

Lithuanian Migration in Crisis?

*A look into the effects of the current economic crisis on
migration*

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Abstract

This paper shall attempt to analyze the effects of economic crisis on the processes of migration, and will do so by using Lithuania as a case study. The current economic crisis has had devastating and far reaching effects across the globe and Lithuania is no exception to this. Lithuania's downturn is reflected by its drops in GDP, FDI, and its rising unemployment rates. The current economic downturn is thought by experts to have affected many migrants around the world, and has contributed to their increased vulnerabilities and potential for mistreatment in a hostile climate; Lithuanian migrants again being no exception to this. In general, Lithuania can be seen to have a serious migration dilemma, one of high emigration and low immigration, coupled with low return migration and as such is vulnerable to further exacerbation of these factors due to the crisis. The migration within Lithuania can be seen as having been greatly affected by the socio-economic and political changes it has undergone, mainly with the independence of Lithuania from the Soviet Union in 1991 and the joining of the European Union in 2004, both witnessing large waves of emigration from the country. The current crisis threatens yet again another exodus of Lithuanian nationals. Furthermore it threatens to inhibit the recent progress of return migration and general migration management that could be seen over the last few years. Further long term effects are also possible, as the crisis contributes to the possibility of turning temporary emigration into permanent migration, the consequences of such affecting future demographic structures and overall growth and innovation within the country.

Keywords: emigration, return migration, post-accession migration, economic crisis, effects of economic downturn on migration.

Table of Contents

Chapter 1-Introduction, Methodology, Theory.....	5
1.1 Introduction.....	5
1.1.1 Background.....	5
1.1.2 Research Question.....	6
1.1.3 Aims.....	6
1.1.4 Limitations.....	7
1.2 Methodology.....	8
1.2.1 Empirical Data.....	8
1.2.2 Interviews.....	8
1.3 Theoretical Framework.....	9
1.3.1 The Economic Sphere.....	9
1.3.2 The Political Sphere.....	10
1.3.3 The Social Sphere.....	11
Chapter 2-Background: Lithuanian Migration.....	13
2.1 Historical Aspects.....	13
2.2 Post EU Accession Migration.....	15
2.2.1 Changes in Trends.....	15
2.2.2 Employment of Post Accession Migrants.....	17
2.2.3 Positive Consequences of Lithuanian Emigration.....	18
2.2.4 Public Perceptions.....	19
2.3 Causes of Lithuanian Emigration.....	20
2.4 Return Migration.....	21
2.5 The Lithuanian Government's Role in Return Migration.....	22
Chapter 3-The Economic Crisis.....	24
3.1 The Global Crisis.....	24
3.1.1 Background.....	24
3.1.2 Impacts.....	25
3.2 The Crisis in Lithuania.....	26
3.2.1 Background.....	27
3.2.2 Empirical Evidence.....	27
3.2.3 Lithuanian Perceptions of the Crisis.....	31
Chapter 4-The Impact of Economic Crisis on Migration.....	32
4.1 How do Migrants Fare in an Economic Crisis?.....	33
4.1.1 The Vulnerability of Migrants.....	33
4.1.2 Migrants are often Employed in Sectors Hardest Hit by Recession.....	34

4.2 Historical Implications: What do Previous Crisis' Reveal?.....	35
4.2.1 The 1997-1999 Asian Financial Crisis.....	35
4.2.2 The 1973 Oil Crisis.....	36
4.2.3 The 1990-1991 Recession (Australian Example).....	36
4.2.4 Conclusions.....	37
4.3 The Fate of Remittances during Economic Downturn.....	38
4.3.1 Empirical Evidence.....	38
4.3.2 The Resilience of Remittances.....	39
4.4 Migration Trends: Will they Stay or will they Go?.....	40
Chapter 5-The impact of the Economic Crisis on Lithuanian Migration.....	42
5.1 What do the Numbers Reveal?.....	42
5.1.1 Migration Trends.....	42
5.1.2 Remittances.....	45
5.2 What are the Experts Saying about the Impacts on Migration in Lithuania?.....	45
5.2.1 Recruitment Agencies.....	46
5.2.2 2008-2009 Public Survey.....	47
5.2.3 Interview with the Chief of Missions at IOM Vilnius.....	48
5.2.3i What are the Long Term Effects of the Crisis on Migration?.....	49
5.2.3ii Role of the Government.....	51
Chapter 6-Analysis and Conclusions.....	51
6.1 Final Analysis.....	51
6.1.1 The Current Crisis as an Impediment towards Progress.....	52
6.1.2 The Impacts on Lithuanian Migration in a Global Context.....	54
6.1.3 The Long Term Effects of the Crisis on Lithuanian Migration.....	55
6.2 Conclusions.....	57
Executive Summary.....	59
Annex.....	62
Reference List.....	68

Chapter 1

Introduction, Methodology, Theory

1.1 Introduction

“...the truth lies at the confluence of independent streams of evidence. Any method that helps us identify some of the many possible plausible hypotheses or judges how plausible these hypotheses are is useful.” (Coppedge 1999 p.467)

1.1.1 Background

The Baltic state of Lithuania has endured many dramatic changes in the last 20 years; from a Republic of the Soviet Union to an independent state in 1991, and finally a European Union member state in 2004. Lithuania has seen during this time steady movements of migration; the implications as such mirroring the economic, political and social transformations it has undergone. In 2010 however, the current implications of Lithuanian migration are far more convoluted. With the 2008 start of the worldwide financial crisis, rising unemployment, inflation, and significant losses in GDP can be seen in Lithuania; a country to be deemed one of the hardest hit by the economic crisis within Europe. As migrants tend to be reactive of occurring economic cycles, the question of how vulnerable Lithuanian migrants are to the current economic situation in Lithuania, and around the world, needs to be asked. It is the intention of this paper therefore to explore the possibilities and potential consequences of the question: how has the current economic crisis affected Lithuanian migration?

Building upon an empirical framework of mixed methods and drawing from a diversity of theoretical works, this paper will attempt firstly to analyze Lithuanian migration (Chapter 2) and in doing so will highlight the topics of Lithuanian emigration, impacts of European Union accession, demographic insights, return migration, and the role of the Lithuanian government. Secondly, a brief presentation of the current economic crisis and its global implications, as well as its impact in Lithuania will be made (Chapter 3). These two factors will then be analyzed together in an investigation into whether or not the interaction of these two social mechanisms have triggered or created new social phenomena (Chapter 4 and 5). In achieving this investigation, what experts are saying about the effects of economic downturn on migration will be presented and will include topics such as the vulnerability of migrants, past crisis' impacts on migration, and the role

of remittances in economic downturn. In addition, specific effects on Lithuanian migration during this crisis will be discussed and supported by empirical data, surveys, and interviews. A final analysis with further commentary of the author will conclude all of the above (Chapter 6).

1.1.2 Research Question

The relevance of Lithuania as a case study for migration research during the current global economic crisis can be summed up in many ways by the following statement received during an interview with the head of the International Organization for Migration, Vilnius Office: “People are feeling negative, and people who never thought about emigrating before are now thinking about it...you can feel it everywhere.” (Sipaviciene 2010) Lithuania first and foremost is an emigration country, which over the last 20 years has witnessed significant losses of its population and youth to emigration. It is also a country hard hit by the current crisis and as such is particularly vulnerable to exacerbated outflows of migrants due to the crisis. Furthermore, Lithuanian emigrants already abroad are particularly vulnerable to the economic crisis’ severity in employment sectors in which Lithuanian emigrants are employed. Will those Lithuanian emigrants abroad return home, and if so what will they face upon arrival? Or conversely will those Lithuanian nationals who have resisted previous emigration trends, now be motivated to do so, creating a new wave of emigration from the country? Either way, the potential of migration and of the movement of the Lithuanian nationals as a coping mechanism for the crisis is real and ‘can be felt’ by the Lithuanian people. What will be the future consequences of this potential migration if it manifests? These issues along with many others will be addressed and analyzed throughout this paper in hopes of answering the overall research question of this project: how has the current economic crisis affected Lithuanian migration?

1.1.3 Aims

As previously stated, the truth lies at the convergence of independent streams of evidence, and it is the intention of this paper to add one such stream of evidence to the already established body of work regarding migration research. It is not the intention of this paper to establish any absolute truths or universal theories, but rather to determine underlying and/or potentially altered patterns of migration phenomena and by doing so contribute discourse and knowledge onto the continuously evolving greater understanding of migration. (Sayer 2000 pp.40-46) It is also the intention of this paper to highlight the issue of Lithuanian migration, and the issue of migration as one of many possible social consequences of the current economic crisis; to justify the relevance of this chosen topic by thoroughly exploring the various avenues of this project, by striving for clarity and efficiency in the presentation of data collected and by conscientiously analyzing them. Ultimately, this paper will stress the need for further research in the above areas

mentioned, along with furthered research in the areas of return migration, migration during economic downturns, and studies of the impacts of emigration on the countries of origin.

1.1.4 Limitations

A project of the size, with a research question that is broad in its scope, will ultimately have many limitations. One such limitation came from the lack of established research and theory regarding crisis' affects on migration; "...surprisingly little research has focused on the relationship between economic downturns and immigration flows..." (Papademetriou and Aaron 2009 p.20) Another limited source of established research, although not at the same magnitude, is research regarding the return migration of expats abroad, a relevant issue that is important to this topic. Also, one major hurdle standing in the way of Lithuanian emigration statistical research is the fact that not every emigrant gets counted in the official statistics. Official statistics only count those emigrants who have registered their emigration with the Migration Department. Statistical estimates on undeclared emigration of Lithuanian nationals for 2009 at the time of writing, was not yet available, and therefore statistics included in this paper are of declared emigration only. It should be stressed that numbers regarding the volume of emigrants who have left Lithuania, are in reality much higher, and it is impossible to know for sure how many have left. Furthermore, when dealing with the emigration of Lithuanian nationals within the European Union, a blurred distinction between what is emigration and what is mobility within the EU can be seen. For the purposes of this project, any movement of Lithuanian nationals from Lithuania abroad, regardless of freedoms of mobility, shall be deemed by the author as emigrants as opposed to 'free-movers'.

It came to light during this project that due to the crisis' most devastating impacts being concentrated in certain employment sectors, sectors that are consequently migrant rich; it would have been pertinent to supplement this case study with focus on one such sector hit by the crisis such as construction in a destination country such as the UK and to furthermore conduct fieldwork with Lithuanian migrants within this sector. However, due to lack of resources, time restraints, and language barriers, such fieldwork with Lithuanian migrants abroad was not possible. In general the project avoided the impacts of Lithuanian migration on the countries of destination, and rather focused on the impacts on Lithuania as a country of origin. Another limitation of this project stems from the relationship between economics and migration; a relationship which is tricky at best, and which cannot simply be measured. The relationship between economic downturn and migration is even trickier. To avoid a conflict of interests and a narrow analysis of two incredibly broad topics, as well as to avoid misrepresentations made by an author who specializes in migration and not economics, this paper relied solely on migration theory and not economic theory. Even though the crisis is presented as a way of supporting its validity as part of this project's equation, this paper should not in the end be considered an economic

analysis of the crisis, but rather an analysis of migration and its potential susceptibility as a social consequence of economic crisis.

1.2 Methodology

“An interview is literally an inter-view, an inter-change of views between two persons conversing about a theme of mutual interest.” (Kvale and Brinkmann 2009 p.2)

1.2.1 Empirical Data

The methodological framework of this paper will consist of both quantitative and qualitative approaches. This approach of ‘triangulation’ combines several methods and gives them equal value; this could include the combining of both qualitative and quantitative data. (Flick 2006 p.24) Statistical data will be the primary source of quantitative empirical data to be used. These statistics will consist of both aggregate and raw data, since the sources of data will be drawn from a variety of datasets found within Eurostat, the Lithuanian Migration Department, the World Bank, and other relevant organizations. The use of such statistics is a way of “measuring phenomena and warranting conclusions” which helps alleviate any possible irrelevant assumptions in the study. (Flick 2006 p.12) Surveys will also be drawn upon for quantitative conclusions, as well as those in the qualitative realm. Surveys utilized for this project can be found at the supranational, national, and private levels. For example surveys utilized include: Eurobarometer surveys; surveys commissioned by the European Union which measures public perceptions of those within the EU, along with surveys given by the Immigrant Council of Ireland, and Vilmorus a private organization in Lithuania. Where statistical data may fail to provide potential trends, or social implications, surveys which measure individual insights into such topics can prove to be a more useful tool in research. Furthered qualitative insights will come from the critical discourse analysis of a thorough literary review consisting of already established written thought and theory regarding the issues involved with this topic.

1.2.2 Interviews

Due to potential gaps in available statistical data and relevant literature regarding the effects of the crisis on Lithuanian migration, interviews with experts in the field were sought out in hopes of filling such gaps. Fieldwork interviews with two different recruitment agencies in Vilnius, Lithuania were made along with two interviews with officials from the International Organization for Migration (IOM) Vilnius office in Lithuania. Recruitment agencies work as facilitators between those abroad who are seeking Lithuanian workers, and those in Lithuania who are seeking work abroad. The IOM Vilnius office in Lithuania is the leading organization in Lithuania, serving as an intermediary between migrants, the government, and the European Union, and as well

serves as one of the leading research institutions on Lithuanian migration research. The aim of interviewing these agencies and the IOM was to reveal any recent change in recruitment flows from abroad, and/or migration flows to and from Lithuania. The expected benefits of such interviews being furthered insight, and potential data not yet available in conventional forms. The technical approach to these interviews consisted of a semi-structured, active interview also taking an *Opening-the-locks* technique. "Opening-the-locks interviews are structured around one or two main questions designed to encourage the conversational partner to talk at length and in depth on the matter at hand." (Rubin 2005 p.144) This approach is best suited for situations in which the respondent is well informed of the topic at hand, and the interviewer hopes to grasp their broader understanding. Respect and ethical consideration were taken into account for all interviewed participants, which included the acquiring of consent and exhibiting confidentiality if preferred by the participant.

1.3 Theoretical Framework

"Current patterns and trends in international migration suggest that a full understanding of contemporary migratory processes will not be achieved by relying on the tools of one discipline alone, or by focusing on a single level of analysis or one conceptual model." (Massey et al 2008 p.17)

The theoretical framework built upon in this paper will consist of a variety of well-known and established theoretical migration discourses taken from the economic, political, and social spheres. The necessity of a multifaceted approach to migration theory comes from the very nature of migration being interdisciplinary in and of itself. "On the face of it, there could hardly be a topic in the contemporary social sciences more naturally ripe for interdisciplinary thinking than migration studies." (Favel 2008 p.260) Analysis of a variety of migration theoretical thought, whether at the micro level or at the macro level of society and politics, is essential in order to create a well-rounded arena in which to measure migration phenomena. The following section will give a brief explanation of such established theories, and their relevance to this paper.

1.3.1 The Economic Sphere

Within the realm of economic migration theory, a focus will be made on the new economics of migration theory, neoclassical economics theory, along with segmented labor market theory and human capital migration theory. These theories are highlighted in an effort to determine push/pull factors at the individual level, and also to reveal larger processes behind labor markets and international migrants. New economics of migration theory challenges neoclassical economics theory which focuses on wage differentials between countries of origin and countries of destination along with an individual's ability

to weigh the costs and benefits of migration; and determines that it is not just the consideration of individuals and wage differentials that cause migration, but also of households, families, and even communities. “There is considerable circumstantial evidence in the European system to suggest that international migration is employed strategically by families to finance consumption and investment at home and to manage risk.” (Massey et al 2008 p.125) Massey continues with this to stress the need for migrant sending countries to prove the relevance of the new economics of migration theory in Europe and suggests doing so with studies or surveys regarding remittances, income spending, and investments of their emigrants. (p.126) With the current financial crisis in Lithuania, it could very well be the case that increased pressures on families to diversify their risks by sending a member of the family abroad for work could be deemed the most viable way to secure stability.

