



# European Council: Latvia

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## 1 Introduction and Executive Summary

As Western democracies and First World countries go, Latvia is an exception in many regards. Compared to heads of state in other EU countries, even to other presidential republics, the president of Latvia, currently Raimonds VĀjšonis, has sweeping legislative and executive powers. Those include the right to legislative initiative, the veto right on any bill passed by the Saeima, the Latvian parliament, and the right to dissolve it at will [1]. Amongst other pressing concerns, Latvia has a large disconnected Russian speaking minority without citizenship from any country, with limited rights like the right to vote. Representing the president you should prioritize his environmentalist agenda, deeper EU integration, as well as deeper military cooperation between member states. You should hold a staunch pro-EU position in general, and a pro-Germany position, in particular. As the country that is most vulnerable among EU members to a pro-Russian separatist movement along the lines of the Donbass rebellion in Ukraine in 2014, you should warn other member states about possible Russian aggression and call for a Union-wide militarization, while preferring a more integrated NATO over an EU army [2].

## 2 Societal and Economic History

Latvia's history is defined by foreign domination. German knights from the Teutonic Order arrived in the 13th century, conquering and force-converting local pagan tribes to Christianity. Latvia became a society with a structure that was typical for medieval Europe: a Germanic conqueror class, ruling over indigenous peasants with the help of the Christian clergy. In the 17th and 18th centuries, Latvia came under Swedish rule, who introduced Protestantism to the population, reigned in the power of local German landlords, introduced protections for the rights of peasants thus easing their serfdom, and established a public school system for the peasantry, thus making a huge contribution to the region's development. These (relatively) liberal times came to an end when the Russian Emperor Peter the Great captured the region in the Great Northern War in 1721. The lands that comprise Latvia today were allowed to keep their local laws, however the central authority in Russia relied on the old German nobility to manage local affairs and did not force any liberal policies upon them like the Swedish did. The local population could not stage an effective protest or revolt due to severe depopulation caused by plague or war. Still, serfs were emancipated in 1819, even though in practice the conditions were very advantageous to the nobility [3].

The next dramatic shift in the social structure happened after Latvia gained its independence from Russia in 1919, during the aftermath of World War I. The nationalist government conducted large scale nationalization programs between 1920 and 1940, confiscating assets from German owners and granting or selling them to ethnical Latvian buyers. Coinciding with Adolf Hitler's "Heim ins Reich" repatriation program for ethnic Germans this caused a mass exodus of old elites and the near disappearance of the German minority [4]. Another social class that virtually disappeared during the 20th century is the Latvian Jewry. In 1940 Latvia was invaded and occupied by Soviet troops and annexed into the Soviet Union.

When Nazi Germany invaded the USSR in June 1941, many Latvian therefore welcomed the Germans as liberators and aided them through local uprisings. The German occupation however, spelled disaster for the Latvian Jewish community who faced the horrors of the Holocaust conducted by SS Einsatzgruppen, resulting in over 75000 deaths within Latvia [5]. Following the occupation by Germany Latvia was reorganized into the Reichskommissariat Ostland, a puppet state of Germany which aided the Nazis in their war effort. During the war the German SS transformed itself from an internal security force into the closest resemblance Europe ever had of a united continent-wide military force. As part of the Waffen-SS, over 140000 Latvians fought on the German side as part of the Latvian Legion and other Latvian SS divisions [6]. After World War II, Latvia was incorporated into the Soviet Union as the Latvian Soviet Socialist Republic. Privat businesses and farms were collectivized, with the owners and other dissidents deported to Siberia, resulting in nearly 200000 deportations [5]. To replace them the central government in Moscow sent workers and administrators from Russia, which caused the percentage of ethnic Latvians in Latvia to fall to 62 per cent in 1959. Latvia gained its second independence in 1990, after Michael Gorbachev, President of the Soviet Union, introduced the Perestroika reforms and loosened the tight grip that the central government used to hold over the republics that were part of the USSR. Since then Latvia has integrated itself into Western political structures, joining the EU and NATO in 2004.

The traditional makeup of the Latvian economy stems from the times of German domination. Mostly German noble landlords ruling over indigenous peasants that was largely preserved after the Russian conquest. In 1919 Latvia could preserve its independence against the advancing Red Army largely due to the efforts of German volunteer battalions [7]. This established system began to change once Latvia gained its first independence, however, as the nationalist government was eager to confiscate property from "foreigners" and give it to their favorites of Latvian ethnicity [8]. After 1945, when Latvia was incorporated into the Soviet Union two new processes took place simultaneously. On the one hand, Latvian agriculture was forcibly collectivized under the direction of the new communist rulers. But at the same time, state funded programs massively expanded Latvian industry, forcing the rapid industrialization of the largely agricultural country. With little regard for local interests, farmsteads were replaced by factories, hydro-electric power plants, airports. Instead of agricultural products, Latvia began producing radio and electric appliances, cars, perfumes and was one of the wealthiest regions of the Soviet Union. A technological and cultural hub within the eastern block, Latvia used to be the preferred residence of many Soviet actors and comedians, with the resort city of Jurmala continuing to host international (but Russian-dominated) comedy festivals and actor congregations until the Russian invasion of Ukraine in 2014 made Latvia sever its ties to the Russian cultural scene [9]. After the Union's fall in 1991 Latvia quickly learned to thrive within the boom-bust cycle of capitalism. Latvian GDP growth is usually one of the highest among European nations. However, its small size and proximity to less stable countries like Russia leave it more exposed to financial crises, which have damaged the economy substantially in 1991 (collapse of the USSR), 1998(collapse of the Russian currency market) and 2008-2010 (global financial crisis), the last causing Latvia to suffer

temporarily from an unemployment rate of 22.5 per cent, the highest in Europe at the time [10]. However, Latvia always managed to bounce back at reported a GDP growth rate of 4.5 per cent in 2017 [11].

