then the declaration would become pointless from a legal perspective. If citizens were to vote against it, however, Latvia would not be able to sign a border treaty with Russia, and the government would have to do everything possible to regain the territory.

The second scenario involves various possibilities that the border treaty might be signed with a unilateral or joint declaration appended. This must be seen as a fairly realistic possibility, because the previous scenario involved just the legal aspects of the declaration, while a declaration is also of political importance, as it allows Latvia to express an interpretation of history which differs from Russia's. Furthermore, it would be unusual for the Constitutional Court to be asked to evaluate the border treaty, because the Court usually rules on laws that have already been accepted. In this case, it would be asked to rule on a draft law.

At the very best, Latvia and Russia might agree on a joint declaration in which they confirm a unified view of history, but that might become possible only in the very distant future. It is more likely that the two sides will reach agreement on a joint declaration in which they confirm that they interpret history differently and agree to disagree. Such a document would make it clear that each side accepts the right of the other to have a different view.

The current text of the declaration allows Latvia to demand compensation for the loss of Abrene after the border treaty is signed. Russia, however,

will agree to sign the treaty only if it is absolutely certain that there will be no further demands from Latvia with respect to Abrene. Any new declaration should include the views of the two sides on historical issues which are of importance to Latvia, and Russia must be convinced that there will be no further demands or claims. Unofficial information indicates that when Latvia's government decided to approve its unilateral declaration, it suggested that Russia do the same, but that does not change the essence of the matter. The point is that the current version of the declaration upholds Latvia's right to make further demands, and this is unacceptable to Russia irrespective of whether it approves its own declaration or not.

Between 1998 and 2004, Latvia could say that the "ball was on Russia's side of the court," but the situation changed in the spring of 2005. Now it can be said that Latvia needs to decide on what it wants to achieve with respect to Abrene. It is impossible to sign a treaty if Latvia upholds its right to make new demands in the future, so Latvia needs to reach an internal consensus with respect to its demands against Russia. Political parties are not trying to formulate any active position on Abrene, instead seeking to avoid responsibility for leaving Abrene as a part of Russia. Only the prime minister has expressed a strict position, and that was because he was forced to do so in response to an announcement from the Russian Foreign Ministry. The president of Latvia has also made a clear statement to the effect that Latvia is not interested in recovering Abrene.

## Conclusion

The root of the problem when it comes to the Latvian-Russian border treaty is the fact that the Abrene district was incorporated into the RSFSR in 1944. This has created difficulties of a political and a legal nature. Furthermore, Latvia and Russia have different views about history. It seems unlikely that a border treaty can be concluded if Latvia continues to insist on attaching a unilateral declaration, so other solutions must be sought. The Latvian Constitutional Court might be brought into the dispute, and it might make a recommendation that would allow Latvia to waive its declaration. This seems politically impossible. The second possibility is that a new and mutually acceptable declaration might be appended to the treaty – one that would not only admit that the two countries have different views about history, but would also ease Russian fears about the possibility that Abrene and the consequences of the occupation might be put on the agenda in the future and that Latvia might then demand compensation. This latter scenario is currently not possible because Latvia's political parties have not clearly defined their attitude toward the border treaty.

<sup>29</sup> Draft law "On Evaluating the Latvian-Russian Border Treaty Agreed on 7 August 1997 and its Conformity to the Constitution of the Republic of Latvia," [http://www.saeima.lv/bi8/lasa?dd=LP1263\\_0](http://www.saeima.lv/bi8/lasa?dd=LP1263_0), last accessed on July 24, 2006.

<sup>30</sup> "Vairums pilsoņu gatavi atteikties no Abrenes", 29 June 2005. <http://www.tvnet.lv/news/latvia/index.php?id=4474804>, last accessed on July 11, 2006.

# Cross-border Cooperation Between Latvia and Russia: Obstacles and Opportunities

Aija Lulle

## Introduction

In the Soviet Union, borders between the republics were administrative and only road signs told drivers that they were entering a different jurisdiction. The collapse of the Soviet Union opened up the borders of the Baltic States, including Latvia, to the West and created new borders with neighbouring countries.

After Latvia restored its independence in 1991, its top priority was to establish a functioning regime of border controls. Preparations for membership in the European Union and the North Atlantic Treaty Organization led the government to invest significant resources in strengthening what would become the external frontier of both organizations. How has this affected the lives and mobility of people who live near the border? Is the border a zone for cooperation or a barrier and obstacle to such cooperation? Here, cross-border cooperation refers to cooperation among regional institutions, local governments and private actors on both sides of an international border.

## Strengthening the Borders

Latvia spent nearly 50 years under Soviet occupation, and when it regained its independence, the establishment of its border with Russia was of particular importance in political and symbolic terms. In physical, political and legal terms, the border was a powerful factor in dividing people who had once lived in one and the same country. Border territories in various countries affect the lives of local residents in a direct way. The new reality forces people in such zones to cope with various everyday limitations on their economic activity, and they must reckon with the institutions and rules of the country on the other side of the border.<sup>1</sup>

During the Soviet era, the economic activities of many local residents were largely focussed on Russia and its markets. People living near the border of the Latvian Soviet Socialist Republic sold agricultural products, livestock, flowers, etc., at markets in Pskov and elsewhere. They attended religious festivals on the Russian side of the border, and often pursued an education in professional, technical and higher education institutions in

Russia. People living near the border on the Russian side took advantage of the same opportunities in Latvia.

Immediately after the restoration of independence, the country's borders were still quite porous. A more liberal border-crossing regime was instituted in 1994, but it ended in 2000, when the two countries moved toward a bilateral visa regime. Locals had previously been allowed to cross the border without a visa during important religious festivals such as Orthodox Easter, provided that they could prove a close relationship with people who lived on the Russian side of the border, or if they had relatives who were buried in Russia. As Latvia drew closer to membership in the EU and NATO, however, the border grew less porous and visa controls became stricter. Since 2000, both Russia and Latvia have exchanged lists of people who live in the two border zones. These people have the right to receive cheaper or free visas allowing them to visit the other country once or a few times during the subsequent year. The system was kept in place when Latvia joined NATO and the EU in 2004, but it is to be reviewed once Latvia joins the Schengen Zone sometime in the next few years. Then the border may well become even more closed.