While many focus on the wage differentials between the receiving and sending countries of migrants as the most influential push/pull factor of labor migrants, segmented labor market theorists suggest that while you can't ignore the influence of wage differentials, it is actually the draw of labor, inherent in post-industrial nations, that provides the biggest pull factor. (Massey et al 2008 p.127-128) Ultimately it is the demand in destination countries that acts as the biggest instigator of international movement; without labor demand there would be nowhere for migrants to go. Whether or not there is still demand for Lithuanian migrants, and how influential this demand is post-crisis, will be a topic emphasized throughout this project. Many experts also focus on brain drain, or “...the impact of the loss of human capital when highly-skilled and mostly young citizens emigrate” (Thaut 2009 p.207) as one of the biggest consequences afflicting Lithuanian society, but this paper shall argue that a focus on ‘brain waste’ should also be made. Brain waste refers to the under-appreciation of emigrant skills being utilized in the labor market; essentially that migrants are over-qualified for the positions that they accept. “Three out of five post-accession migrants who worked in high-skilled occupations at home switched to low or medium-skilled occupations abroad...” (Hazans and Philips 2010 p. 280) When considering brain waste with the human capital model, a model which measures the efficiency or allocation of human capital as a resource, one could then determine whether or not Lithuanian emigration has been efficient. (Sjaastad 1962 pp.80-81)

1.3.2 The Political Sphere

Taken from a realism point of view; that in fact the state behaves in accordance to its own maximum benefit, the role of the state in migration processes will therefore be analyzed both at the national and supranational level; a dichotomy that can be seen to share a delicate balance indeed. The role of the state in the migration process comes down to the state's ability to exercise and legitimize its control and security over its borders and over

those who reside within them. The state also takes the role of integrator, and preservationist of national identity. (Hollifield 2008 pp.185-190) Whereas the influence of the state in deciding who may enter and what they should do upon arrival is often the migration question most researched, the influence of the state of origin on the out-migration and re-return of emigrants cannot be ignored. “In many cases, actions by governments of origin countries promote the export of migrant labor.” (Teitelbaum 2008 p.56) The Lithuanian Government’s response and migration management policies need to be taken into account as part of the formula of Lithuanian international movement. This paper will argue that the Lithuanian government’s reluctance in policy response towards emigration can be seen as instance where inaction aversely becomes action. Whether it be via action or inaction, the states are essential in, “...initiating, selecting, restraining, and ending international migration movements.” (Teitelbaum 2008 p.58)

What about the role of the state at the European Union level? At the EU level, a member state is asked to give up a certain amount of its sovereignty, for the sake of the better good of the supranational community. This has created a paradox of nationalism and identity, migration aptly reflecting such a paradox. The 2004 enlargement of the EU, undeniably caused many shifts and frequencies in migration flows, and as well redefined the typical definition of migrant and its relation to the state. “...these European free movers are much less constrained and much better endowed to engage in social forms and networks unclassified and unobserved by nation-states...” (Favel 2008 p.275) Not all EU member states opened their borders directly to 2004 accession states, and instead opted for the temporary restrictions available to EU member states, aimed at a gradual opening of the borders over a period of a few years. States that initially opened their borders to countries such as Lithuania include the UK, and Ireland. The importance of these states in acting as destination countries rose dramatically after EU membership. In the case of Lithuania, the impacts of post-EU emigration are reflected in the shear increase of the amount of new emigrants, but also in the patterns and destinations of emigrants. With the temporary restrictions of other EU countries about to be lifted, the possibilities of furthered changes in the patterns of Lithuanian emigration will perhaps be significant in the post-crisis period.

1.3.3 The Social Sphere

Social capital theory and networking theories are prominent migration schools of thought within the social sphere as they help explain how family ties and previous patterns of migration spark furthered and continuous migration due to the security and cost-saving benefits that come from established networks. Migrant networks are sets of interpersonal ties that connect migrants and potential migrants in origin and destination areas through ties of family, friendship, and community origin. (Massey et al 2008 p.129-131) Such networks allow for newly arrived immigrants to have some help with settling in. This help

acts as a coping mechanism to the stressors of international migration and also as a solution to barriers of language and financial status or capital. There is evidence to suggest that such Lithuanian networks have now been formed in the UK and Ireland, which reinforces the dominance of destination choice and labor markets. "...big and growing Lithuanian and Latvian diasporas have emerged in the UK and Ireland...Media and case studies evidence describe a rich social infrastructure within these diasporas..." (Hazans and Philips 2010 p.299) Hazans goes on to describe such infrastructures including weekly newspapers, Sunday schools, sports teams, and meetings of Lithuanian, Latvian, and Russian speakers. Social Capital Theory takes this idea one step further and indicates that immigrants tend to migrate to cities and even neighborhoods where prior immigrants from the same country have concentrated, and that the social ties established within these communities further sparks international out-migration. (Massey et al 2008 p.129-131)

Cumulative causation theory looks at the combination of several socioeconomic factors, that when in combination contributes to the perpetuation of migration. Such socioeconomic factors particularly relevant to Lithuanian emigration include the culture of migration, and social labeling. The latter referring to migrants becoming the role of the immigrant by accepting particular jobs, that natives have deemed culturally fit for immigrants, and therefore unfit for natives; (Massey et al 2006 p.47-48) the well-known "Polish Plummer" cliché being a prime example of this. The reluctance of natives to take immigrant jobs proved to be especially important for the continuing demand of migrant labor during the Asian crisis of the 1990's, which will be discussed later. The culture of migration however refers to a society in which emigration has become a part of its 'value system' and those perceived benefits of emigration are often very high. (Massey et al 2006 p.47-48) This creates an environment in which a society perceives migration as a solution to a better life, even if in fact the costs of migrating prove contrary. This type of mobile society, a society in which migration has always been an option, is potentially most at risk for a spike in emigration in times of economic turmoil.

Chapter 2

Background: Lithuanian Migration

2.1 Historical Aspects

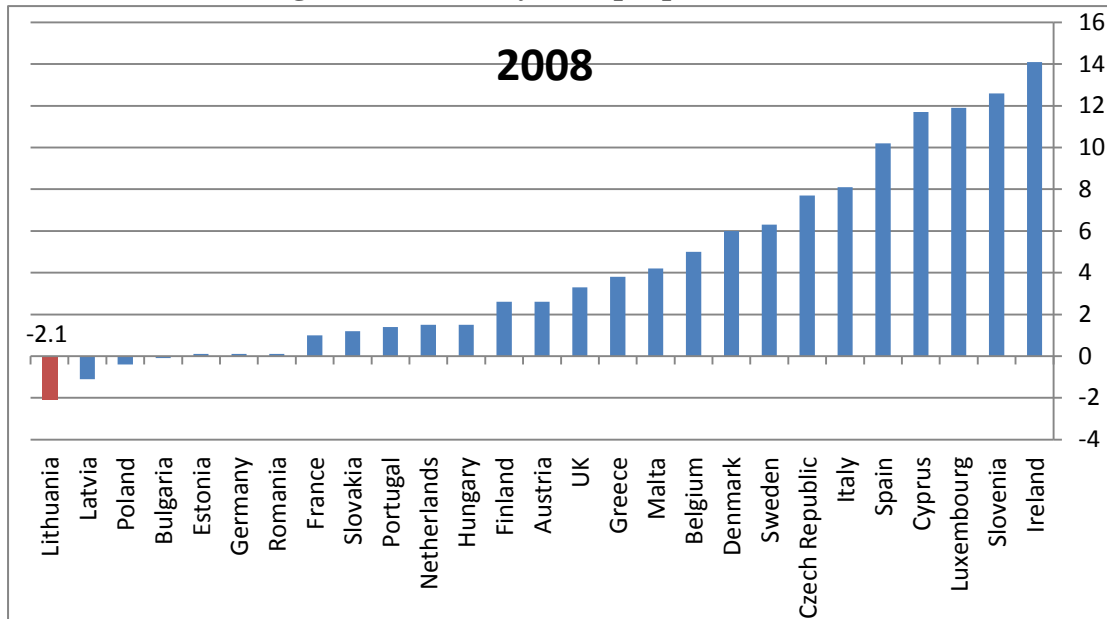
“The historical is a source of authority as well as necessary prejudice, and the process of understanding involves the recognition of the authority of tradition.” (Benton and Craib 2001 p.105)

Lithuania has undergone incredible political and socio-economic changes over the last 20 years, and the migration patterns of Lithuanian nationals have been reactive to such change. The first and perhaps most impactful change was due to the break-up of the Soviet Union and the consequent independence of Lithuania in 1991. This resulted in a population, who for decades had had their movements and mobility restricted by the political regime of its time, and as a result of independence had for the first time the freedom to move; and they most certainly did. Lithuania witnessed mass almost exodus like movements of its people abroad in the early 1990's; a pattern which subsided, to certain degree, in the late 1990's and early 2000's and remained relatively stable until 2004. In 2004 Lithuania joined the European Union, an event which brought about even more newfound freedoms of mobility and rights within the European Context. Lithuania during the first few years of EU accession again witnessed mass movements of its people abroad. This paper will attempt to argue the different impacts of the recent and current economic crisis on Lithuania and its influences on migration. However, to understand the impacts the crisis has had on migration, an understanding of the recent history of Lithuanian migration and its trends and dynamics must first be understood.

The situation of migration in Lithuania can be summed up in one word: emigration. Lithuania is without a doubt a country of high emigration, and as such the topic of emigration will be the main focus of this project and its analysis. Since its independence in 1991 and up until the year 2008, it is estimated that Lithuania has lost about half a million people to emigration, or about 20% of its working age population. (Sipaviciene et al 2009 p.55) When 1 out of every 5 able bodied person is leaving for work in international labor markets, the domestic labor market is conversely and consequently affected tremendously, and the implications do not end there. Lithuania aside from high emigration also faces low immigration into the country. This combination of high emigration with low immigration

into Lithuania has resulted in net losses of people. When the average net migration¹ of 2002-2007 (per 1,000 people as a % of the population) is taken into account, Lithuania has had the highest net loss due to migration of any current EU member state during this period, (Eurostat Yearbook 2009 p.22) and in 2008 Lithuania was again the EU leader in negative net migration with a total of -2.1 (per 1,000 people). (Eurostat: Data in Focus 2008)

Net Migration (for every 1000 people) in the EU, 2008



Data Source: (Eurostat: Data in Focus 2008)

In addition to having one of the highest net migration losses in the EU, Lithuania like many of its EU counterparts faces the natural population decrease that is accompanied by low birth rates. (Eurostat Yearbook 2009 p.22) Lithuania together with its emigration and natural decrease is currently witnessing a shrinking population. In 1990, the population of Lithuania was 3,700,000 and in 2010 as of the beginning of the year the population stood at 3,329,000 a decrease of 10.1% over the last 20 years. (Eurostat Yearbook 2009 p.137) Furthermore Eurostat population projections estimate Lithuania’s population to be 2,700,000 by 2050, a furthered 19% decrease over the next 40 years. This makes Lithuania the second most vulnerable member state behind Bulgaria in terms of long term losses of population. (Eurostat Yearbook 2009 p.137) For an already small state such as Lithuania this poses a significant threat to long term development.

¹ The difference between the amount of immigration and emigration.

2.2 Post EU Accession Migration

“Ever since the launch of the European Community’s single market program in 1987, establishing the free movement of goods, services, workers, and capital within the Community, concerns have been expressed that intensified locational competition would trigger a ‘race to the bottom’ in wages, taxes, and social standards. These concerns were magnified in 2004, when 10 new member states, mostly from central and eastern Europe, acceded to the European Union.” (Jurado & Bruzzone 2008)

It is important to look at the implications of the post-accession migrants versus pre-accession migrants firstly to denote any changes in trends, but also to understand the dynamics of the most recent stock of emigrants that were abroad directly prior to the crisis. The following section will utilize surveys of Lithuanian immigrants in Ireland conducted by the Immigrant Council of Ireland in 2008, as well as research conducted by Laura Thaut and published by the International Organization for Migration, and finally conclusions made by Mihails Hazans and Kaia Philips for the book *EU Labor Markets after Post Enlargement Migration*.

2.2.1 Changes in Trends

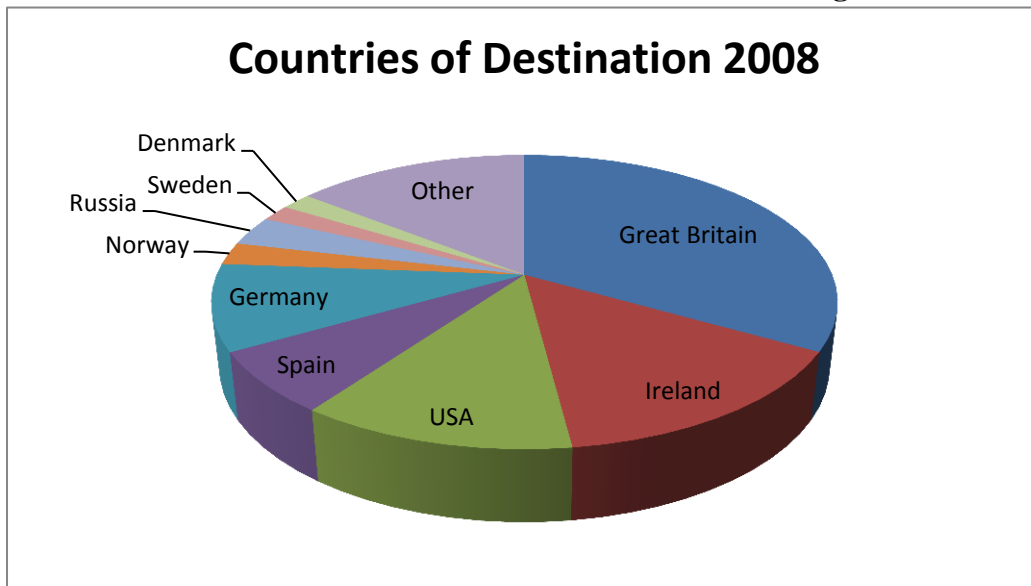
The rights of mobility and access to other European Union markets resulted in a new wave of emigration from Lithuania; declared emigration in 2005 (one year post accession) can be seen to have risen by 20% when compared to the declared emigration figures of 2003 (one year prior to accession.) (Lithuanian Migration Department: Yearbook 2009 p.27) However, according to a 2006 survey administered by the Lithuanian Department of Statistics, when undeclared estimates of emigration are taken into account, emigration in 2005 is estimated to be actually double that of 2003. (Statistics Lithuania: Non-official Migration 2006) In comparison to other 2004 accession states evidence shows that “...Lithuanians have been the most mobile nation among those which joined the EU in 2004.” (Hazans and Philips 2010 p.263) These emigration flows from Lithuania underwent a dramatic status change. Joining the EU turned what has been estimated to be significant flows of illegal or semi-legal emigrants from Lithuania in the 1990’s (Thaut 2009 p.194) into legal flows of emigration. Other implications of post-accession Lithuanian emigrants indicate that the young are emigrating. Around half of the current Lithuanian emigrants are thought to be under the age of 30. (Sipaviciene et al 2009 p.55) According to the survey of the Immigrant Council of Ireland, over 50% of Lithuanian immigrants in Ireland in 2008 were aged 25-44. (McFadyen 2008 p.56) The emigration of the young and of working aged people is ultimately a problem for the long run, “...which means in the future it will affect both: the development of demographic processes (wedlock, fertility, family) and labor resources.” (Sipaviciene et al 2009 p.55) In a sense it perpetuates the continuation of demographic problems, labor shortages, and also risks

significant brain drain from the country due to the loss of young and highly skilled or educated professionals on the labor market. This loss of youth and its pressures on demographic processes and brain drain are considered to be within Lithuanian "... one of the key impediments to development of economy and innovations now and in the future." (Sipaviciene et al 2009 p.56)

The gender of migrants can be seen to have changed post-accession. While male migrants made up the majority of labor emigrants of the mid-1990's (Thaut 2009 p.194) the proportion of females amongst post-accession Lithuanian emigrants is high. Research conducted on migrants from all 3 Baltic countries² reveal that females make up 50-58% of Baltic emigrants in the UK, and 44-46% of Baltic emigrants in Ireland. (Hazans and Philips 2009 p.291) One other result of EU accession on Lithuanian emigration was the changing of destination countries for Lithuanian migrants. From Independence up until EU accession, destination countries for Lithuanian emigrants consisted of a larger range and diversity than current destinations, and in 2001 the overall percentage of EU countries as destination countries for Lithuanian emigrants only amounted to 25.4%. (Thaut 2009 p.196) By 2008 the percentage of EU countries in the total of destination countries for Lithuanian emigrants rose to 76.6%. (Migration Department: Yearbook 2008 p.21) This indicates that after EU accession, trajectories of Lithuanian emigrants changed and the main destination countries for Lithuanian emigrants became those within the EU. Specifically, the UK, Ireland, Spain, and Germany became the prime destinations for Lithuanian emigrants within the EU, and the UK and Ireland alone received 47.9% of all Lithuanian emigrants in 2008. (Migration Department: Yearbook 2008 p.21) Based on 2006 Irish census data, there were 24,638 Lithuanians living in Ireland, (constituting Ireland's 3rd largest immigrant group that year) which is a 1,071% increase from 2002, when 2,104 Lithuanians were accounted for by the census. (McFadyen 2008 p.55) The USA and Russia received the highest proportions of Lithuanian emigrants amongst non-EU countries in 2008.