### 3 Political Position

The current head of state of Latvia, President and former defense minister Raimonds VĀšjonis, is exceptional in that he is not a member of a political party with a left or right leaning. Affiliated with the Green Party, his priorities are in ecology, while on other issues he is considered a common sense, pragmatic candidate [12]. With 7 parties in parliament, of which none have a majority, the big tent ruling coalition agreed on a generally unoffensive candidate with a most uncontroversial agenda of environmental protection. The other argument for VĀšjonis' presidency was his former position of defense minister. In a time of Russian aggression in Eastern Europe, it is expected of the president to demonstrate strength towards Russia and to advocate for a deeper military cooperation between member states and NATO allies [13].

### 4 Foreign Policy

Since its second independence in 1990 Latvia has put up a tremendous effort to rejoin the western world. It reestablished a democratic system, returned previously collectivized land to its former owners and joined the EU and NATO in 2004. Today, Latvia holds a strong pro-EU position within the Union. Besides the desire to integrate into the West, this position is motivated by Latvia's need for security as well as Latvia's status as a net receiver of EU funds. In recent years, Latvia net received between half a billion and a billion Euro annually in Union funds and investments, which among other benefits helped to replace old Soviet infrastructure. The foreign policy issue that is towering above all others in Latvia is its proximity to Russia. Having a large disenfranchised Russian speaking minority (more on that in the Domestic Policy section) makes Latvia especially vulnerable to separatist movements similar to those which helped Russia to annex Crimea in 2015. In fact, a separatist movement in Rezekne, in the east of the country, already exists [14]. Due to its small size and tiny population compared to Russia, Latvia depends on an alliance with other democracies to preserve its national sovereignty.

### 5 Domestic Policy

As Western democracies and First World countries go, Latvia is relatively poor. While usually maintaining a fast pace of growth, its GDP per capita is one of the lowest within the EU, its unemployment at 8.7 per cent in 2017 remains high and the total GDP has yet to fully recover from the 2008 financial crisis. A factor that may be responsible for these conditions is a problem, that constitutes a dark side to the otherwise healthy financial sector of the country. Ever since Latvia's integration into the international structures of the West, it has been used by the Russian elites and oligarchs as a transit point for money laundering, a bridge to discretely transfer funds obtained through corruption in Russia to a safe haven in Western Europe or North America. As of 2018, Latvia's efforts to curtail these activities as widely regarded to be a failure [15]. Another domestic issue that is looking ever more threatening is the disconnect between Russian speakers and native Latvians within the country. 98 per cent of Latvians know Russian, with a wide majority being fluent in it, and 40 per cent considering it their native language [16]. At the same time only 80 per cent know some Latvian with just 56 per cent using it as the primary language in their daily lives. [17] Such is the reality, which is not necessarily reflected in Latvian law. Ever since its independence the Latvian political establishment sought to distance itself from foreign cultural influence. This attitude has led to the adoption of language and nationality laws which prohibit the use of Latvian language in schools and public documents. Since the

fluency in Latvian is required to obtain citizenship, these laws have created a large section of Latvians that are considered non-citizens and are denied basic human rights such as voting in elections, and seek work in public employment, practice law and join the military [18]. These Russian speaking non-citizens are therefore largely disconnected from official public life and often identify themselves more with Russia than with Latvia. Furthermore, since all public TV broadcasting must be conducted in Latvian, non-citizens usually turn to Russian media to receive information, thus exposing themselves to propaganda and an anti-western point of view without an accessible alternative. Yet another domestic problem in Latvia is depopulation. As soon as the borders opened in 1991, many Latvians sought employment abroad, chiefly in the UK, Ireland, and Germany. With a low birthrate and Latvia's membership in the Schengen agreement since 2004 as contributing factors, this trend is likely to continue [19].

### 6 Recent Developments

The events in Ukraine 2014 have made clear that Russia has reemerged as an aggressive geopolitical player once again. Latvia, which has been annexed by Russia twice throughout its history, perceives this resurgence as a direct threat to national security. To deter any potential Russian aggression in the Baltic, NATO has stationed 1444 troops in Latvia, coming from Belgium, Canada, Denmark, Germany, the Netherlands, Norway, Poland, Spain, Turkey, UK, and the US—a broad international coalition showcasing unity and determination to counter the eastern menace [20]. Contrary to these actions, however, stand the words of the President of the United States Donald Trump who referred to NATO as "obsolete", causing confusion and irritating allies who use to rely on an American military guarantee for their security.

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