## National Cooperation and its Effect on Cross-Border Collaboration

Cross-border cooperation with Russia is influenced not only by Latvia's membership in the EU and NATO, but also by several bilateral issues:

- Political dialogue and meetings of government officials at the national and local government level;
- Cooperation among ministries and other governmental institutions;
- Economic cooperation;
- Governmental and non-governmental initiatives in the area of regional and cross-border cooperation.

Latvian and Russian government officials, parliamentarians and local government representatives have held official meetings over the last 15 years, but not on a regular basis. There have been some improvements in local government collaboration during the two years since Latvia joined the European Union.

The legal basis for Latvian and Russian relations is comprised of some 20 intergovernmental agreements, while several bilateral agreements have been prepared for signature. Entry into force of the prepared agreements would significantly enhance the quality of bilateral cooperation and fundamentally improve the way important aspects of cross-border cooperation are handled. Among existing priorities, the Latvian Foreign Ministry points to the need to sign a border treaty (see also the chapter by Toms Rostoks) and an agreement on renewing the activities of the Latvian-Russian intergovernmental commission.<sup>2</sup>

<sup>1</sup> H. Donnan and T. Wilson, *Borders: Frontiers of Identity, Nation and State* (Oxford & New York: Berg, 1999), 8.

<sup>2</sup> For more on Latvia's relations with Russia, see <http://www.mfa.gov.lv/lv/Arpolitika/divpusejas-attiecibas/Krievija>. Last reviewed on 8 September 2006.

In terms of economic cooperation, Russia is an extremely important partner for Latvia (see also the chapter by Alf Vanags and Vyacheslav Dombrovsky above). In 2005, Russia was in fifth place as a destination for Latvian exports, behind Lithuania, Estonia, Great Britain and Germany. Russia received 8.26% of total exports.<sup>3</sup> In terms of imports, Russia is in third place behind Germany and Lithuania - imports from Russia make up 8.98% of total imports. According to the Bank of Latvia, total accumulated investments from the Russian Federation in Latvia amounted to more than LVL 2 million at the end of the third quarter of 2005. Leading Russian investors in Latvia in 2006 were the companies *Transneftprodukt*, *Gazprom*, *Moskovsky Delovoy Mir*, and the Bank of Moscow, which is a municipal bank in the Russian capital. However, the halt of oil transit via the Polotsk-Ventspils pipeline (see also the chapter by Andris Sprūds) has hindered the development of cross-border cooperation between frontier regions.

### Social and Cultural Consequences Related to the New Border

The land boundary between Latvia and Russia is 282 km long, while the border with Belarus, which lies to Latvia's South-East, is 167 km long. Since the mid-1990s, Latvia's regional development policies have considered the border territories, particularly to the East and the South-East, as problem areas. This is due not only to socio-economic problems, but also with the spatial structure of frontier territories. Much of the land is forested, and there are rivers, villages, single-family farms and roads which directly determine the availability of services, increase the separation of local residents, and reduce the sense of security.<sup>4</sup>

While Riga and other major cities have been rapidly developing since the early 1990s, living conditions in frontier regions have deteriorated, particularly in locations more distant from the capital city. The population has declined all over the country, but it has done so particularly markedly in frontier areas. After the Soviet-era collective farms shut down, unemployment increased and local government income in those areas shrank.

Since 1996, regulations have been in force limiting development in the two kilometre-wide border zone and the rules were made even stricter in 2002. These rules place limits on the sale of land or forests, ostensibly for security reasons.<sup>5</sup> Because of the absence of a border treaty, many property owners are not free to do as they wish with their property in frontier territories.

The greatest obstacles to development in border areas since 2000 have been the following:<sup>6</sup>

- A weak infrastructure, particularly roads which are closed down in the autumn and the spring, as well as poor telecommunications and Internet services;
- Bureaucratic obstacles to crossing the border;
- Socio-economic problems, such as unemployment and a lack of jobs.

Fieldwork conducted between 2004 and 2006 showed that the situation in frontier territories, as opposed to district centres, had not improved to any significant degree. The exception to this is that there have been improvements in the area of telecommunications and Internet connections. This is of key importance in terms of communicating with institutions within Latvia and of engaging in cross-border cooperation by communicating with people on the opposite side of the border.

Local residents in border areas have both positive and negative opinions about the border, but positive views tend to be quite unclear. People instead state wishes about what should happen, or they offer slogan-type judgments. When asked about positive aspects of the border, people most often talk about everyday security, new work opportunities for young people in the future, cultural contacts with neighbouring countries, and the ability to shop more cheaply in the neighbouring country. The reality is somewhat different, however. For instance, in the Pededze Parish, which borders Russia, only one local resident worked for the Border Guard in 2004. Many people cannot join this agency because they have problems with Latvian language skills, lack a formal education, or have no practical skills in using computers and the like.

Views about the border as a barrier, by contrast, are formulated more precisely:

- There are bureaucratic procedures, and visas are too expensive to cross the border;
- There is a lack of jobs;
- Roads are poor, and there are few public transportation services;
- People live far from population centres;
- There is a lack of services (for instance, the Pededze Parish, which has 900 residents, has no hairdresser, and people have to travel 30 kilometres to the district centre, Alūksne, to have their hair cut), health care services are inadequate, and there are doubts about the quality of education;
- There are social problems, particularly alcohol abuse;
- Population numbers are declining as young people leave border regions.

<sup>6</sup> Here and elsewhere, data come from the international border research project "Ethnic and Local Identities at Post-Soviet Baltic Borderlands," conducted from 2000 until the end of 2006. The research was directed by Laura Assmuth from Helsinki University, and the project involved researchers from Finland, Russia, Estonia and Latvia. The author of this chapter became involved in the project in 2004.