² The three Baltic countries of Estonia, Latvia, and Lithuania.

Countries of Destination for Lithuanian Nationals who Emigrated in 2008



Data Source: (Migration Department: Yearbook 2008 p.21)

2.2.2 Employment of Post Accession Migrants

The employment sectors of post accession migrants are very revealing, first in their change from pre-accession migration and the furthered ‘brain waste’ that became apparent after 2004. Also, many of the sectors of employment of post-accession migrants are some of those most vulnerable to the crisis of 2008, as to be discussed later. Post accession Lithuanians from 2004-2007, “...mostly obtained employment in the construction, agriculture, industry, and service sectors (restaurants and hotels).” (Thaut 2009 p.203) In Ireland, these post accession Lithuanian migrants vary amongst gender with “...over half of the males working in construction and manufacturing industries, while retail work, hotels and restaurants accounted for almost half of the female employment.” (Hazans and Philips 2010 p.274) In the UK, “agriculture has accounted for one third of Lithuanian employment.” (Hazans and Philips 2010 p.274) Overall there has been a rise in the share of manual workers amongst Lithuanian emigrants when compared to the pre-accession period, in 2006-2007 manual labor accounting for four fifths of Lithuanian migrants when compared to two thirds of Lithuanian migrants during the pre-accession period. (Hazans and Philips 2010 p.273)

While manual work has risen for Lithuanian emigrants abroad since EU accession, those employed in highly skilled non-manual positions has decreased, “...dropping sharply compared to the pre-accession period: from 15 to 6% among Lithuanian migrants...” (Hazans and Philips 2010 p.274) This signifies an increase in ‘Brain Waste’ post accession. “The proportion of overqualified among high-educated movers reached extremely high levels in 2006-2007: 47% for Latvia, 60% for Estonia and 70% for

Lithuania, while it was around 20% among high-educated stayers in all three countries.” (Hazans and Philips 2010 p.280) The survey of the Immigrant Council of Ireland indicates that in 2008 47% of Lithuanians had “third-level degrees, but “despite these educational qualifications, many survey respondents were working in less-skilled position.” (McFadyen 2008 p.60) Changes in the occupation of surveyed Lithuanians, from their occupations at home to other occupations in Ireland reveal that those who worked in personal service and childcare back in Lithuania accounted for about 7% of the migrants surveyed, but in Ireland 16% of those surveyed were working in this field. Those in building and construction accounted for 7% before arrival in Ireland, but in Ireland accounted for almost 15%. Those in manufacturing rose from 1% before arrival up to almost 9% in Ireland, from less than 1% up to 7% in agriculture. Also 8% of those surveyed were teachers back in Lithuania, and this dropped down to less than 1% in Ireland. (McFadyen 2008 P.93) Overall, just under 45% of male Lithuanian immigrants and less than 30% of Female Lithuanian immigrants in Ireland felt their qualifications were being recognized at work. (McFadyen 2008 P.99) Accepting jobs that are below their own qualifications is an example of the inefficient allocation of human capital (Human Capital Theory). Brain waste occurs for many reasons, but among them are the reluctance of employers to give immigrants certain jobs over their local counterparts, and also immigrant skills may not be recognized in the host country due to language barriers or due to official qualifications obtained in the country of origins, such as degrees or certifications, not being recognized or valued in a host country. (Hazans and Philips 2010 p.279)

2.2.3 Positive Consequences of Lithuanian emigration

Many of the negative consequences of Lithuanian emigration have already been mentioned above, such as the loss of youth due to emigration which leads to further pressures on demographic processes, and also leads to further shrinking of the population. Brain drain, labor shortages in certain sectors and finally the under appreciation of Lithuanian emigrants abroad, are also consequences of emigration. However, this is not to say that all implications of Lithuanian emigration are negative. The following section will highlight some of the positive implications. One positive consequence of an increase in emigration is the increase in remittances that ensues. An increase in remittances provides for an immediate financial boost for individuals and families who receive the remittances in the country of origin, and also this boost flows over into the economy of the country as a whole. In Lithuania remittances inflows increased from 115 million USD in 2003 up to 1,460 million USD in 2007, constituting a 92% increase in total inflows. (World Bank: Prospects 2010) Other positive implications of emigration are those that come from the consequent alleviation on the labor market in countries of origin that emigration provides. This reduction of pressure on the labor market includes reduction in labor supply, a decrease in unemployment rates, and an increase in wages. (Hazans and Philips 2010

p.287-288) While emigration cannot account fully for a reduction in unemployment rates Hazans and Philips "...estimate that migration contributed to a fall in the unemployment rate over the four year period of 2005-2008 of 3.1% points for Lithuania..." (p.290) While there are many positive consequences of emigration, in many ways their benefits can be seen as more short term rather than long term. For example while remittances might provide an immediate boost for the economy, a long term dependency on remittances, if developed, could have potentially negative consequences in the long run.

2.2.4 Public Perceptions

The public's perception of EU expansion and its consequent migration post 2004 EU accession can be found to be perceived as mixed within Europe, however, "...although the picture is mixed, public perception of migration tends to be increasingly negative throughout Europe." (Canoy et al 2010 p.72) In a recent transatlantic survey "47% of European respondents...perceive migration to be *more of a problem* than an *opportunity*" and among those surveyed those citizens residing in the UK were amongst the most skeptic surveyed, "...with 61% of respondents considering immigration as being *more of a problem*." (Canoy et al 2010 p.80) In the survey of the Immigration Council of Ireland, approximately 11% of Lithuanians surveyed in Ireland responded that they had been bullied or harassed at work by a manager or co-worker. (McFadyen 2008 p.95) Other Lithuanian respondents cited that they had been harassed by customers occasionally. One such respondent surveyed had this to say about customers he encountered at work, "Irish people can be arrogant toward Lithuanians, even if you are better qualified than they are. They have money rather than qualifications." (McFadyen 2008 p.95) It should be noted however, that in the same survey Chinese, Indian, and Nigerian immigrants in Ireland were asked the same question, and among these participants: 16% of Indians, 38% of Chinese, and 60% of Nigerians reported having been harassed or bullied at work. The harassment of other migrant groups thus appears to be much higher than the Lithuanian migrant group, so while Lithuanian migrants are vulnerable to mistreatment, they are not among the most vulnerable. This could be due to Lithuanians being more culturally similar as Europeans to their Irish counterparts, when compared to other migrant groups.

The above perceptions of Europeans towards migrants, and of Lithuanians towards their situations abroad, are important to consider especially in countries where Lithuanian emigrants find themselves in such as the UK or Ireland, because as to be discussed later in chapter 4, one consequence of economic crisis on migration is an increase in the vulnerability of migrants abroad due to a rise in hostility, and even possible mistreatment, of locals on migrants during downturn. "Today's public concerns about the impacts of migration threaten to take an even uglier turn as the prospect of a world-wide recession is likely to intensify competition for jobs among immigrant and non-immigrant populations." (Jurado & Bruzzone 2008)

2.3 Causes of Lithuanian Emigration

“In light of the socio-demographic pressures facing Western Europe, its shortages of highly skilled and less-skilled labor may be considered a primary force for East-West migration following the 2004 EU enlargement.” (Thaut 2009 p.201)

The following section will highlight further many of the theories and factors already presented thus far as to causes behind Lithuanian emigration. Lithuanian emigration in the 1990's can very much be seen as a form of risk diversification and as a reaction to the difficult situation Lithuanians found themselves in (New Economics of Migration Theory). “The hoped-for freedom had finally come, but the economic wealth and prosperity that people anticipated did not arrive.” (Thaut 2009 p.197) Lithuanian emigration in the 1990s was a way of dealing with the economic hardships that came with the socio-economic and political transitioning of the newly independent Lithuanian state. “Households looked to emigration as a way to decrease the risks associated with market failures, diversify income through remittances, and obtain capital to finance new production activity.” (Thaut 2009 p.197) While risk diversification during a difficult transitioning time was dominant in the 1990's, post EU migration could perhaps be better summed up by undeniable wage differentials (Neoclassical Economics Theory), and also by the inherent demand for labor from Western European countries (Segmented Labor Market Theory). In a 2004 survey of Lithuanian pharmacists abroad, given by the Ministry of Social Affairs, Labor and Solidarity of France; 84.1% of Lithuanian participants surveyed stated that having a higher salary was the most important reason for migrating. (Smigelskas et al 2007 p.505) This overwhelming response is not hard to imagine, when the following wages for pharmacists are considered: “In the United Kingdom the average annual salary for a pharmacist is 65,000 Euro, in Ireland it is 53,000 Euro, in Germany 81,000 Euro, and in Lithuania it is below 10,000 Euro.” (Smigelskas et al 2007 p.507) Beyond wage differentials, the inherent pull of demand for cheaper labor in Western European countries, supported by a demand to counter this region's demographic pressures of aging populations must also be taken into consideration.

As previously mentioned in the introduction, strong and growing Lithuanian communities abroad have been formed (Social Capital Theory) especially in the UK and Ireland. These communities offer support for furthered and continued waves of emigration from Lithuania (Networking Theory). In the survey of the Immigrant Council of Ireland it was found that amongst Lithuanian participants more than 60% had had friends and/or family help them find their current job in Ireland. (McFadyen 2008 p.89) Furthermore, 17% of Lithuanian participants had moved in with friends, and 33% had moved in with family. (McFadyen 2008 p.63) This tells us that at least half of all Lithuanian emigrants who had come to Ireland had established connections and accommodations within a Lithuania community even before arrival; having a place within such a community helped

plant their roots abroad. In addition to communities and networks perpetuating and supporting emigration flows there is also evidence that emigration is part of a cultural mindset in Lithuania (Culture of Migration). In an interview with the head of the IOM Vilnius office, it was noted that: “to stay in Lithuania is considered to be in bad taste.” (Sipaviciene 2010) To stay in Lithuania is considered to be in bad taste, while the perceived benefits of going abroad, are not only considered to be in good taste, but have thus become an ingrained part of the cultural state of mind in Lithuanian society.

2.4 Return Migration

“Return migration is the great unwritten chapter in the history of migration. The historiography of migration studies has nearly always tended to imply that migration was a one-way process, with no return.” (King p.7 2000)

According to the survey of the Immigrant Council of Ireland, when asked how long they intended to stay in Ireland, approximately 40% of Lithuanian participants responded that they did not know, 7% responded in 1-2 years, 20% responded 3-5 years, 11% responded more than 5 years, and less than 10% responded permanently. (McFadyen 2008 p.161) This reveals that while less than 10% of those who emigrated intended to stay permanently, and conversely less than 10% fell into the most temporary category of 1-2 years; that in fact the majority of Lithuanians in Ireland, either have no plans on when to return, or they intend to stay for a period of 3 years or more. The potential for Lithuanians emigrants to spend significant durations of time abroad and/or not return is high and increases as time spent abroad increases. The above sections thus far have concentrated on what happens when people emigrate, however, emigration does not have to be a one-way process. The return migration of Lithuanian emigrants abroad offers many real benefits to the country’s long term development, offers alternatives and solutions to the consequences of initial emigration, and as will be argued in the next section, can be promoted as a part of active migration management policy.

Return migration is integral to the recovery of emigration losses. Return migration counters the effects of brain drain, in that those emigrants who have gone abroad will hopefully return to Lithuania with new skills and knowledge, and also perhaps with tangible financial assets, and/or savings. This could prove to be particularly prudent amongst those most highly qualified Lithuanian nationals who return such as scientist, or doctors. In this case, brain drain can be thus translated into brain gain. Lithuania, along with other countries of origin can benefit from “...human capital development through newly acquired skills of returnees.” (Ghosh 2000 p.187) Return migration offers furthered solutions to the demographic pressures of emigration and recovery of population losses. It also acts as an alternative to importing laborers from 3rd party countries to fill labor shortages left behind by Lithuanian emigrants. Lithuanian emigrants, even if they have

been away from home for long periods, can still be seen as facing an easier road towards integration into Lithuanian society when compared to labor immigrants from 3rd party countries, due to their retained identity and culture, and language abilities.

The return migration of Lithuanian nationals, while necessary for Lithuania's long term development, is not without its limitations. Evidence shows that migration attempts are not always successful, that pertains to initial emigration and also to return migration. There are in fact different categories of return migrants. According to a return migration model presented by the IOM headquarters in Geneva, there are four different types of returns. There is the "return of failure" where the emigrant's attempt to either find employment or adapt to the destination society has not proven successful and they then return to their homeland. There is also the "return of conservatism" in which the migrant while managing to settle abroad, never quite lets go of their orientation towards their homeland, and returns home with minimal acculturation. In contrast to the conservative return, there is the "return of innovation" in which the migrant has not only delved deeper into the host country, but also in the end returns home with, "...new ideas, values and ambitions." The "return of retirement" is the last of this model, and this describes migrants who return home after they have exhausted their working years. (King 2000 P.13)

"From the point of view of change and development in the country or origin, the crucial type of return is the return of innovation." (King 2000 P.13) This is the return that will warrant the most brain gain, along with other benefits. This is however, the least common type of return, because those who succeed abroad in destination countries have far less motivations for return. (King 2000 P.13) What can be said about post-accession return migrants in Lithuania thus far? There is an approximate 40% inactivity rate amongst Lithuanians who have returned home post-accession. (Hazans and Philips 2010 p.284) In many ways this signifies that a large proportion of Lithuanian return migrants have been unproductive and inefficient upon arrival at home (have not found work etc.). This therefore does not exhibit the benefits of return migration and furthermore increases the likeliness that unsuccessful return migrants will emigrate again. Positive and productive return migration must therefore be promoted. The next section will look at the Lithuanian government's role in promoting successful migration, both to and from Lithuania.

2.5 The Lithuanian Government's Role in Return Migration

"It is clear that without active re-emigration promotion policy, Lithuania will not manage to encourage returns, though, it remains unclear what needs to be done and how."
(Sipaviciene et al 2009 p.56)

Return migration policy in Lithuania should consist of many facets and address the different needs of different types of return migrants. “While in the case of unsuccessful migrants, main attention should be focused on provision of information, social-psychological assistance, and job search; in the case of successful migrants, attracting them requires a wider range of actions, many of which are in the economic area.” (Sipaviciene et al 2009 p.66) Economic areas that can be used to attract successful migrants given by Sipaviciene et al include the potential for emigrants to utilize their migration experience and capital at home through creating investment and business development friendly environments for them. Also, to attract highly skilled or recent Lithuanian graduates who are abroad, an environment in which they are invited to participate in scientific and academic activities and project initiatives needs to be created for them. (Sipaviciene et al 2009 p.65-67) This is essential for Lithuanians to feel that their skills are being utilized to their fullest potential and thus their own self-realization is fulfilled at home and not sought out abroad (in a society with the culture of migration mindset, self-realization is often thought to be best realized abroad).

As previously disclosed in the introduction, the role of the Lithuanian Government’s response and migration management policies need to be taken into account as part of the formula of Lithuanian international movement. Whether it be via action or inaction, the Lithuanian state is an important mediator in the emigration and return migration processes. While many migration experts within Lithuania point to the inaction of Lithuanian government towards emigration, and that in fact they are not doing enough (Sipaviciene et al 2009 p.56) the following will focus on the measures they are taking toward migration management. In 2007 the Lithuanian government approved the *Economic Migration Regulation Strategy*, and the aims of this strategy include “the prevention of the negative impacts of the migration process, and providing incentives for economic migrants abroad to return.” (Ministry of Social Security and Labor 2007) This strategy was further supported by guidelines for immigration policy, developed in 2008, that additionally stated that Lithuanians should have preference over immigrants on the labor market as an incentive to encourage the return of Lithuanian emigrants from abroad. (Sipaviciene et al 2009 p.60) Under this Economic Migration Regulation Strategy, a number of projects were formed whose aims included building up a positive image of Lithuania to encourage return, along with reversing brain drain, and also a project aimed at establishing and retaining long term relations with Lithuanian emigrants abroad in hopes that they might preserve their culture and language. Attempts at information management included the opening of an information center for migrants/potential migrants in the IOM Vilnius office (currently closed due to lack of funding), informative publications regarding migration choices, and information fairs for Lithuanian emigrants held abroad. (IOM Lithuania 2010) (See Annex A for omitted interview with the IOM project manager present at two such fairs held in November 2008, in the cities of Dublin and Monaghan,

Ireland—cities known for having rich Lithuanian Diaspora). Information management and dissemination is an important and needed aspect in overall migration management.

Chapter 3

The Economic Crisis

3.1 The Global Crisis

“The world is confronted with the worst financial and economic crisis since the Great Depression. The evolving crisis, which began within the world’s major financial centers, has spread throughout the global economy, causing severe social, political and economic impacts. We are deeply concerned with its adverse impact on development.” (United Nations Conference 2009)

3.1.1 Background

To understand the financial crisis in the Lithuanian context, the financial crisis must first be analyzed in its far reaching global context. The following analysis will briefly introduce the beginnings and impacts of the global crisis, as well as the crisis as a symbol of globalization. A series of deteriorations in the economic stability of the world can be seen, firstly in the 2007 subprime crisis in the USA, followed by “mild recessions” in advanced economies mid-year 2008, and finally with the “dramatic blowout” of the financial crisis that started in September 2008 and whose repercussions were felt across the globe. (World Economic Outlook 2009 p.1-4) The root causes in the current economic situation include, unsustainable macroeconomic policy, which was insufficiently coordinated at the global level. These macroeconomic policies were heightened by “major failures in financial regulation” and “major failures in the supervision and monitoring of the financial sector,” (supervision from financial regulators, policy makers and institutions) and their ultimate underestimation of risks and the “extent to which economic vulnerability crosses borders.” (United Nations Conference 2009) The International Monetary Fund expands on the failures of supervision and monitoring as a failure of the “global architecture” of today’s financial system, a system riddled with fragmentation and limited collaboration. (IMF Staff Paper 2009 p.1-5) The underlying factors for failures in financial regulation include: over-reliance on market self-regulation, lack of transparency, financial integrity, irresponsible behavior, excessive risk-taking, unsustainable prices, irresponsible

leveraging and high levels of consumption fuelled by easy credit. (United Nations Conference 2009)

The crisis spread from advanced economies both indirectly through various facets and also directly from trade and financial linkages, however, not all regions in the world felt the effects equally. (Berkmen et al 2010) IMF concludes that those countries with high account deficits, high indebtedness, low reserves, and strong credit growth were most vulnerable to the crisis, and conversely, those countries with flexible exchange rates, and strong fiscal positions fared much better. Specifically it has been concluded that Emerging Europe and Central Asia were the hardest hit by the crisis, and face the toughest prospects. “Overall, countries in the Emerging Europe and Central Asia Region will recovery from the crisis more slowly than in other regions.” (World Bank: Europe & C. Asia 2010) This region faced the greatest fiscal tightening measures, with the regions’ fiscal deficits equaling 6% of its GDP between 2008 and 2009, whereas in other regions fiscal deficits to GDP amounted to 1% in the Middle East, 3% in Latin America, and 4% in Asia and Africa. (World Bank: Europe & C. Asia 2010) Growth projection estimates for 2011-2013 show Emerging Europe and Central Asia as having the lowest growth, from 3-4% or approximately 1.3% per year, whereas in the Middle East it is projected to be around 5% and even up to 8% in developing Asia over the same two year period. (World Bank: Europe & C. Asia 2010) Globally however, forecasts for 2010 and 2011 are more optimistic than previous initial forecasts. While global GDP contracted 2.1% in 2009, it is estimated to expand between 2.9% and 3.3% in 2010 and 2011. (World Bank: Data & Research 2010) Future crisis recovery outlooks are dependent on many different factors, but two such factors under close watch are the continued growth of developing countries around the world, which are currently, in 2010, the leaders in overall growth production, and also the financial situation in Europe which is seen by experts to be the most fragile in 2010, some even predicting a second wave of the recession to be unleashed if European institutions and governments cannot stabilize the region. (World Bank: Data & Research 2010)

3.1.2 Impacts

The United Nations Conference on the world financial and economic crisis and its impact on development, held in New York June 2009, addressed the many impacts of the current crisis that have been reported by nations across the globe; impacts which vary by country, region, and also vary in severity.

Impacts of the Crisis
<ul style="list-style-type: none">•Rapid increases in unemployment, poverty and hunger•Deceleration of growth, economic contraction•Negative effects on trade balances and balance of payments

- Dwindling levels of foreign direct investment
- Large and volatile movements in exchange rates
- Growing budget deficits, falling tax revenues and reduction of fiscal space
- Contraction of world trade
- Increased volatility and falling prices for primary commodities
- Declining remittances to developing countries
- Sharply reduced revenues from tourism
- Massive reversal of private capital inflows
- Reduced public confidence in financial institutions
- Reduced ability to maintain social safety nets and provide other social services, such as health and education
- Increased infant and maternal mortality
- Collapse of housing markets
- Endangerment of National Agendas for Development

Data Source: (United Nations Conference 2009)

The above impacts have various economic, political, and social implications. Above impacts that are thought by the author to be particularly pertinent to Lithuania's migration situation, either through furthering potential emigration, or putting migrants and their families at risk include those related to remittances, unemployment, reduced public confidence, reduced ability to maintain social nets and social services, and endangerments of national agendas for development (the assumption made that migration management falls under national development).

“The ongoing crisis has highlighted the extent to which our economies are integrated, the individuality of our collective well-being, and the un-sustainability of a narrow focus on short-term gains.” (United Nations Conference 2009) The above statement in many ways captures the essence of how this crisis is a quintessential symbol of globalization. Nations today, along with their corresponding economies are innately linked together, and what happens in one country, indeed trickles down into other countries around the world. Yet even in a world that is interconnected; personal and individual gains still reign absolute. Such gains that are often risky and naïve: made at the expense of others, and are easily turned a blind eye to. In such a globalized world the question of whether or not we can continue pretending that we are not all actors in contributing to the unequal balance of the world, has in many ways been answered by this crisis; that in fact we simply cannot afford to pretend any longer.

3.2 The Crisis in Lithuania

“The story of the Baltic States’ economic development since regaining independence in 1991 seems almost too self-evident to tell. The small open economies were flushed with foreign capital, became overleveraged, and are now paying the price.” (Kattel 2009 p.11)

3.2.1 Background

According to the World Bank's country profile of Lithuania, Lithuania can be described as a post-communist country that experienced "rapid market reforms" and "macroeconomic stabilization" in the 1990's after gaining independence. Furthermore, Lithuania has experienced an impressive economic growth since its accession into the European Union, with a GDP growth rate of 8% per year from 2004-2007, among the highest in the EU. (World Bank: Country Brief 2009) This economic growth was driven by domestic demand, real wage growth, credit expansion, large inflows of EU funds, and accompanied by declining unemployment rates. (World Bank: Country Brief 2009) However, this rapid growth was not without its repercussions; repercussions that when combined with the global financial crisis has led to economic vulnerability in Lithuania. "As the economy expanded above its growth potential, overheating pressures mounted and significant external and internal balances developed." (World Bank: Country Brief 2009)

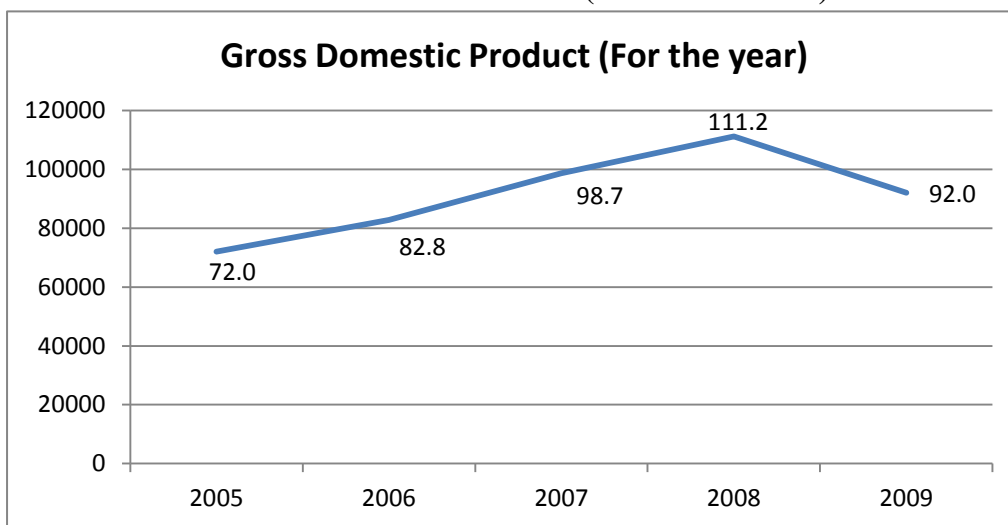
First signs of such overheating in Lithuania include: inflation (which led to Lithuania's rejection for the Euro), and instability in the financial sector and banks' assets due to credit expansion in foreign exchange and risky real estate. Some argue that one key factor in Lithuania's inflation was its fixed exchange rate. "The illusory safety of the pegged exchange rate attracted large inflows of short-term lending from European banks. The currency inflows boosted the money supply, and inflation surged with money supply growth from 2006." (Aslund 2009 p.2) Also, foreign direct investment acquired post-independence, while allowing for economic restructuring, was primarily aimed at "short-term asset booms" such as financial consumption and real estate as opposed to "long-term assets" such as research and development, innovation, and industrial modernization (a successful model adopted by the then-unstable Nordic economies of the post-war era). (Kattel 2009 p.11) This situation manifested itself in 2008 with very apparent economic slowdown and output growth turned negative. (World Bank: Country Brief 2009) In 2008, Lithuania found itself dealing with domestic instability, caused by the overheating of rapid change in an emerging economy, and to make matters worse Lithuania found itself dealing with the contagious financial instability of its global partners, thus delivering the country into economic crisis.

3.2.2 Empirical Evidence

What have been the visible impacts of the financial crisis in Lithuania? The economic crisis in Lithuania can be seen in the nation's productivity, the labor market, and in individual purchasing powers. The following macroeconomic indicators analyzed in this section are in no way meant to be presented as an exhaustive list of economic indicators, nor are they implying that the crisis is the only possible explanation for their status, they have however been chosen as examples of the potential implications of the

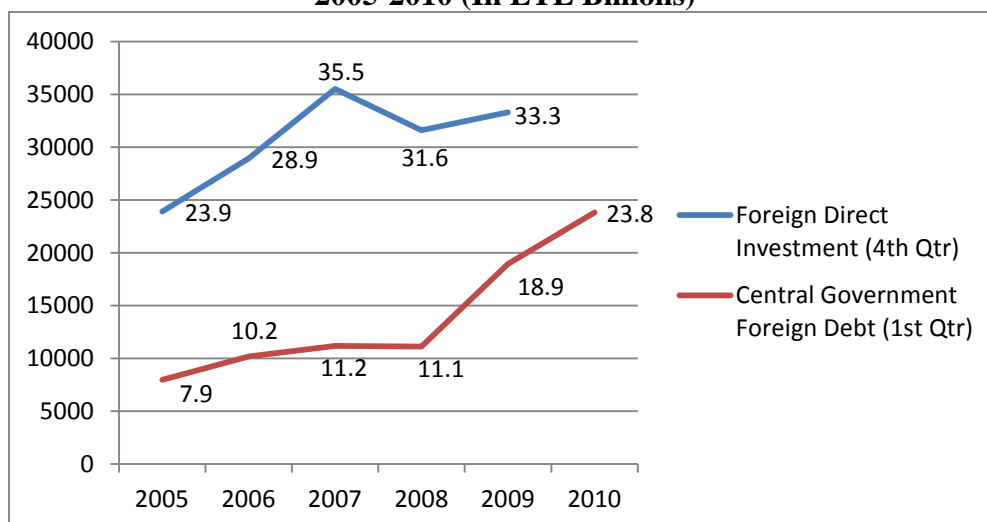
crisis on the economy in Lithuania. The Lithuanian Statistical Department (Statistics Lithuania) is the primary source of data for this section. Lithuania, although an EU leader in GDP growth in post accession years has seen a dramatic decrease in GDP from 2008. According to data from the Lithuanian Statistical Department, GDP growth began to slow down in 2008, and in 2009 GDP dropped by -17.3%. Furthermore, data for the first quarter of 2010 implicates a furthered downturn with an 11% decrease from the last quarter of 2009. (Statistics Lithuania 2010)

Lithuanian GDP 2005-2010 (In LTL³ Billions)



Data Source: (Statistics Lithuania 2010)

Lithuanian FDI and Central Government Foreign Debt 2005-2010 (In LTL Billions)

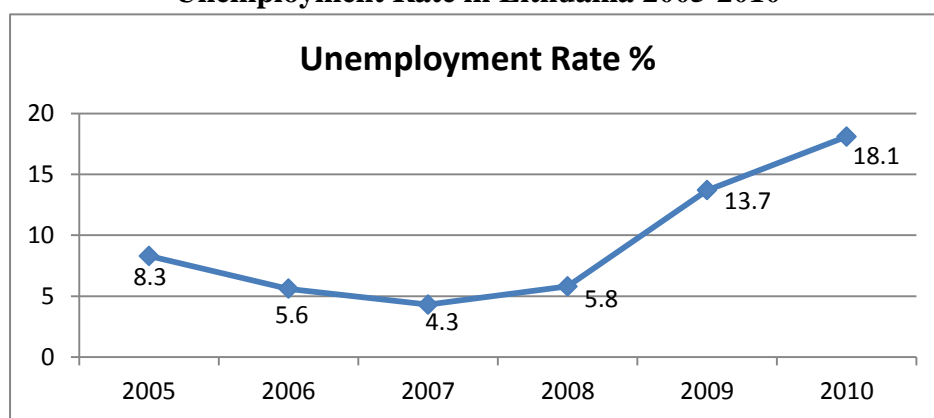


Data Source: (Statistics Lithuania 2010)

³ Example of exchange rate: 100 Litass (LTL) equals approximately 28 Euro or 36 USD. (Oanda Currency Converter June, 14th 2010)

Foreign Direct Investment in Lithuania witnessed an 11% decrease in investments from 2007 to 2008, however, from 2008 to 2009 investments increased by 5.3%. As previously stated, foreign direct investment has been a key economic player in post-independence Lithuania's successful growth and restructuring. Thus, an increase in 2009 is very revealing in its positive sentiment for crisis recovery and also that Lithuania is still seen as an attractive environment for investors regardless of the crisis. The Lithuanian Central Government's foreign debt more than doubled from 2008 to 2010, thus increasing the dependency of Lithuania on its global partners. The general government's gross debt witnessed a similar increase, the debt to GDP ratio equaling 29.3% at the end of 2009, which is a 12.3% increase from the end of 2007. (Statistics Lithuania: Press Release 2010)