<sup>3</sup> Data from the Central Statistical Board, see <http://www.csb.lv/Satr/grad03.cfm?kurs=Karek>. Last reviewed on 7 September 2006.

<sup>4</sup> Aija Melluma, *Ar mums sākas Latvija* (Riga: Secretariat of the Special Assignments Minister for Social Integration and Latvian Association of Local Self-Governments, 2003).

<sup>5</sup> Aija Lulle, "Social and Cultural Consequences of the Newly Established Border in Latvian and Russian Border Areas," University of Texas, El Paso, 2006. See <http://research.utep.edu/Portals/379/lulle,%20aija.pdf>. Last reviewed on 8 September 2006.



In the economic sector, the main sources of income for people in border areas are forest work and social assistance from local governments. Others earn money through illegal or semi-legal activities, purchasing cheaper fuel, alcohol, cigarettes and certain groceries (particularly sugar) in Russia and reselling them to local residents.

Surveys show that most people have not crossed the border since the collapse of the Soviet Union because of strict bureaucratic procedures and the cost of visas. Fieldwork conducted along the Latvian-Russian border in 2000, 2004 and 2006 suggests that the border area is still a problem for national development, serving as an obstacle and a barrier rather than a means for local residents to improve their lives.

### **New Opportunities for Cross-border Cooperation**

Before Latvia's accession to the EU, there were very limited opportunities to improve the situation in border territories and few resources available for cross-border cooperation. However, EU Membership has led to the availability of new resources, spurring much greater activity in frontier territories in the two years after accession. Representatives of local government institutions in border areas suggest that relations with Russian institutions at various levels are also gradually improving. The Russian embassy in Latvia is becoming more responsive in terms of everyday contacts along the border. Bureaucratic border crossing rules have been relaxed, and the embassy has facilitated visits by a Latvian clergyman into nearby Russian areas where Latvians still live.

Since 1991, the EU has supported cross-border cooperation projects under the auspices of the INTERREG programme, and plans to continue to do so in the future, as well. INTERREG is a programme focussed on the harmonized and balanced development of European territories, and the basic principle is that national borders should not be barriers against the integration, development and cooperation of European territories. Financing comes from the European Regional Development Fund (mostly for EU partners) and from the Tacis Programme (mostly for partners in Russia and Belarus).<sup>7</sup> Latvia has received INTERREG financing since the beginning of 1994, with total funding of EUR 15.2 million by the end of 2006. This funding is used by national, regional and local state and government institutions in the Baltic States, as well as by non-governmental organizations, educational and research institutions. Financing is also available from the PHARE Programme for a wide variety of purposes.

Russia takes part in the Tacis Programme, which focuses on cross-border cooperation. Frontier regions also have access to financing from the Council of Europe, the Nordic Council, and certain governments which offer assistance on the basis of bilateral agreements. The Norwegian and

Danish governments, for instance, offer financing for the development of tourism and business, the preservation of cultural heritage, environmental protection, and contacts among young people.

The European Charter of Border and Cross-Border Regions was approved in 1995 at the initiative of the European Cross-Border Association. The aim is to ensure that border areas are places where contacts are made and obstacles are not created, to create the social and cultural prerequisites for cooperation among local populations, using as an instrument the development of so-called Euro-regions. A Euro-region is a form of transnational cooperation between two or more territories in different European countries. Euro-region financing comes from EU projects, co-financing from district councils, and voluntary participation fees.

Latvia is part of two Euro-regions, one involving Pskov and Livonia, which covers the Veru, Valga and Pilva districts of Estonia, the Alūksne, Balvi, Ludza and Valka districts of Latvia, and the Pechori, Palkino and Pskov districts of Russia, along with the towns of Pitalov, Sebezhi and Pskov in Russia. There is also a Euro-region known as *Ezerzeme* ("Land of the Lakes"), which involves local governments from Latvia, Lithuania and Belarus. This latter region was established in 1998 by border cities in the three countries. What they have in common is the border, a great distance from the respective capital city, low population density, ethnic diversity, and common areas of activity. Until 2006, most projects in these Euro-regions involved culture, the environment and tourism.<sup>8</sup>

Between mid-2006 and 2008, the Alūksne District Council, as the leading partner in cooperation with other local governments in Latvia, Estonia and Russia, plans to implement international projects under the auspices of the INTERREG III A programme, "Cultural Integration in the New Frontiers of the European Union." According to the District Council, the budget for this project amounts to nearly EUR 357,000.

The Pskov-Livonia Euro-region dates back to 1996, when the idea of establishing a cross-border cooperation council involving Latvia, Estonia and Russia first appeared. In 2003, the council was renamed and became a Euro-region.

Projects implemented before 2006 involved the activities of school-children, tourism and media cooperation (the project "Life in the Frontier Region in Ludza (Latvia), Alūksne (Latvia) and Palkina (Russia), 2004-2005"), and these ensured resources for meetings, as well as ongoing exchange of information about various economic and social issues encountered by local residents on the other side of the border. When Latvia joined NATO and the EU in 2004, these projects were of key importance at the local level. Evidence collected by the author on both sides of the

<sup>7</sup> See information from the National Agency for Regional Development, [www.vraa.gov.lv/eu](http://www.vraa.gov.lv/eu). Last reviewed on September 11, 2006.

<sup>8</sup> For information about the "Land of Lakes" Euro-region, see [www.kraslava.lv/.../detalizeti/article/eiuroregions-ezeru-zeme-gatavojas-jaunu-es-programmu-apguvei-1/](http://www.kraslava.lv/.../detalizeti/article/eiuroregions-ezeru-zeme-gatavojas-jaunu-es-programmu-apguvei-1/). Last reviewed on 11 September 2006.