Unemployment Rate in Lithuania 2005-2010

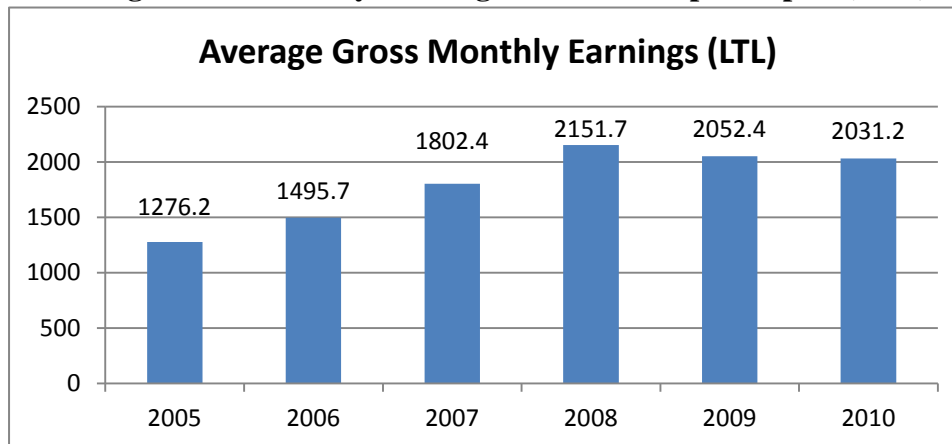


Data Source: (Statistics Lithuania 2010)

*Data for 2010 is for the 1st Quarter

Further economic implications of the crisis can be seen in the labor market via unemployment rates and the availability of jobs in Lithuania. In 2007 the unemployment rate stood at an impressive 4.3%, and increased slightly by 1.5 percentage points to 2008. However, from 2008 to 2009 the unemployment rate rose by 7.9 percentage points, and again by 4.4 percentage points in the first quarter of 2010. The current unemployment rate at the end of the first quarter stood at 18.1% overall. This is the 4th highest unemployment rate in the EU, behind Latvia (20% unemployment), Spain (19.9%), and Estonia (19%). (Eurostat: News Release 2010) The number of job vacancies which increased dramatically by 70.5% from 2005 with 7,900 job vacancies up to 26,700 job vacancies in 2007, took an even more dramatic decrease from 2007-2009, dropping by nearly 78% from 2007 to 2009 with job vacancies reduced to 5,800 openings overall in 2009. (Lithuania in Figures 2010 p.19) The outlook of opportunities for future employment thus does not appear likely to appease current unemployment anytime soon.

Average Gross Monthly Earnings in Lithuania per Capita (LTL)



Data Source: (Statistics Lithuania 2010)

Rates of Change in Consumer Price: Compared to the Previous Year

	2005	2008	2009
Consumer goods and services	3.0%	8.5 %	1.3%
Food and non-alcoholic beverages	3.5%	10.9%	-4.4%
Housing, water, electricity, gas and other fuels	6.7%	23.3%	-5.6%
Health Care	6.1%	11.7%	14.4%
Transport	10.0%	-3.8%	10.5%
Education	-1.4%	9.5%	14.2%

Data Source: (Lithuania in Figures 2010 p.31)

Salaries in Lithuania which could be seen as steadily rising from 2005 to 2008, started to decline in 2009 and 2010, decreasing by 5.7% overall from 2008 to 2010. Prices in essential areas of living can be seen to increase dramatically in the post-accession era, especially in 2008 when compared to 2007. Housing during this one year period increased 23.3%, while health care, and food increased by more than 10%, and education and consumer goods by more than 8%. In 2009 salaries decreased, while prices in areas such as health care, transport, and education continued to increase by more than 10%. Even in the areas of housing and food, which saw a decrease in price from 2008 to 2009, when compared to the decrease in salary, do not amount to much financial alleviation. Salaries in 2009 decreased by 4.7%, and therefore a 4.4% decrease in food does not indicate a net gain in purchasing power, and with a 5.6% drop in housing, exhibiting only a marginal gain. This contradiction of lowered salaries and higher prices ultimately reduces the purchasing power of the people, further exacerbating the hardships of the crisis at the individual level.

3.2.3 Lithuanian Perceptions of the Crisis

Aside from what the numbers reveal, how can a financial crisis' impacts be measured? One such way to measure impacts is to assess how the people themselves regard the crisis and its effects on their own livelihoods. In July 2009, the following Eurobarometer Survey was conducted upon the request of the European Commission; '*Monitoring the Social Impact of the Crisis: Public Perceptions in the European Union.*' All 27 European Union member states were represented in respondents surveyed, and respondents were asked to assess how they viewed different social and financial scenarios in the past and upcoming year. (Eurobarometer #276 2009)

When asked about their general expectations regarding their household financial situation over the next 12 months, 58% of Lithuanians perceived that their household financial situation would be 'worse' than the prior year. This is the 2nd highest percentage amongst EU Member States behind Latvia in responding "worse," and the EU average for this response was only 26%. (p.31) When asked about the level of risk that they will not be able to pay ordinary bills or buy food or other daily consumer items over the next 12 months, 53% of Lithuanians responded that there was a "high" or "moderate" risk that they would not be able to afford such items. This was again the 2nd highest percentage in the EU behind Latvia, and the EU average for this response was 24%. (p.36) When asked about job stability, specifically, the level of confidence they had regarding the ability to keep their current job in the next 12 months, 49% of Lithuanians answered either "not at all confident" or "not very confident," again the 2nd highest in the EU behind Latvia, and the EU average was only 18%. (p.42)

Since July 2009, this Eurobarometer survey has been followed up two more times; the survey was re-conducted 5 months later in December 2009, and again 5 months after this in May 2010. The December 2009 survey revealed marginal change in the responses given by Lithuanians to the above questions asked: perceived financial situation over the next 12 months, ability to pay ordinary bills, and the confidence they had regarding the ability to keep their current job. However what did change was the responses of the other EU member states, the average decreasing overall, and Lithuania consequently falling into first place (surpassing Latvia) out of all EU member states with the most pessimistic outlook for all 3 questions. (Eurobarometer #286 p.28,33,41) In the May 2010 survey, Lithuania retained its first place status as most pessimistic in the categories of job stability and being able to pay ordinary bills, but it showed remarkable improvement in the general expectations of household financial situations over the next 12 months dropping from 56% in December 2009 of those responding that they would be 'worse' off than the previous year down to 32% in May 2010. In this category Lithuania neared the EU average of 28%, and was ranked 7th overall, Romania taking first place for most pessimistic outlook. (Eurobarometer 2010 #289 p.30,35,44)

The timings and frequencies of these surveys are particularly poignant in relation to the crisis, the first survey being issued relatively within a year of the crisis' onset, and the following two surveys conducted at consistent intervals over the past year, the most recent issued just a few months prior to the writing of this report. The pessimistic perceptions of Lithuanians in these categories can be seen to deteriorate amongst the EU average as time went on, however, this last survey does give some glimpse or forecast of hope as Lithuanians view their general household financial situation to be much improved. The results of this survey reveal more than just an insecure economic situation; they also unveil the underlying insecurities of the Lithuanian people towards their current well-being. The thriving economy of this 'Baltic Tiger' only a few years ago brought with it a newfound confidence for the Lithuanian people in their own personal economic well-being and stability, and this confidence can be seen to have been shattered, or at the very least harmed by the current crisis. This loss of confidence and hope within the Lithuanian society thus becomes more than a negative economic implication of the crisis, but also a negative social implication as well.

Chapter 4

The Impact of Economic Crisis on Migration

While there is not enough evidence to comprehensively understand the full impacts of the current crisis on migration it is likely that migrants from around the world will be affected by the crisis. "The negative correlation between number of immigrants and economic growth suggests that migrants are likely to be badly affected not only in OECD⁴ countries but also in the Gulf, East Asia and South Africa." (UNDP 2009 p.41) According to experts, the likeliest implications of the crisis on migration will come in the forms of unemployment amongst migrants, decreases in remittances, discrimination and anti-immigrant policies, and overall vulnerability. The depth and long term duration of these impacts however are hard to foresee, and will greatly depend on the length and severity of the crisis, and as well will affect different migrants in different sectors, regions and/or

⁴ Organization for Economic Cooperation and Development: consisting of many member countries in which Lithuanian migrants find themselves, such as the UK, Ireland, Germany, Scandinavian countries, and the USA.

countries in uneven ways. (Development Research Centre 2009 p.1) The following section will present some of the likeliest impacts of the crisis, utilizing the evaluation of experts regarding the current crisis and also past crisis' historical implications. The evaluations of experts such as those from the United Nations, and the Migration Policy Institute, and others will therefore be relied on in the absence of established and well-known theory regarding the effects of economic crisis' on migration.

4.1 How do Migrants Fare in an Economic Crisis?

“Just as economies tend to call on people from abroad when they face labor shortages, so they tend to lay off migrants first during times of recession.” (UNDP 2009 p.41)

4.1.1 The Vulnerability of Migrants

While theory in terms of economic downturn on migration may be limited, and experts' opinions varied, what the current literature can agree upon in unison is that migrants are the most vulnerable during times of economic downturns. “Many immigrants share the demographic and socioeconomic profiles of the most vulnerable workers and, as a result, suffer disproportionately during economic downturns.” (Papademetriou et al 2009 p.14) The characteristics of migrants, along with their legal status, are major determinants in such vulnerability. Migrants are often young (newcomers on the labor market), often low-skilled and less-educated than their local counterparts. They also tend to be temporary workers located in cyclical sectors. (UNDP 2009 p.41) These characteristics result in a weakened position on the labor market, making such workers easy to let go during economic downturns. A migrant's status also contributes to vulnerability, those immigrants with legal status being less vulnerable to economic change than those without legal status due to stronger ties to the labor market, and increased rights in the country of origin such as rights and access to local social welfare systems. (Papademetriou et al 2009 p.14)

Those migrants who find themselves abroad without a job are often in a desperate situation, due to the lack of a social net to support them, coupled with a strong desire to stay in the country of immigration, perhaps to protect the investment and maximize the risks involved with their migration, or perhaps due to “deeply felt family obligations” of those that rely on remittances back home. (Papademetriou et al 2009 p.21) Regardless of the reason, such desperation might lead to migrants accepting lower level jobs with reduction in wages and benefits, or they may even turn to the informal economy for jobs. Optimal working conditions are therefore decreased and even subject to abuse or danger, and once in the informal economy migrants are particularly vulnerable to abuses by employers. (ILO 2009 p.10) This situation is worsened by the public's reaction to immigrants during times of economic hardships. Immigrants tend to “get the blame” in

economic downturns, being regarded as trying to steal the limited jobs available away from the nationals. (Papademtriou, Sumption et al 2009 p.5) This can lead to worse treatment not only in the workplace, but also in society as those in the country of destination overreact to the situation. This overreaction can be seen not just at the societal level, but at the political level as well, as government's implement anti-immigration measures, or if not anti-immigration policy, than at the very least restrictive policy (as seen in the UK's stricter points policy). (Economist.com 2009) Also governments, such as Spain, are currently offering financial incentives for migrants to return home. (Martin 2009 p.8)

4.1.2 Migrants are often Employed in the Sectors Hardest Hit by the Recession

Unemployment around the world is estimated to have risen from 190 million in 2007 to 210 million at the end of 2009, and within OECD countries alone, the number of unemployed is estimated to have gone up from 34 million in 2008 to 42 million in 2010. (Martin 2009 p.6) The economic crisis has quickly turned into a 'jobs crisis' with damaging effects on employment opportunities and furthermore migrants tend to be overrepresented in sectors of employment hardest hit by the recession. (UNDP 2009 p.41) Job losses in the current recession have been concentrated in four major sectors: construction, manufacturing, travel-related services, and financial services. (Martin 2009 p.6) These are sectors of employment that migrants often find themselves in while abroad, that is not to say however, that all migrants within these particular sectors will feel the severity of the recession equally. Migrants within these sectors have different skill and educational attainment; they differ in gender, and in geographic location. "Migrants in construction and travel-related services are often employed in low-skill jobs, those in manufacturing tend to hold semi-skilled jobs, and migrants employed in financial services usually hold high-skill jobs." (Martin 2009 p.6) It is estimated that within the European context, less skilled immigrants concentrated in construction and manufacturing are likely to suffer more from employment reductions than highly skilled workers, or those in other sectors. (Papademtriou, Sumption et al 2009 p.7)

Men and women might also feel the effects of the crisis on employment unequally. Although women might typically be overrepresented in the informal, low skilled sectors, these are not necessarily the low skilled or informal sectors hardest hit by the recession. For example, "female migrants working in the caring professions will probably be less affected by the downturn than male construction workers." (Maddock et al 2009 p.16) This is in part due to the fact that jobs in caring professions, such as in elder care, are not circular in nature, and demand for labor for elder will continue to grow, regardless of a crisis especially in Europe due to the demographic effects of an ageing population. (Maddock et al 2009 p.16) Job reductions in the affected sectors will also be felt differently across countries and regions as not all countries will be affected equally, and geographic mismatches in labor demand/supply may very continue flows of migration. Worker

shortages in these sectors may also very well continue on regardless of a crisis due to certain jobs within these sectors being deemed undesirable by the locals (social labeling). Those occupations not sought out by locals include those that are "...particularly unappealing and physically demanding, or those requiring specialized knowledge or training..." (Papademetriou 2009 p.8) It might also be the case that locals simply do not have the skills or training to be employed within these sectors leading to the retention of these jobs as migrant jobs.

4.2 Historical Implications- What do previous crisis' reveal?

"The lessons from other big downturns suggest that migrants will suffer..."
(Economist.com 2009)

Looking at past crisis' and their effects on migration is a significant tool in analyzing the current crisis and its possible implications on migration. The Asian Financial Crisis of 1997-1999, the Oil Crisis of 1973, and an example of migration in Australia during the 1990-1991 Recession will be presented in the following section.

4.2.1 The 1997-1999 Asian Financial Crisis

The Asian financial crisis of 1997-1999, was primarily a regional recession that experts say had a modest affect on migration in the region overall. It is precisely this lack of alterations to the migration flows and stocks that should be taken into consideration however. According to the Development Research Center despite the fact that governments in this region attempted to deport guest workers and stop inflows of migrants through anti-immigration policies and acts, they were in the end unable to stop migration, and migration continued to steadily rise during the crisis. Such explanations given as to why migration still continued include examples of employers of rice plantations and fisheries in Thailand and Malaysia, sectors dependent on migrant labor, who lobbied against their departure. (Development Research Centre 2009 p.1) Essentially the demand for cheap labor in many of labor sectors was still present, and furthermore the removal of migrants from these sectors would have been detrimental to the industries.

The Asian Financial crisis also demonstrated that keeping markets open to migrants and migration is important to stimulating a quicker economic recovery. (Koser 2009 p.19) The labor and productivity of migrants in these sectors proved to be a source of stability during the crisis rather than a liability. It was also found to be the case that: "citizens in relatively better-off Asian countries were often poorly suited to carry out jobs normally filled by migrants, or chose not to do so as these jobs were seen as undesirable." (Development Research Center 2009 p.2) This supports the above mentioned form of social labeling, that in fact the reluctance of locals to take certain jobs, results in the

continued need for migrant labor. The Asian crisis also exhibited the vulnerability of migrants, as many migrants who had lost their jobs during this crisis could be seen turning to the underground economy for work. (Koser 2009 p.12)

4.2.2 The 1973 Oil Crisis

The Oil Crisis is an example of a crisis that exhibited global repercussions, as opposed to regional ones as is the case of the Asian Crisis. (Development Research Center 2009 p.2) As a result of the Oil Crisis of 1973 countries such as Germany, France, the Netherlands, and Belgium ended their guest worker programs established in the 1960s, “anticipating a painful recession that decade.” (Economist.com 2009) Even though the recession had negative effects on migrant employment, particularly in construction and manufacturing, neither the recession nor the governments’ ending of guest worker programs resulted in migrants returning home. (Development Research Center 2009 p.2) According to the UNDP, what the oil crisis of the 1970’s in Europe reveals is that “...the size of return flows are affected by the prospects of re-entry to the host country, the generosity of the host country’s welfare system, the needs of family members and conditions back home, all of which tend to encourage migrants to stay put and ride out the recession.” (UNDP 2009 p.43) Stricter border regulations can lead to migrants fearing a return home, at the risk that they cannot return. This risk is heightened if conditions at the country of origin are worse than in the host country.

Accordingly, haltering migration cycles not only led to migrants staying put, but furthermore it also led to family reunification as migrants brought their families to Western Europe. (Martin 2009 p.12) Martin also notes that the return-bonus programs of the early 1980’s “failed to persuade” these migrants to return. (Martin 2009 p.12) This begs the question of whether or not return bonuses currently being offered by Spain will have more success than the prior attempts made in Europe. Another effect of the Oil Crisis can be seen in the changing geographies of migrants. “Several scholars have argued that the 1973 oil crisis, which heralded a prolonged period of economic stagnation, structural unemployment and lower demand for unskilled workers in Europe, affected migration patterns as a wealthier Middle East emerged as the new destination hub.” (UNDP 2009 p.43) Ultimately this crisis led to migrants turning to new countries for work, and the gulf countries due to a recent economic growth during this time, allowed for the perfect opportunity for many migrants, and to this day this region still remains a destination hub for many.

4.2.3 The 1990-1991 Recession (Australian Example)

The Transatlantic Council on Migration points to a case study of migrants in Australia during the 1990-1991 recession revealing that very few migrants were willing to

leave Australia during the recession, and instead about 50% of those who stayed 'switched' sectors of employment as a coping mechanism of job loss. (Papademetriou, Sumption et al 2009 p.3) This is a telling factor that many experts highlight as being a positive potential for migrants during recession; "...immigrants (and especially recent immigrants) may be able to adjust more quickly than native born workers to changing labor market conditions because they are more amenable to changing jobs and their place of residence for work-related reasons." (Papademetriou et al 2009 p.iii) In this case the flexibility and labor mobility of migrants is one way to find resilience to this crisis and to withstand the shock of damaged labor markets. This is not to say however, that a switch of migrants to another sector of employment is an absolute in solutions, for example it is thought that in the U.S. a 'return to agriculture' (a sector of employment that has withstood the current crisis) of migrants recently unemployed in other sectors, would probably result in the lowering of wages and working conditions not only for the new wave of migrants, but for the existing migrants in this sector as well. (Papademetriou et al 2009 p.19) Put in the European Union perspective it could be seen that EU migrants, especially those post-accession migrants, are young and mobile and could perhaps exhibit similar trends in flexibility and willingness to switch employment sectors. "Optimists in Europe argue that enlargement of the EU and the freer movement of workers...may give the continent useful flexibility during a recovery." (Economist.com 2009)

4.2.4 Conclusions

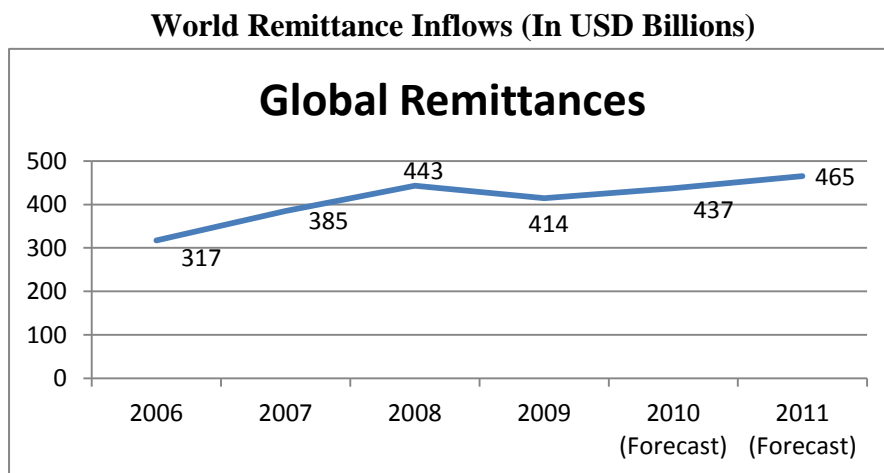
What can be learned from previous crisis and their impacts on migration? The evidence shows that outcomes from past crisis, while varied and unique to each crisis, suggest that overall recessions reduce migration flows, but not necessarily migrant stocks. (Koser 2009 p.29) Essentially, a paradox is formed in which economic crisis increases the amount of potential migrants, during a time when labor demand is strained. However, what these past crisis' reveal is that while demand for labor is reduced, the demand for cheap labor is not, and thus migration continues on regardless of economic downturn, and regardless of governments' attempts to stop migration flows. Migrants furthermore, find new ways of coping with crisis and reduced labor demand, either by exhibiting flexibility and switching job markets, or by their mobility via switching destination countries. Unfortunately they may also turn to the informal economy, due to the desperate situations they may find themselves in. Ultimately, migrants are an essential part of the economy and their productivity can provide labor market stability and sustain future recovery. Due to the uniqueness of the current crisis and its extensive global reach, lessons learned from past crisis are not necessarily going to reflect in today's context and comparisons, and while useful, should be taken with caution.

4.3 The Fate of Remittances during Economic Downturn

“In practice, the trend in remittances may take time to become clear. And while there are likely to be downward pressures, there is also evidence that, worldwide, remittances tend to be resilient and to fall less sharply than might be expected in a downturn.” (Maddock et al 2009 p.16)

Many experts have voiced their concerns for falling remittances and the detrimental effects a decrease in migrant remittances might have, especially on families who rely on remittances for income. Those most at risk are in those countries most dependent on remittances, and amongst those individuals most reliant on remittances, such as the youth. (Maddock et al 2009 p.15-16) The implications of loss of income for the most needy are far reaching and endanger the affordability of some of life’s most basic needs for many around the world. The following section will present empirical evidence of world and regional trends, relying on figures and estimates from the World Banks’ Migration and Remittances Team (Ratha et al) and finally a look at the resilience of remittances during crisis will be made.

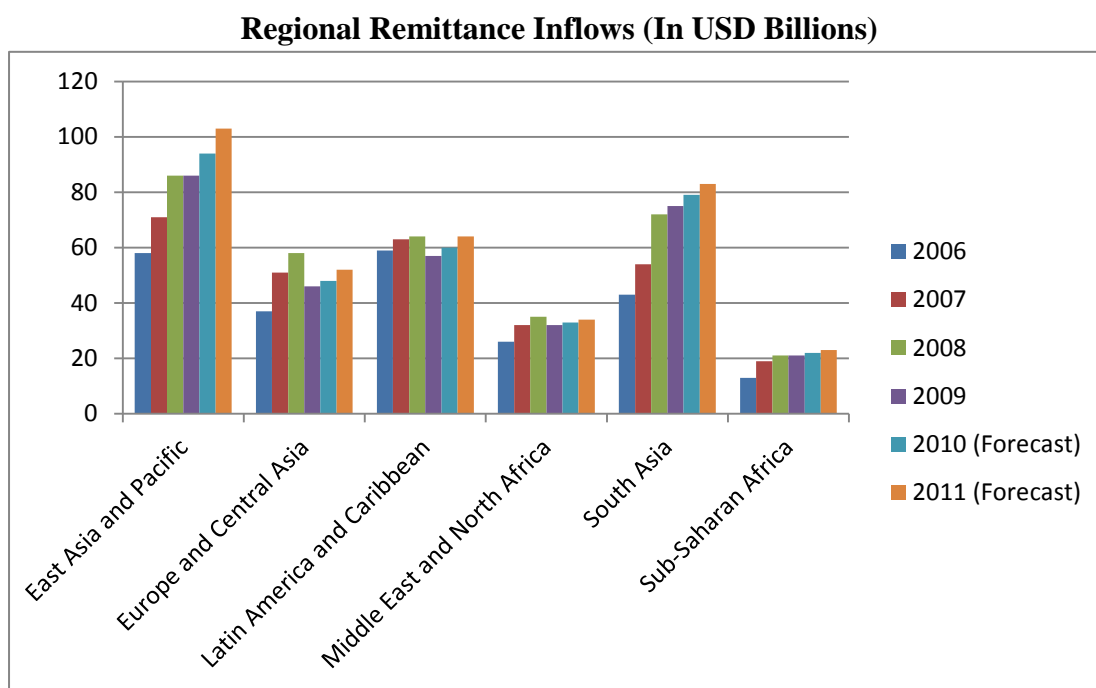
4.3.1 Empirical Evidence



Data Source: (Ratha et al 2010 p.18)

The above graph indicates that there was a sharp decrease in remittances in 2009, down 6.6% from 2008 to 2009. However, World Bank forecasts for 2010 and 2011 suggest a much improved situation, with an overall increase of 5.3 % in 2010 and an additional 6.1% in 2011. Remittance flows to developing countries is forecasted to warrant markedly more improvement than the global average. “With improved prospects for the global economy, remittance flows to developing countries are expected to increase by 6.2 percent in 2010 and 7.1 percent in 2011, a faster pace of recovery in 2010 than our

earlier forecasts.” (Ratha et al 2010 p.1) This again indicates that remittances, much like the crisis and its recovery, are subject to regional differentials.



Data Source: (Ratha et al 2010 p.18)

Regional remittances show that the largest drop in remittances from 2008 to 2009 occurred in Europe and Central Asia; remittances in this region fell 21%. Another region that witnessed a significant drop was Latin America and Caribbean; remittances falling 12% in this region from 2008 to 2009. Other regions saw more modest decreases or simply flat lined. What accounts for such regional differences in the effects of the crisis on remittances? The World Bank concludes that the more diverse the migration destinations (the more that migrants are spread across the world creating diversity across varying labor markets) the more resilient remittances will be. (Ratha et al 2010 p.1) Also the extent to which a migrant faces barriers to their mobility will also affect remittances, for example a reduction in remittance flows to Poland can be seen from 2008 to 2009. This could be due to the ease of which Polish nationals can move within the EU, making it easier to return home knowing there is the guarantee of return abroad. “As the labor markets are relatively integrated within the EU, migration is more responsive to economic cycles of the destination and source countries.” (Ratha et al 2010 p.8) However, a decline in remittances to Poland could also be attributed to exchange rate movements affecting the U.S. dollar valuation of remittances; specifically the weakening of the British pound against the U.S. dollar. (Ratha et al 2010 p.9)

4.3.2 The Resilience of Remittances

“Unlike private capital flows which declined sharply during the crisis, remittance flows have remained resilient and have become even more important as a source of external financing in many developing countries.” (Ratha et al 2010 p.10) Why are remittances more resilient during crisis? This could be attributed to the fact that the amount of money sent back home is often a small part of the income of the migrant and can still be sent even if the migrant has taken a cut in their pay. Also remittances flows reflect the accumulated savings of migrants over many years, and such flows are not easily ended. (Ratha et al 2010 p.3) Furthermore, remittances have historically been “countercyclical” during financial or natural disasters because migrants tend to send more money than usual home to help families through hard times. (Ratha et al 2010 p.10) The resilience of remittances is therefore a key part of crisis recovery, as it is more resilient than other capital flows during downturn especially at the individual and household levels due to the personal sense of obligations attached to these flows as migrants feel directly responsible to help loved ones back home with these remittances. Also, the importance of remittances can be felt at the national level. “Remittances have helped to build up international reserves, and have contributed to reducing current account deficits in many developing countries. This has provided a cushion against external shocks during the global economic crisis.” (Ratha et al 2010 p.10)

4.4 Migration Trends: Will they Stay or will they Go?

“Immigration continues unabated amid financial crisis!” (Telegraph.co.uk: Alastair 2008)

“Immigrants leave Spain as economic crisis hits hard!” (Telegraph.co.uk: Govan 2008)

Different media headlines, such as the two presented above, reveal different outcomes of the crisis, and in reality such outcomes cannot simply be answered, and certainly not uniformly so for all migrants around the world. However, although there are few certainties, the question of whether or not migrants will stay or go, is at the forefront of everyone’s mind. What this question ultimately comes down to is, are the impacts of the crisis in the country of origin going to provide a more significant push factor for emigration and give reasons for migrants already abroad to stay put, or will the impacts of the crisis in destination countries, leave migrants in desperate situations with no choice but to return home?

While many experts may argue one way or the other, either for the country of origin, or the country destination as being most influential during downturn, this paper shall argue that both country of origin and country of destination play a role in the migration process, and it is rather how a migrant perceives the difference in benefits and gains between either staying home or migrating, that will be particularly poignant during this crisis. “Migration is driven by both the economic climate in source countries and the

prospect of employment in the destination country. It is the perception of a large “opportunity differential” between countries that leads many to migrate.” (Papademetriou et al 2009 p.12) Therefore how a migrant perceives the importance of wage differentials, social conditions, and prospects for national recovery of the crisis needs to be taken into consideration along with demand for labor. “Migrants act not so much on the basis of economic and other realities but on the perceptions of these realities.” (Usher 2004 p.8) Where there are still opportunity differentials, even with reduced demand, there could still be high migration. This will ultimately vary for different migration flows, and will be further decided by the strength and dynamics of these individual flows. According to the Migration Policy Institute, the following questions should be kept in mind. What is the alignment of the country of origin and destination? (Papademetriou, Sumption et al 2009 p.6-7) In other words, how connected are they economically and politically, and how established are the migration flows between them? It is also important to note the importance of migration networks and communities in this equation; the more extensive a migration network is in a particular destination country, the more this network can support new migrants and furthermore help those within their community cope with the crisis.

Another important aspect to keep in mind is the dynamics behind the migrants within independent flows and what their intentions of migration are. Was their migration intended to be temporary or permanent and how long have they been abroad? (Papademetriou, Sumption et al 2009 p.6-7) The longer a migrant has been abroad, the less likely they are to return home. What are the risks for a migrant to return home including: cost of the journey and the ability to return back to the host country after the recession is over? (Papademetriou, Sumption et al 2009 p.6-7) What is the status of a migrant? The more rights a migrant has abroad and the more access to a social welfare system they have the less likely they are to return home. In regards to the last two questions, European Union migrants offer a slight contradiction. With extended rights of mobility and residence in other EU countries, it stands to reason that an EU migrant might easily return home during downturn since the risks of returning are not high and the financial costs of travel are low. However, with rights of residence and access to social welfare systems, it stands to reason that their risks of staying are not high, and are much lower than other migrant groups. Unfortunately, this contradiction is only one of many when analyzing economic downturn on migration processes. The difficulty of analyzing this topic therefore emphasizes the need to look at individual migration flows, and case studies of migrants as they have been affected by the crisis. Only by understanding independent flows, can we later determine larger implications.

Chapter 5

The impact of the Economic Crisis on Lithuanian Migration

The following chapter will present the situation of Lithuanian migration as it has been affected by the crisis, utilizing empirical data, surveys, literature, and interviews with experts. This chapter is divided into two sections, the first presenting empirical data taken from such sources as the Lithuanian Migration Department, Eurostat, and the World Bank. The second section presents additional expertise and analysis on the topic, supplemented by surveys, literature, and fieldwork interviews with labor recruitment agents located in Vilnius along with an interview with the chief of missions from the International Organization for Migration (IOM) Vilnius office.