Latvian-Russian border indicated that perceptions of Latvia by those who live in Russia are very much influenced by the media.<sup>9</sup>

One project in 2004 involved a study of problems with the mobility of local residents. A survey was conducted among Latvian and Russian businesspeople about the need to open a border crossing facility, Bērziņi-Manuhnov.<sup>10</sup> The survey covered 600 respondents on both sides of the border and showed that structural obstacles such as the absence of a border crossing point had a negative effect on the everyday lives of local residents and on economic development in the region. 85% of Latvian respondents and 78% of Russian respondents said that opening of a new border crossing facility would have a positive effect on their lives.

Another project launched in 2004 focussed on teaching the Latvian language to ethnic Latvians in the Pskov District of Russia. A Latvian club was set up for local Latvians and others who had an interest in Latvia or had historical links with the country. People learned about Latvian folklore and history, knitted mittens with Latvian designs, etc. The project not only helped people to maintain their Latvian identity in the Russian frontier region, but also helped to shape positive attitudes vis-à-vis Latvia. That was because, for instance, family members of former Soviet military officers who had lived and worked in Soviet Latvia took part in the project.

Visions about the future development of the region are mostly linked to attracting foreign and domestic investment so as to improve the economic situation in the frontier region, to improve the welfare of local residents, and at the same time to preserve natural resources and the cultural and historical heritage.

### **Future Prospects and Difficulties Related to Cross-border Cooperation**

When considering cross-border cooperation in the future, several issues should be the focus of attention at the international, national and local level. Poor road quality is a problem in virtually all frontier territories, because it hinders development. Roads have been improved in the context of border control functions, but good roads are also needed for everyday activities so that cross-border economic activity can be enhanced. There is a lack of understanding at the international and national level that this issue needs to be resolved through a process of solidarity, and not through the prism of the centre and the periphery. If the strictly monitored border (the external border of the EU and NATO) causes problems to local residents in terms of limiting their mobility, these people should receive assistance to help them improve their everyday living circumstances. Since 1998, for instance, there have been plans to repair the road which leads to Russia via the Pededze

Parish in the Alūksne District. This is a road of national importance, and international passenger busses use it, but in 2006, renovation of the road was postponed to sometime between 2010 and 2013. Without appropriate infrastructure, it is difficult to speak of any other kind of cross-border cooperation. The same holds true for the capacity of border crossing and border control facilities, which must be enhanced. This, too, requires close cooperation at the international, national and local level.

Now that resources can be obtained from the European Union, there is the opportunity to receive considerable funding for cross-border projects, but all projects require co-financing. Here, local governments need the support of the national government.

When local governments elaborate their development plans, they must mostly focus on local resources. Initiatives must emerge from the local environment, as ideas transplanted from the centre are often not appropriate for the frontier situation. In border areas, local governments must work together with their neighbours to solve common problems. Thus far, cooperation and exchange of information in the context of Euro-region activities have been insufficient. Additional investments in human resources are necessary so that local residents can learn about project implementation. NGO development and NGO-run projects need further support.

The Latvian border area along the frontier with Russia is often mentioned in various development plans as a gateway to Russia and its huge market, but this has very little to do with reality. Development of a vision of cross-border cooperation between Latvia and Russia requires in-depth study of best practices, for instance, of cross-border cooperation between Finland and Russia, as well as in other areas along the external borders of the EU and NATO.

Opportunities for cross-border cooperation are also linked to cooperation between Latvia and Russia at the national level. Thus far, relations have not been sufficiently intense, and the majority of cross-border projects implemented or in the planning stages are related to culture. This is a good start, but if people's lives are to be improved and economic activities are to be developed, there must be economic cooperation and the development of entrepreneurship. The advantages of the transport corridor must be put to use as much as possible to provide benefits not just to individual businesspeople, but also the two countries more broadly. The development of this vision must involve international institutions such as the EU and NATO, along with national governments and, of course, local governments and individuals who live near the frontier.

<sup>9</sup> See Lulle, "Social and Cultural Consequences..."

<sup>10</sup> "Iedzīvotāju mobilitātes attīstība uz jaunām ES ārējām robežām," (Alūksne: Alūksne District Council, 2005), 25.

# Latvia and Russia within the Broader International Context

Rasma Kārklīņa and Imants Lieģis\*

## Introduction

This chapter examines Latvia's relations with Russia in the broader foreign and security policy context, in particular the changes following Latvia's accession to NATO and the European Union (EU) in 2004. This was a true watershed: being part of a larger alliance meant that power relations between Latvia and the Russian Federation became less asymmetrical, and bilateral relations were de-emphasized in favour of a larger multilateral field of interactions. In 2006 the most significant dimensions of these interactions concern regional security, energy policy, trade and border issues, issues of democratic reforms, and historical reconciliation. We will examine these dimensions in turn, yet they have to be seen within the overall context of changing East-West relations. As noted by George Breslauer, "thus far, Russian policy toward the Baltic states has been a function of its policy in Europe, and in East-West relations, more generally. And these are functions of what kind of orientation was ascendant in Moscow's foreign policy-making circles."<sup>1</sup>

## New Partnerships or New Cold War?

Relations between the Russian Federation and what is usually called "the West" are in flux. Whether as a reaction to EU and NATO enlargement, or whether as a result of domestic developments within the Russian Federation, especially the dramatic growth of presidential power, Russian international policies since 2004 have clearly become more assertive. Contemporary Russian foreign policy is based on a decided attempt to reassert Russia's global influence, and to do so on the basis of the strategic use and projection of concentrated economic and military power. This new "Realpolitik" reflects Putin's own career path as well as the experiential profile of his policy advisers, more and more of whom are military and intelligence officers.

Russia's new image projected at home and abroad is that of a "strong man" who has to be taken into consideration. It remains to be seen whether

this means that a new type of Cold War is developing, or whether Russian foreign policy is proceeding on the dual paths of both projecting a newfound sense of power and at the same time wooing the West with offers of cooperation, especially in regard to energy policy. Whenever criticized, Russian officials swiftly counterattack, as typified by Putin's recent response to a journalist when he said that he would like to "depart from the terminology of the past" and not use the term "energy superpower," which, he said, "is deliberately fed to the media in order to bring about an association with the horrible Soviet Union."<sup>2</sup>

Next to such battles over its diplomatic image, Russia works hard to influence concrete foreign policy decisions of individual states as well as international organizations, especially the EU. As noted by Žaneta Ozoliņa, Russia has traditionally been more comfortable with bilateral relations, not least because it prefers a tactic of peaceful division of the West.<sup>3</sup> In recent years the focus on bilateral decision-making is becoming stronger and has been reciprocated by major European powers. Crucial international decisions have been taken bilaterally between Russia and Germany, or Russia and France. The lack of a common approach is glaring in the EU's policy towards Russia, but of course also exists in foreign policy towards other third countries. As the *Economist* points out, "Germany and France have repeatedly gone their own way over policy towards Russia, just as Britain has with the United States."<sup>4</sup> Another commentator has used even stronger words: "The case for a joint response to Russian oil and gas imperialism is overwhelming. Yet Germany and others prefer to deal with Russia on a bilateral basis, often undermining the wider EU interest in the process."<sup>5</sup>

## Decision-making Processes and Russia

The most effective way of dealing with Russia's "divide and rule" tactic is to work towards a common policy. Achieving consensus in both the EU and NATO will bring stability and consistency to relations with Russia. For Latvia, these two institutions are among the main tools available for influencing the conduct of international affairs. The challenge of exerting this influence lies in persuading all partners of the need for a certain policy decision while avoiding the use of a veto.

As a military alliance, NATO has had no difficulty in refining the consensual approach given the rationale behind its existence during the Cold War. NATO, after all, existed to "keep the Russians out, the Americans in and the Germans down" (Lord Ismay, First Secretary General of NATO).

<sup>2</sup> As reported in *Moscow Times*, September 11, 2006.

<sup>3</sup> Žaneta Ozoliņa, "NATO Development Scenarios: Options for Latvia," in *Latvia in International Organisations*, Research Papers 4 (5) (Riga: Commission on Strategic Analysis, 2005), 127.

<sup>4</sup> *The Economist*, August 26, 2006, 23.

<sup>5</sup> Wolfgang Munchau in *Financial Times*, May 8, 2006.

\* The views expressed in this chapter are those of Ambassador Lieģis and are not intended to reflect the views of Latvia's Ministry of Foreign Affairs.

<sup>1</sup> George Breslauer, "Russia, the Baltic States and East-West Relations in Europe," in Vello Pettai and Jan Zielonka, ed., *The Road to the European Union* Vol. 2, Estonia, Latvia and Lithuania (Manchester: Manchester University Press, 2003), 40.

In contrast, consensus through EU foreign policy has only been developing since 1999 when member states appointed a High Representative to conduct foreign affairs on their behalf. His task is complicated by the sometimes competing roles of the Commission and the rotating EU presidency. During the autumn of 2006, steps were being taken to move forward EU–Russia institutional arrangements, as the existing Partnership and Cooperation Agreement ends in 2007. Therefore changes will be formulated this autumn: the presidency in the latter half of 2006, Finland, clearly stated that within the EU’s external relations, relations between the EU and Russia will feature prominently during Finland’s Presidency.<sup>6</sup> Finland aims to have ready by the time of the EU–Russia Summit in Finland in November 2006 a new EU internal agreement on the negotiating mandate for developing future EU–Russia relations. Because all member states have to agree on the terms of this document, which is prepared by the Commission, the Finnish presidency will work intensively on obtaining consensus on the Commission’s proposals. By focussing on EU–Russia relations in this way, Finland hopes to achieve a foreign policy success.

Given that Russia is a member of neither NATO nor the EU, its main aim is to exert maximum influence on the decision-making process of both institutions. This means that autonomy of decision-making must remain the watchword for NATO and the EU as they draw closer to engaging with their strategic partner.

### The Security Umbrella of NATO and the EU

There will probably rarely be another occasion in Latvia’s foreign policy history when the declared foreign policy goals will be achieved in such an explicit and expedient way: the ambitious aims of joining NATO and the EU were defined in 1995 and achieved less than a decade later. In large part this success came about as a result of Latvia’s apprehensions about Russia’s post-imperial behaviour. Russia’s reluctance to withdraw from the old Soviet bases and interference in domestic affairs by using the “compatriot” card (see the chapter by Nils Muižnieks on Russian Foreign Policy towards “Compatriots” in Latvia) helped strengthen Latvia’s determination to return to Europe and seek the security umbrella that NATO and the EU could provide. Similarly, “vehement Russian opposition to first-wave NATO enlargement... proved a failure and indeed counter-productive to Russian interests.”<sup>7</sup>

As the Balts succeeded with their strategy of integration with the West, this undermined Russia’s overall policy goal of the 1990s aiming “to retain the Baltic states within Russia’s sphere of economic and social

influence.”<sup>8</sup> Any residual vulnerability of Latvia in the bilateral relationship with Russia diminished upon Latvia’s entry into the EU and NATO. That Russia’s ability to bully its erstwhile vassal had come to an end was more or less acknowledged by Russia’s Ambassador to Latvia in late 2006 when he stated in an interview that “the time of ultimatums drew to an end when Latvia joined the EU and NATO.”<sup>9</sup>

A poignant illustration of the broader implication of the Baltic States becoming members of a larger alliance is the fact that today Latvia’s airspace is NATO airspace. This has been a sensitive issue for Russia. During Latvia’s negotiations to join NATO, Latvia was advised against investing in new, expensive military equipment that could police the air space above Latvia (similar advice was given to Slovenia as well as Estonia and Lithuania.) There was a tacit understanding that military airplanes of other member states would patrol Latvia’s skies. Belgium became the first country to police the new NATO airspace above the Baltic States when they became members of the Alliance in March 2004. Thereafter, any infringements by, for example, Russian airplanes into the airspace of Latvia, were treated as an infringement of NATO airspace and dealt with accordingly. Discussions with Russia on such issues therefore moved from being bilateral Latvian–Russian concerns and instead became NATO–Russian bilateral concerns. The Latvian troop presence in Afghanistan is another illustration of concrete cooperation between Latvia and NATO, as is Latvia’s participation in other NATO operations.