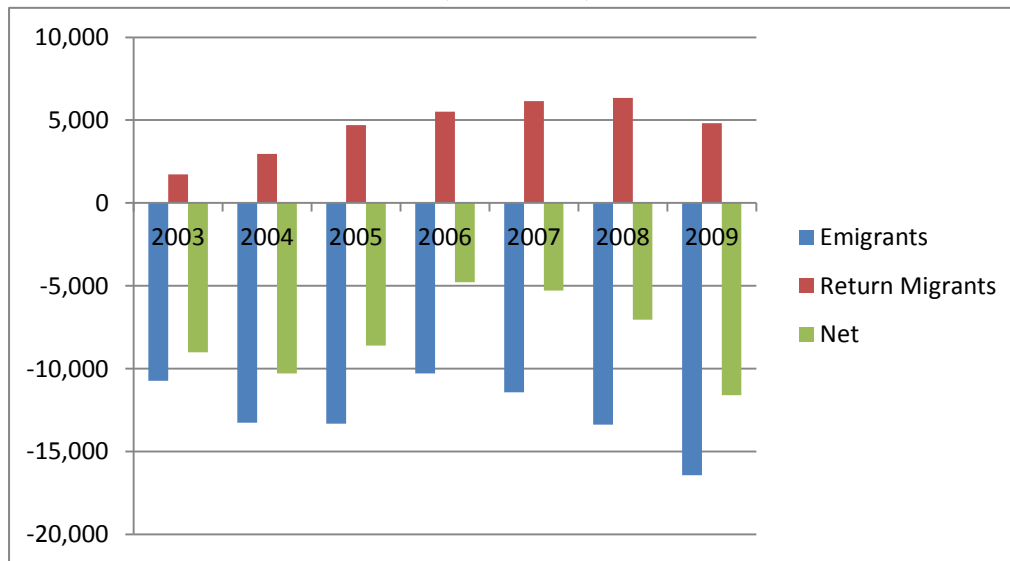
5.1 What do the numbers reveal?

“Unfortunately, migration data remain weak. It is much easier for policy makers to count the international movements of shoes and cell-phones than of nurses and construction workers.” (UNDP 2009 p.28)

5.1.1 Migration Trends

The impact of the crisis on Lithuanian migration is clearly indicated in the statistics presented thus far (declared migration). As shown in the graph below, a dramatic change in migration trends can be seen in the emigration, return migration, and net migration of Lithuanian nationals since the onset of the crisis.

Emigration, Return Migration, and Net Migration of Lithuanian Nationals (2003/2009)



Data Source: (Lithuanian Migration Department: Yearbook 2009 p.27)

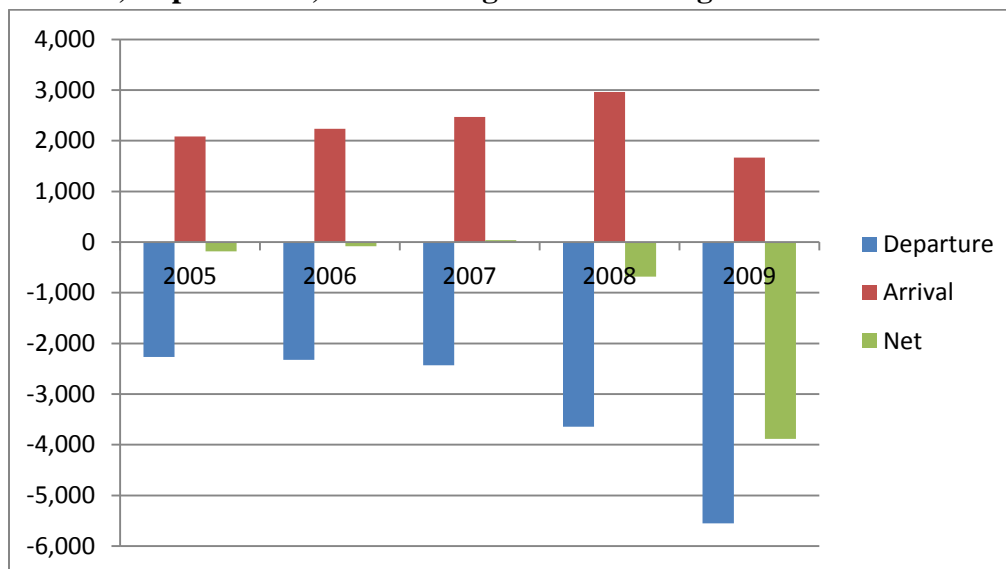
As seen from the graph above, Lithuanian emigration started to dramatically increase in 2008. In 2004 and 2005 there was an initial outpour of Lithuanian nationals due to EU accession, however, this outpour did not last long as the country began to stabilize and grow economically, and less and less people decided to leave as is reflected in 2006 and 2007, however the crisis reversed this trend and emigration for 2009 has now surpassed that of the 2004 levels. Officially declared emigration for 2009 equaled a loss of -16,421 Lithuanian nationals, or about 45 people per day. This trend is accompanied by a similar trend in return migration. As the country began to flourish after EU accession, more and more emigrants from abroad decided to return back to Lithuania. This however was halted in 2008, and diminished significantly (by 24%) in 2009. The resulting net loss of Lithuanian nationals for 2009 equaled 11,600 people, again surpassing post-EU accession levels.

Another aspect of the crisis' impact on Lithuanian migration that needs to be taken into consideration is the affect of the crisis on immigration into Lithuania. One consequence of the high emigration of Lithuanian nationals coupled with sudden economic growth that came with EU accession was that there were new employment vacancies and a demand for labor in certain sectors, thus creating an increased demand for immigrant labor in Lithuania. Immigrants who came to Lithuania post EU accession, mainly originated from CIS⁵ countries such as Belarus, and Ukraine. (European Migration Network 2009 p.29) Labor needs, as determined by the Lithuanian Labor Exchange, are compiled into a

⁵ Commonwealth of Independent States: mainly consisting of former Soviet Republics.

list of understaffed professions. This understaffed or ‘shortlist of professions’ allows immigrants facilitated access to the Lithuanian labor market. In 2007, there were 60 professions on this shortlist and by 2009 this number decreased to less than 10 professions. (European Migration Network 2009 p.29) As well the number of work permits issued to foreign nationals also decreased by nearly 72% from 7,819 work permits issued in 2008 down to 2,239 work permits issued in 2009. (European Migration Network 2009 p.29)

Arrival to, Departure of, and Net Migration of Foreign Nationals in Lithuania

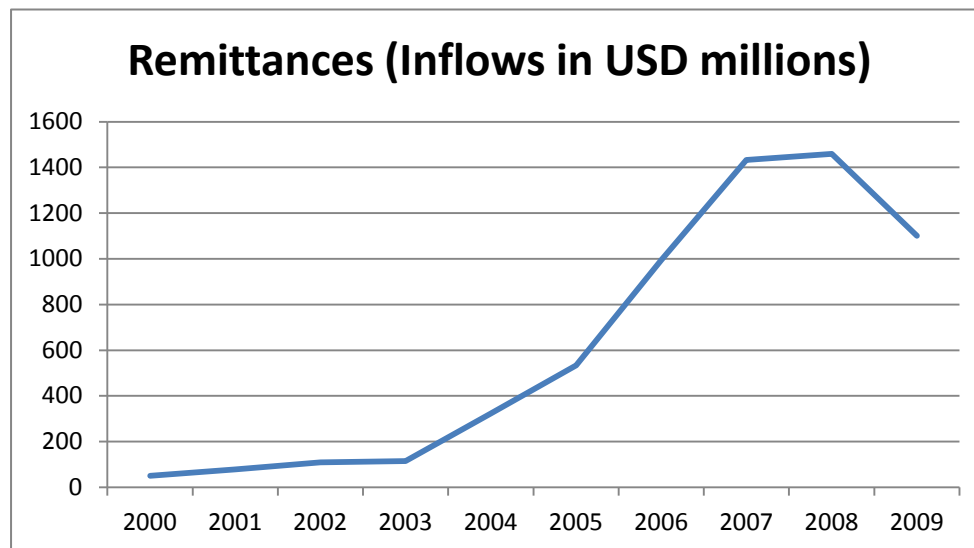


Data Source: (Lithuanian Migration Department: Yearbook 2009 p.27)

The resulting lack of opportunity in Lithuania due to the crisis spurred mass emigration of foreign nationals from Lithuania. As seen from the graph above. By reviewing the movement of foreign nationals in Lithuania it becomes clear that Lithuanian nationals are not the only ones leaving during this crisis. Those foreign nationals residing in Lithuania, while showing stable flows of arrival and departure from 2005 and 2007, took a clear increase in departure in 2008. (These stable flows can be seen as relatively neutral flows, possibly due to the circular/temporary nature of many of the understaffed professions along with the ease and geographic proximity of transiting back and forth from the country of origin) This situation worsened in 2009, with the number of arrivals also diminished, resulting in the highest net loss by far of foreign nationals in Lithuania during this period. This reflects the intensity of the crisis in Lithuania and also the tendency of migration as a coping mechanism for the crisis amongst many in Lithuania, not only the citizens, and while Lithuanian emigrants are not choosing to go home, Lithuania’s immigrants are. When the total amount of emigration and immigration is taken into consideration within an EU context in 2009, Lithuania once again proved to be one of the leaders in overall net loss with a -4.6 per 1,000 people in net migration, a significant rise from 2008 with a -2.3 per 1,000 people. (Eurostat: Data in Focus 2009)

5.1.2 Remittances

Total Amount of Remittances sent to Lithuania 2000-2009



Data Source: (World Bank: Prospects 2010)

As the above graph indicates, remittances have been a rising source of income inflows to Lithuania, especially during the period of 2003-2007, rising approximately 92% over the four year span. Remittance inflows however have been sorely affected by the crisis, dropping -20% from the 4th quarter of 2008 to the 4th quarter of 2009. (World Bank: Prospects 2010) While worldwide remittances have been relatively stable, remittances to emerging Europe and Central Asia region, as previously mentioned, have been hardest hit by the crisis with a 21% regional decrease overall. Lithuania therefore is no exception to this trend. Remittances are an important source of income and GDP, remittances accounting for 3.1% of Lithuania's GDP in 2008; however, Lithuania is not as reliant on remittances as some of its counterparts in the region. For example remittances in Bulgaria accounted for 5.3% of its GDP in 2008, and in Moldova remittances accounted for 31.4% of its GDP in 2008, both of these countries also witnessing dramatic decreases in remittance inflows due to the crisis. (World Bank: Prospects 2010) Therefore while it is useful to compare Lithuania in its regional context, it should be done with caution as something such as remittances will affect countries within the region in different ways. However, at the individual level, the level at which remittances actually matter, a 20% decrease in incoming resources is potentially devastating for many.

5.2 What are the Experts saying about the Impact on Migration in Lithuania?

"It was considered that there could not be bigger emigration, but now it appears that there can." (Sipaviciene 2010)

5.2.1 Recruitment Agencies

Many potential migrants who are considering emigration will often use recruitment agents to help them find work abroad; such agents can simply advise or directly make the employment and/or relocation arrangements. Recruitment agents therefore interact directly with the migrants who are going abroad or at the very least are considering going abroad, and as such these agents have a practical knowledge of who the migrants are, where they are going, and knowledge of any changes in emigration trends they have seen in their line of work. For this project interviews with two of the largest labor recruitment agencies in Vilnius were made. Both centers work with employers in the UK, and facilitate the emigration of Lithuanian nationals for the labor market in the UK. (See Annex B for transcribed interviews)

The first trend that came to light from both of these interviews was that there has indeed been an increase in the number of Lithuanians wanting to go abroad. Both agents noted a much heavier volume of inquiries received from potential migrants (since 2008). Such inquiries include people asking about wages and opportunities for work abroad, as well as what a recruitment agency can do for them. One agent believed that many of these calls came from first time migrants who had never considered the idea of emigrating before. It was clarified however that not all of those who inquire about going abroad actually follow through with the process, or even those who do, for many there are simply no positions available, especially for those with no English language skills. When asked whether or not there had been a decrease in the demand for Lithuanian laborers from employers in the UK, one agent replied, "...the demand had gone down in the summer of 2008, but has since been continuing to come back up again." (UAB Addus 2010) However, they noted that the competition is tougher, for example more Latvians are also going abroad and Lithuanians must compete with them for jobs. Another agent thought that there seemed to be less jobs, but only by a small fraction, and it depended on the position, for those more qualified positions there seemed to be less jobs, but in agriculture for example there didn't appear to be a decrease.

When asked why there seemed to be more and more inquiries of Lithuanians wanting to go abroad for work both agents replied that many of these people have either lost their job and/or cannot find jobs, they have loans or debt that they cannot pay, and they need money for their families. One agent added also that for many it is the "desire to experience new cultures" that motivates these migrants to go abroad, and it is not always just about economic factors. (UAB Aulina 2010) Both agents were asked if there had been any change in the demographics of people wanting to go abroad since the onset of the crisis, for example changes in age groups, gender, or education levels of those wanting to go abroad. One agent believed that there had been no change in the type of people wanting to go abroad, and furthermore it is against the agency's policy to ask a client their

education level, or previous professions. When asked why, the agent replied that the agency, “does not offer any qualified positions...we offer positions in agriculture, hotels, loading, and positions as butchers, caterers etc.” and that in the end it does not matter what the clients previous qualifications are. (UAB Aulina 2010) The other agent could not say whether there had been any change, but believed that there were currently two primary groups of Lithuanians wanting to go abroad, the first group consisting of youth, those who have just graduated and cannot find jobs or their salary has gone down. The second group consists of those in their 40’s and 50’s who have recently lost their jobs. When asked what they are doing abroad, the agent replied that those in the youth category “tend to know more English, but have very little work experience and are not qualified for professional jobs. They are placed in hospitality jobs such as hotels. Those in their 40’s and 50’s do not know as much English and are placed into factory jobs or seasonal jobs, for example in Agriculture in the summer.” (UAB Addus 2010)

5.2.2 2008-2009 Public Survey

As part of a public opinion poll, conducted by the agency ‘Vilmorus,’ a representative survey in Lithuania was conducted regarding migration potential amongst the Lithuanian public. The question, “would you like to go abroad for work (for a period of no less than 6 months)?” was asked. This survey was conducted in 2008, and again in 2009, and some changes between this time period can be seen in the demographic structure of those who responded ‘yes they would like to go abroad for work.’ First and foremost there was a rise from 2008 to 2009, in those answering yes to the above question; from 23.5% in 2008 up to 29.3% in 2010. (Potential emigrants now accounting for almost 1/3 of the population approximately) Other changes can be found in age groups, education levels, and amongst income and employment statuses. The biggest changes in age groups occurred in the under 29 age group (those new to the labor market), those responding yes rising from 44.4% to 58.3%, and also amongst the 50-59 age group rising from 21.5% to 31.8% (most likely due to recent unemployment). The largest change amongst education levels occurred amongst the most educated, those who had acquired some higher education (beyond high school), rising from 22.8% to 29.2%. The largest changes in income status came from the most needy, those with less than 400 LTL per month per family member rose from 29.4% to 46.57% answering yes they would like to go abroad for work. Also those earning 401-600 LTL per month per family member rose from 20.9% to 31.1% answering the same. Employment status also revealed change amongst those most vulnerable on the labor market, those answering yes amongst the unemployed rising from 39.6% to 52.6%, housewives from 27.1% to 42.4%, and students from 40 to 66%. (Vilmorus 2008 & 2010)

What are the major trends the above interviews and surveys reveal? First and foremost they both reveal that the potential of migration is high and has risen since the

crisis. The real severity of having a population that is willing to migrate is that there is no way of knowing how long these intentions will remain. The economic recovery of the crisis offers far more clarity and is easier to measure, but how long does it take to repair people's confidence, and viewpoint that emigration is a solution to life's downturns? The implications and consequences of a mobile society will perhaps outlast or reverberate far beyond the actual crisis. The interviews also point to the already mentioned problem of brain waste of those Lithuanians going abroad (as qualifications are not even considered), and further reveal that labor demand for Lithuanian migrants is still present regardless of the crisis. The above survey further indicates that this migration potential can be found amongst the most needy and vulnerable in Lithuania. The largest rises can be found amongst the poorest, and the unemployed. These surveys also point to the furthered exacerbation of the loss of the youth and educated, as emigration potential in these groups also rose significantly.