In the last few years, the EU has engaged in a flurry of activity in the realm of both military and civilian crisis management. At the end of 2005, purely on the operational side, the EU was conducting seven operations simultaneously on three continents. Under the auspices of its European Security and Defence policy (ESDP), a total of eleven missions have been launched, two of which involved a handover from NATO-led to EU-led missions in the Former Yugoslav Republic of Macedonia and in Bosnia-Herzegovina.

As the EU seeks ways of cooperating more closely with Russia, the prospect of closer cooperation in crisis management is a real possibility. Consequently Latvia needs to keep abreast of developments within the ESDP and make the most of possibilities to participate in EU-led crisis management operations. Even though Latvia is a relatively small member of the international community, the initiatives it takes can have a broader impact. The need to participate in international operations so as to be better able to influence EU policy was stressed by Latvia’s Foreign Minister, Artis Pabriks, during recent Latvian internal policy discussions over whether to join the EU and UN sponsored peacekeeping efforts in Lebanon. At the time

<sup>8</sup> *Ibid.*, 275-6.

<sup>9</sup> Viktor Kaluzhny, *Regnum* August 30, 2006, as quoted in Latvia’s MFA “Press Review” of August 31, 2006.

<sup>6</sup> Finland’s Cabinet Committee on European Affairs decision of May 24, 2006, [www.valtioneuvoisto.fi](http://www.valtioneuvoisto.fi), last accessed on May 22, 2006.

<sup>7</sup> Ella Akerman and Graeme P. Herd, “Russian foreign policy: the CIS and the Baltic States,” in Cameron Ross, ed., *Russian Politics under Putin* (Manchester: Manchester University Press, 2004), 278.

of the emergency EU Foreign Ministers' meeting in Brussels on August 25, 2006, Latvia's Government had not yet made a decision about participation. In the ensuing debates about this question, Minister Pabriks stated: "So far we have not taken part much in European missions. Latvia needs to develop the European dimension. Participation is in the interests of our strategic partners, Lebanon and Israel. It is also in our national interests. **We have to take part if we want to be reckoned with.**"<sup>10</sup>

## Energy Policy

Under President Putin Russia has moved decisively to use its energy resources to promote itself as a significant player in the global economy.<sup>11</sup> One can even say that the use of energy as a political weapon has become increasingly prominent.<sup>12</sup> By cutting off energy to Ukraine and Georgia in the first months of 2006, Moscow very pointedly demonstrated its view that it held the decisive power cards in regard to its neighbours. However, as earlier economic boycotts of Lithuania and Latvia during their fight for restoring independence had demonstrated, economic boycotts are a double-edged sword and often backfire by providing even more impetus for closer ties to the West and alternative markets. Moreover, by flexing its "energy" muscle, Russia loses credibility as a reliable supplier. There are indications that the EU and individual neighbouring states will not remain passive in this new situation.

Russia's use of energy flows as a political weapon also led to new strains in relations with the United States, most notably when Vice-President Cheney rebuked the Russian government by saying that it acted improperly by using its vast energy resources as "tools of intimidation or blackmail."<sup>13</sup> A few months earlier the German Foreign Minister had expressed his concern more carefully by saying that "a system of cooperative energy security must promote dialogue among energy producers, consumers, transit states and the private sector. Even exporters have a stake in constant and secure demand and smooth transit."<sup>14</sup> He also referred to a need to strengthen systems of energy cooperation such as the Energy Charter of 1998.

Yet Germany has itself been the cause of concern about energy security among its neighbours by independently concluding agreements with Russia about the controversial Baltic Sea gas pipeline (see also the chapter above by Andris Sprūds). The pipeline deal was negotiated with no consideration of the interests of other Baltic Sea neighbours, both in terms of energy supplies and environmental dangers. The lack of consultation in itself

triggered Baltic and Polish fears of a new Hitler-Stalin pact (the secret German-Soviet agreement dividing eastern Europe in 1939), even more so since there are indications that the pipeline project also involves secret agreements. Polish and Lithuanian leaders have been harshly critical of the project and have appealed to the EU to make more efforts to safeguard the energy security of the entire region. In May 2006 Lithuania's President Valdas Adamkus specifically called for a common European Union front in response to Russia's willingness to use its energy supplies to secure political influence over its neighbours.<sup>15</sup> The potential environmental disasters in constructing the pipeline have been expressed by Sweden's political leaders.<sup>16</sup>

## Transborder and Border Issues

Since Latvia has become a member of the EU, issues revolving around the demarcation of her border with Russia as well as issues of visa regimes and custom controls are now concerns of the EU as a whole. As a result, EU representatives have dealt with these questions on their own initiative, but in addition the border issues are a good illustration of how Latvia has been able to involve the EU as an avenue for defending specific interests in bilateral relations with Russia.

As noted in the chapter by Toms Rostoks, Latvia and Russia have been talking about their border for a considerable time and in 2005 came close to a completed agreement. When this did not come about, Latvia continued to seek a resolution by involving its international partners, especially the EU. Indeed Latvia actively engaged with and consulted EU partners to the extent that the signing of the border agreement was scheduled to take place as part of the EU-Russia Summit in Moscow on May 10, 2005. In the run-up to the Summit, Latvia liaised closely with high-level EU personnel. Endeavours were made to salvage the signing of the Agreement following Latvia's unilateral declaration on April 26, 2005. These endeavours clearly illustrated that Latvia was no longer alone in its discussions with Russia about the border agreement. Indeed, given that Latvia's border with Russia is the EU's external border, it is only logical that this should be the case.

Since the abortive attempt to sign the border agreement in May 2005, the EU has, at Latvia's request, continued to place this item on the EU-Russia agenda. It has become one of the regular issues for the EU in its relations with Russia. The rationale is that the EU wants legal certainty on its eastern border and a stable basis for relations between its member states and Russia. Hence, the EU asks that the Russian authorities sign the border agreement with Latvia. The Commission, the Office of High Representative Solana and member states have all been approached by Latvia to raise the signing of the border agreement in their discussions

<sup>10</sup> Authors' emphasis. Latvian Press Agency LETA, August 29, 2006.

<sup>11</sup> See, for example, the interview with Moscow Carnegie Endowment Institute scholar Robert Nurick, *Diena* February 8, 2005.

<sup>12</sup> Robert Cottrell, "The Emperor Vladimir," *The New York Review of Books*, February 9, 2006, 30-32.

<sup>13</sup> *The New York Times*, May 5, 2006, 1.

<sup>14</sup> *International Herald Tribune*, March 23, 2006.

<sup>15</sup> *Financial Times*, May 4, 2006, p. 7. Also *The Baltic Times*, May 4-10, 2006, p. 2.

<sup>16</sup> *The Independent*, August 24, 2006.

with Russia on behalf of the EU. The European Parliament has also actively raised this question, in part due to the efforts of former Estonian Minister of Foreign Affairs, MEP Toomas Ilves, who was deputy chairman of the European Parliament's Foreign Affairs Committee until becoming Estonia's President in September 2006. It is indicative that, when asked how to handle relations with Russia Ilves said "the road to Moscow goes via Brussels."<sup>17</sup>

Latvia has also successfully engaged the EU to promote Latvia's relations with Russia outside the context of the border issue. Latvia realized that there can be "an agreement to disagree" over the border treaty, but this should not put on hold broader Latvian-Russian relations. Through well prepared lobbying of member states (including the Austrian presidency), the Commission and High Representative Solana, Latvia encouraged them, in their contacts with Russian counterparts, to seek Russia's agreement to a meeting of Latvian and Russian Prime Ministers in the margins of the Council of the Baltic Sea States Summit in Iceland on June 8, 2006. As a result of these and other efforts, Latvia's Prime Minister Kalvītis not only met with Prime Minister Fradkov, but, also had a meeting with President Putin in St. Petersburg a few days later.

## Democratic Reforms and Neighbourhood Policy

Regional policies of the EU are based on engaging Russia as well as other non-EU members in practical and constructive relationships, while at the same time encouraging political and economic reforms in Moldova, Georgia, and Ukraine specifically.<sup>18</sup> The EU has encouraged the Baltic States to take initiatives and act as a model reformer in regard to the latter states. Latvia has contributed border guards and customs officials to the EU operation on the Ukrainian-Moldovan border at Transdnistria. On a practical level, Latvian expertise is valued. This is not just because Latvia has recently experienced establishing its own customs and border guard services. Knowledge of the Russian language has also proved to be an invaluable asset in places such as Transdnistria.

The EU's neighbourhood policy in part is in direct conflict with Russia's attempts to strengthen its own influence in the region of the former Soviet Union. A core foreign policy goal of Putin has been to strengthen ties to the Commonwealth of Independent States, in particular in the economic, security and military spheres.<sup>19</sup> As became evident during the Ukrainian

election upheavals in the Autumn of 2004, Russia also uses various means to try to influence political developments in neighbouring states, while at the same time accusing the West of subversive influences on Ukraine's Orange revolution.<sup>20</sup> Since then this paranoid projection has become more intense. As noted by Dmitri Trenin, "the Kremlin now brands the so-called colour revolutions in Ukraine, Georgia, and Kyrgyzia a Western ploy to install pro-American regimes on Russia's periphery and then to engineer a regime change in Russia itself."<sup>21</sup> Russia's Foreign Ministry has openly criticized American statements about the need to support democratic movements worldwide as well as in the region of the former Soviet Union.<sup>22</sup> While Latvia clearly is on the side of support for democracy, such confrontations add to tensions in relations to Russia.

Yet Russian foreign policy under Putin is dualistic: while assertive, it also tries to project a cooperative side, especially when high stakes are involved such as membership in the WTO and leadership of the G8. The same dualism is also evident in regard to its immediate neighbours. Russia's intransigence in questions of recalling its troops from Georgia and Moldova and statements that the demise of the Soviet Union was the "greatest geopolitical catastrophe of the century"<sup>23</sup> illustrate its quest to re-establish its dominance in the region. But talk about the benefits of improved trade – often aimed at Moscow-friendly domestic factions – illustrate the softer policy approach of luring neighbouring states back into Moscow's embrace. While such subtle overtures have become more evident in mid-2006 in Ukraine, they have been a frequent theme in Russian relations with Latvia (see the chapter by Vyacheslav Dombrovsky and Alf Vanags above), where Russia appears to perceive more opportunities for co-opting cooperative individuals and factions. There have been press reports of Moscow trying to influence the October 2006 parliamentary elections in Latvia to secure a more prominent role for pro-Moscow factions of the Latvian political elite.<sup>24</sup> Paul Goble has warned of an increase in Russia's influence on Latvian politics.<sup>25</sup> At least one local analyst has argued that "pro-Russianism is fashionable," and that while the issues of occupation and the status of Russian inhabitants will not go away, in the future "we will assess Latvia's relations with Russia more in terms of dollars and euros."<sup>26</sup>

<sup>20</sup> Compare Atis Lejiņš, *The European Union's Eastern neighbours after the Orange Revolution* (Riga: Latvian Institute of International Affairs, 2006).

<sup>21</sup> Dmitri Trenin, "Reading Russia Right," Carnegie Endowment Policy Brief, 42, October 2005, p.1.

<sup>22</sup> Igor Torbakov, "US-Russia Relations: Growing Rift over Eurasia's Democratization," *Eurasia Daily Mirror* vol. 3, no. 60, March 28, 2006.

<sup>23</sup> Associated Press, April 25, 2005.

<sup>24</sup> "Maskava mēģina ietekmēt Saeimas vēlēšanas," *Latvijas Avīze*, July 13, 2006.

<sup>25</sup> Interview, *Latvijas Avīze*, February 23, 2006.

<sup>26</sup> Armands Gūtmanis, "Prokrieviskums nāk modē," *Diena*, August 3, 2006.

<sup>17</sup> Associated Press, September 25, 2006

<sup>18</sup> David J. Galbreath and Jeremy W. Lamoreaux, "Bastion, Beacon or bridge? The Role of the Baltic States in the EU's Relationship with the Eastern 'Neighbours,'" in Andreas Kasekamp and Heiko Paabo, ed., *Promoting Democratic Values in the Enlarging Europe: The Changing Role of the Baltic States from Importers to Exporters* (Tartu: Tartu University Press, 2006), 98.

<sup>19</sup> Akerman and Herd, "Russian Foreign Policy," 272.

## European Values and Historical Reconciliation

Dealing with Russia involves more than just euros and dollars. The various institutions representing Europe's efforts at integration have all emphasized the role of common norms and values such as the rule of law and respect for human rights. Normative integration has been posited as the basis for integration in other areas. Thus, the European Security Strategy of 2003 states that "we should continue to work for closer relations with Russia, a major factor in our security and prosperity. Respect for common values will reinforce progress towards a strategic partnership."<sup>27</sup>

As the EU moves into a new stage of relations with Russia, there should be a continuing focus on the values issue, which is particularly pertinent for new EU member states such as Latvia given recent experience in bilateral relations. For example, Russia's current perception of history vis-à-vis Latvia and the other Baltic countries still remains distorted by Soviet post-imperial thinking. The political elite continues to perpetuate the myth that the Soviet Union "liberated" as opposed to "occupied" the Baltic States and denies state continuity from pre-Soviet times. The practical consequences of this approach are that it has a knock-on effect concerning the border treaty, which from a bilateral issue then affects the EU-Russia agenda.

Latvia has argued that historical reconciliation and respect for the tenets of international law are crucial European values that need to be upheld even in complicated situations. During the first year of Latvia's membership of the EU and NATO, Latvia's president Vaira Vīķe-Freiberga successfully placed these questions onto the international agenda. In January 2005 she announced her decision to attend the Summit of Europe's leaders in Moscow on May 9. President Putin organized the Summit to celebrate the 60th anniversary of the Second World War Victory Day. In accepting the invitation, Latvia's president published a declaration highlighting that the Soviet victory over Hitler, although defeating Nazism, brought with it the renewed Soviet occupation of Latvia. She drew attention to the Soviet-Nazi Pact of 1939 in which these two totalitarian regimes secretly divided Eastern European territories amongst themselves. She appealed to leaders of democratic countries to encourage Russia to express regret for its post-war subjugation of Central and Eastern Europe.<sup>28</sup>

Thanks to this Declaration and action by the president, the months leading up to the May 2005 Summit were used to focus on European values and historical reconciliation. Latvia successfully broadened the agenda of the Summit, with an emphasis on principles of international law and respect for smaller neighbours. Indeed, at the time of the Moscow event itself, the question of the Soviet occupation of the Baltic States and the role of

the Hitler-Stalin Pact for post-war Europe hit a pitch in the international media that had rarely been achieved either before or afterwards. Although Russia did not move towards historical reconciliation, at least gaps in perception with some of Latvia's European partners were bridged.

## Conclusion

Latvia and the other two Baltic States are minor players in Russia's newfound attempt to project itself as a great power on the international scene, yet they also constitute what former Swedish prime minister Carl Bildt has called the "litmus test" for trends in Russian policy.<sup>29</sup> The same argument has been made by several prominent European intellectuals who argue that the EU should insist loud and clear that Russia has to agree to allow its neighbours to decide on their own future and that on its own territory, Russia should comply with minimal legal-political standards. This would constitute a truly European approach by the EU towards Russia in the endeavour to achieve a long-term strategic partnership.<sup>30</sup>

Currently, Latvia's relations to Russia have to be analysed within the context of larger regional politics, and the same is true for Russia's policies towards Latvia and other neighbours. In September 2006 it remains unclear exactly where current trends are leading. At times a rather belligerent language takes the upper hand, at times there is talk of partnerships and even a new détente. There are reports that the German foreign minister is eager to launch "something similar to the Ostpolitik" and that his ministry is working at a new concept paper along these lines. The aim is to cement EU-Russia relations through numerous ties, and rejects notions that such ties are encumbered by Russian state intervention in the economy or suppression of free media and civil society.<sup>31</sup>

But the original détente occurred during a different historical period, as did the Cold War. Now, both international relations theorists and international organizations underline that there is a link between the quality of global politics and how individual governments approach human rights and democracy development. Another huge shift in international politics was triggered by the September 11, 2001 and subsequent terror attacks on civilian targets. The global fight against terror is a core issue uniting many states, including Russia. Latvia and her two Baltic neighbours also participate in these efforts, but overall it has done more to heighten Russia's international profile.<sup>32</sup> So although we may move to a "Cold Peace" in relations with Russia, new partnerships, of whatever type, will inevitably be forged.

<sup>29</sup> Carl Bildt, "The Baltic Litmus Test," *Foreign Affairs* Vol. 73, Issue 5, (September/October 1994), 72-85.

<sup>30</sup> Timothy Garton Ash, Dominique Moisi and Alexander Smolar; *Gazeta Wyborcza*, July 11, 2006, translated by the press service of the Latvian Ministry of Foreign Affairs.

<sup>31</sup> *Der Spiegel*, no.36, September 2006.

<sup>32</sup> See, for example, Ackerman and Herd, "Russian Foreign Policy," 269-286.

<sup>27</sup> "A secure Europe in a better world," *European Security Strategy*, Adopted by the European Council December 12, 2003. Published by the EU Institute for Security Studies, Paris.

<sup>28</sup> Declaration by H.E. Dr. Vaira Vīķe-Freiberga, January 12, 2005.

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