5.2.3 Interview with the Chief of Missions at IOM Vilnius

An interview with the head of the International Organization for Migration, Vilnius Office was chosen because the IOM Vilnius office is the leading non-profit and non-governmental organization working with Lithuanian migrants, and in Lithuanian migration research. The following themes taken from the interview will be highlighted in this section: visible effects of the crisis on Lithuanian migration thus far, followed by the possible short and long term consequences of the crisis on Lithuanian migration, and finally a look at the role the Lithuanian government has played post crisis regarding migration in Lithuania. (See Annex C for transcribed interview)

This interview in many ways confirmed what has already been presented, that the 2006-2007 migration trends of diminishing emigration out of Lithuania, and return migration of nationals to Lithuania have been reversed due to the crisis. During this post-accession period when the economy was rising; culturally within Lithuanian society, "it became ok to live in Lithuania again," and many people were returning home, and surveys indicating that even more were planning to return home. This is however, no longer the case. (Sipaviciene 2010) While not yet reflected in the statistics, it is also believed by experts in Lithuania that undeclared emigration also constitutes a large amount of current emigration, and that undeclared emigration could possibly be on the rise again. What was also confirmed was that the demand for Lithuanian emigrants abroad is still high, and according to the head of IOM the demand for cheap labor has not ceased in destination countries due to the crisis and is the most important underlying factor in the emigration of Lithuanian nationals. It was noted that even though construction in the UK has been badly affected by the crisis, there are examples to be found within the industry for the need of cheap labor that continue even in the face of a crisis, for example the upcoming Olympics

will be held in London, and major construction projects are already underway and growing.

Furthermore, Lithuanian emigrants have an advantage over other migrants in that they qualified, more culturally similar within Europe when compared to non-European migrants, they have the benefit of geographic proximity allowing Lithuanian nationals the option of giving working abroad “a try” with smaller risks than other migrant groups, and also Lithuanian emigrants can utilize not only Lithuanian networks, but those of Poles, Ukrainians, and Russians. The continued demand, along with the already established networks, and benefits of Lithuanian migrants over other migrant groups contributes to a rich infrastructure of migration flows.

It is not as easy to say whether or not some things have changed. For example there are no statistics or examples of data found (evidence) yet amongst the experts of how Lithuanian migrants abroad have been treated since the onset of the crisis. It is also hard to say if there has been a significant rise of those migrants in the informal sector, or amongst those who may have switched employment sectors. Aside from what the surveys and recruitment centers presented thus far might reveal, it is still too early to tell if there has been significant changes in demographic structures, although it was noted that a partner NGO in Lithuania that deals with Lithuanian victims of human trafficking abroad have noticed a rise in the number of Lithuanian victims who hold university degrees. The head of IOM concluded that this could be due to people being willing to take more risks now because of the crisis. They make desperate decisions and find themselves in a situation where they are being trafficked or taken advantage of, possibly discriminated against, and furthermore it is likely that if they had to choose between not having a job and working in the informal economy, of course they will choose the informal economy.

5.2.3.i What are the Long Term Effects of the Crisis on Migration?

The first long term effect that was addressed in this interview, was that the crisis will unfortunately lead to Lithuanian emigrants being less likely to return home. This is firstly due to the crisis prolonging the length of time spent abroad, while emigrants wait out the crisis abroad instead of at home. Migration studies showing that the longer the duration of emigration, the less likely the emigrant is to return home. This is also further exacerbated by recent evidence of growing family reunification amongst Lithuanians abroad. “If children are brought abroad and integrated into destination societies, this especially will hinder the return of migrants.” (Sipaviciene 2010) Another concern regarding return migration is that initial reports of those Lithuanian emigrants who have returned to Lithuania since the onset of the crisis show that they have not returned because they want to, but because they were left with no other options. “These are not the best people; not the people who come back to Lithuania with a plan.” Those who have returned

instead don't know what to do, or have come back solely to use social benefits, and therefore the return migration thus far has not been productive return migration or proven to be examples of brain gain.

Another long term effect of the crisis on migration discussed was the likely changing geographies of destination countries amongst Lithuanians. Those Lithuanians abroad who have lost their jobs, have instead of returning home opted for moving to different countries, creating a chain of migration, which also leads to the unlikely event of return migration. "Once the chain of migration has started, the less probability they will return." (Sipaviciene 2010) While it is not yet reflected in the statistics the movement of Lithuanians abroad can be seen to have been altered. There is growing evidence that more and more are going to Scandinavia now instead of the UK and Ireland because Scandinavian countries such as Sweden and Norway have been less affected by the crisis. There is also evidence of more countries appearing as destination countries, as opposed to the few established hubs for Lithuanian emigrants. When asked whether or not the lifted restrictions of other EU member states against Lithuanian migrants has had/or will have an effect on these changing geographies, it was not believed to be the case. For example Sweden did not have any restrictions against Lithuanians in 2004, but Norway did, yet more Lithuanians went to Norway because there was higher demand. Also more Lithuanians went to the UK because in the UK employers can get away with paying migrants a lower wage, or hire illegally, whereas in Sweden this is more difficult due to the stronger labor unions. This accentuates the importance the factor of demand plays into the emigration of Lithuanians.

One final effect of the crisis addressed in this interview was regarding the increase of emigration amongst the youth and highly qualified which in the long run reduces or at the very least slows the road to recovery. "When there is an increase in emigration of the highly qualified, the potential for economic recovery, for growth and innovation is diminished." (Sipaviciene 2010) Also students are more and more choosing to study abroad (full degree seeking students) and very few of these students return. Why are these students going abroad? Firstly because a diploma from the UK, as an example, is more valued than a Lithuanian diploma (even within Lithuania) the quality of education is considered higher, and also it could be that there are specialties in academia offered abroad that are not offered in Lithuania. While the trend of students seeking education abroad is not new or directly relative to the crisis, the crisis however has not stopped the prices of higher education in Lithuania from rising, "they are almost becoming the same as abroad," so why not go abroad? (Sipaviciene 2010) What the crisis has affected is that the intensity of Lithuania's culture of migration is on the rise again, and students or youth are particularly vulnerable to this. Now with the crisis once again, "to stay in Lithuania is considered to be in bad taste." (Sipaviciene 2010)

5.2.3.ii Role of the Government

The Economic Migration Regulation Strategy was discussed during the interview, as to whether or not the crisis has affected the Lithuanian Government's management of migration. While not being able to say for sure whether or not this has been the case, it was noted that there is currently no money left for this strategy, and with few Lithuanian emigrants returning, the program has in a sense stopped. "On paper it still exists, but in reality there is no longer a single Litas (LTL) in the program." (Sipaviciene 2010) In 2008 and 2009, this strategy was very active, and had many plans targeting return migration and attracting Lithuanian citizens back home, but now in 2010 these plans have no funding, and "there is zero effect of the strategy." (Sipaviciene 2010) The Ministry of Social Security and Labor would in fact like to get rid of this strategy and an organization such as the IOM cannot do anything at the moment, because the organization is project based and is without funding for such aims. "In reality there is no real strategy towards the emigration problem, people speak about it, but they have no plans." (Sipaviciene 2010)

Chapter 6

Analysis and Conclusions

6.1 Final Analysis

"Above all, rational knowledge does not pretend to disengage: to be from everywhere and so nowhere, to be free from interpretation, from being represented, to be fully self-contained or fully formulaic." (Haraway 1988 p.590)

The following analysis will be based on the thoughts and reflections of the author in combination with the theories already mentioned, and the statistics and expertise of others that have been gathered and disclosed in the above chapters. It is the intention of this analysis to provide clear and thorough explanations and understanding, but with the disclaimed knowledge that is not fully possible for any social scientist's analysis to be completely free of interpretations and personal biases, and therefore any truths presented within the social sciences are never absolute or universal. The following arguments will be made in this section, firstly that the current economic crisis has been an impediment to progress in Lithuania. This will be followed by an analysis of the potential effects of the

crisis on Lithuanian migration in a global context, and finally a look into the long term effects of this crisis on Lithuanian migration will be made.

6.1.1 The Current Crisis as an Impediment towards Progress

This paper shall argue that the current global economic crisis has altered or even reversed recent economic progress, along with the political and social progresses behind the migration dilemma in Lithuania, and furthermore has exacerbated the country's underlying vulnerabilities. Lithuania is a country that has gone through rapid economic growth over the last two decades. In particular, Lithuania can be seen to have flourished economically in the post-accession period; that is of course up until the start of the economic crisis of 2008. From 2008, due to the overheating of a transitional state, and the instability of global partners significant drops in GDP, and Foreign Direct Investment can be seen, along with overall economic slowdown, rises in unemployment and prices, made worse by drops in salaries. The economic successes and growth recently gained by Lithuania can be seen to have been reversed, or at the very least temporary brought to a stop by this new economic obstacle. The struggles of Lithuania during this crisis have revealed the underlying fragilities of a transitioning state that took on too much too fast. The harshest implications, however, are not found at the state level, it is the opinion of this paper that they are found at the individual level, not just because it is at the individual level where people suffer and cannot afford goods, suffer from unemployment or drops in needed remittances, but also because this crisis can be seen to have shattered the confidence of the Lithuanian people in their country. The perceived confidence of Lithuanians can be seen to have increased in correlation to the economic boom, and was therefore relatively new and fragile in and of itself, and this perception can be seen to have taken a turn for the negative, along with the economy. This perception is particularly important to consider when speaking of migration, because it is the perceived costs and benefits of staying versus leaving that drive individual migrants to move, and the definitive realities of moving can themselves be exaggerated or lost. Perceptions of being worse off at home than abroad during crisis, can lead to emigration that is used as a coping mechanism for downturn.

The migration patterns of Lithuanians can be seen to have been reactive to large socio-economic and/or political changes; namely the fall of the Soviet Union, and the joining of the European Union, both triggering large waves of emigration. These waves both spiked initially for example from the period of 1991-1992 and again from 2004-2005, but eventually both of these waves receded and reached levels of stability, however never reaching levels that would signify the end of this Emigration tendency. It would not be pertinent to say that these waves are independent of each other, because with each emigrant that goes abroad stronger networks and flows are established and cultural mindsets towards emigration reinforced, thus building upon each other. The current wave

of emigration that began in 2008 cannot therefore be justified as independent of the others or as only having been caused by the crisis, as it has surely been affected and supported by the previous emigration that preceded it. However, what the crisis has done is expose the emigration tendency of Lithuanians as an underlying vulnerability within the country, and has furthermore added reinforcement to the structure that supports and furthers Lithuanian emigration. With each emigrant who settles abroad, the possibility of other emigrants following, increases; essentially a current emigrant who has left due to the crisis can spark future emigration, even post-crisis much further beyond this current wave. How then to measure the severity and length of such a consequence? How also to measure the effects of the crisis on the potential of emigration, which as seen in surveys and interviews with recruitment centers is incredibly high and rising due to the crisis? There are no guarantees that the ending of, or recovery of, this crisis will signify an end, or recovery, to the potential emigration it caused. There is no way of measuring the extent to which the effects of the crisis on Lithuanian emigration will reverberate or last. Perhaps this wave will mirror the trends of the previous waves and recede, at least numerically so, over the next few years, but even this is not all that telling.

It is perhaps safer to say that what this crisis has really done is reversed the trends, reversed the strides that were made during the 2006-2007 period. The post accession period as mentioned above was a period of economic growth and progress, but also along with economic progress, there was progress to be seen in Lithuania's migration dilemma, there was an increase in return migration, along with a decrease in emigration from 2006-2007. In 2008, however, both of these trends were turned around; return migration significantly decreasing, and emigration significantly increasing once again, perhaps at an even faster rate than the initial EU accession wave. A net loss in people was further intensified by the loss of foreign nationals who left Lithuania and returned home. The progress reversed within this migration dilemma is not limited to numerical trends, but can also be seen in the weakened role of the government in migration management during this downturn. The Economic Migration Regulation Strategy, which came about in 2007, was a progressive and active policy, implementing projects to promote return migration, limit the emigration of Lithuanian nationals, and sponsor further research and information management. This policy, albeit delayed, was a much needed first step for the government in dealing with and giving merit to this dilemma, however, now in the current economic climate, this policy has found itself without further funding rendering it useless, and now it faces possible future elimination. Thus political progress in the arena of migration management was obstructed. The migration dilemma of high emigration and low return migration as already presented in this paper is detrimental to Lithuania's future development, and it is the conclusion of this paper that such a dilemma is a problem of economic, social, and political proportions. With the economic recovery of Lithuania

looking bleak, and the government no longer actively pursuing solutions, the future recovery of this migration dilemma is even more uncertain.

6.1.2 The Impacts on Lithuanian Migration in a Global Context

This paper shall also argue that there are many global indicators of the crisis' affect on migrants, but due to the complexity of migration flows, and of the relationship between economics and migration, case studies are the most beneficial way of approaching this research problem. In this section the Case of Lithuania shall be compared to some of the global indicators mentioned already. The first major indicator of economic downturn on migration, points to the vulnerability of migrants during crisis. Migrants are found to suffer disproportionately to their local counterparts during crisis, due to their characteristic profiles, their legal status, and their overrepresentation within labor sectors hit by the crisis, particularly so in this crisis. Lithuanian migrants are no exception to this, and they do indeed share many of the vulnerabilities mentioned already, such as being overrepresented in sectors hit by the crisis such as the construction, manufacturing, and the tourism industry (via hotels and restaurants). Many fit the characteristics of young migrants new to the labor market, and many in positions that are deemed temporary in nature. All of the above factors lead to a weakened position on the labor market. Lithuanians are also vulnerable to an increase in hostility from locals towards migrants due to the negative climate economic downturn provides for migrants. While past surveys reveal some discrimination towards Lithuanians in Ireland for example, there is no evidence yet to suggest a rise in mistreatment against Lithuanians, and furthermore as concluded previously, other migrant groups such as the Chinese and Nigerians in Ireland could be seen as having far greater discrimination against them. As Europeans, Lithuanians have the benefit of sharing European cultural identity with those locals in European destination countries (which constituted the vast majority (87%) of destination countries for Lithuanian migrants in 2009). (Lithuanian Migration Board: Yearbook 2009 p.25)

The benefits do not stop here, as a European Union member state, Lithuanians have the right of mobility and residence and thus their status as migrants is legal. A migrant who has legal status during economic downturn is considerably better off, then those who do not have legal status; better off than those who do not have the right to stand up for themselves in the face of discrimination, do not have access to fair residence, legitimate employment and needed social welfare during hard times, and above all better off than those who do not have the rights of return. It is also thought that the stricter immigration policy towards non-EU migrants, such as the policy passed in the UK post crisis, will actually benefit Lithuanian migrants as it potentially eliminates competition with other migrants (although competition with Latvians and the Polish is still high). (Hazans and Philips 2010 p.299) It is the conclusion of this paper therefore, that while Lithuanians are

vulnerable as migrants, they are not amongst the most vulnerable in this economic downturn, primarily due to their EU status.

What can be learned by looking at the effects on migration of past crisis', in the Lithuanian context? Much like in the Asian Crisis it can be seen from the numbers, surveys, and interviews that the demand for migrants, in this case Lithuanian migrants, is still apparent and migration flows have not been stopped due to the crisis. Also showing similarities to the Oil Crisis, Lithuanian migration can be seen to have had changing geographies as new destination countries for Lithuanian migrants have appeared, and also through the growing family reunification that can now be seen. There is however, not enough evidence to conclude that the current situation of Lithuanian migration mirrors completely the effects past crises have had on migrants. For example there is no empirical evidence available to show that Lithuanian migrants have been turning to the informal economy in this crisis as they did in the Asian crisis, or that they have been switching employment sectors as they did in Australia during the recession of 1990-1991. Beyond comparing Lithuania to past crisis in a global context, how do current remittances to Lithuania compare in a global context? Emerging Europe and Central Asia have taken the hardest hit in remittances when compared to the other regions of the world, with a 21% drop in 2009, overall. Lithuania which witnessed a 20% drop in remittances in 2009 was no exception to this, and such a drop can be viewed as devastating to many at the individual level, the level at which remittances really count. However, as concluded earlier, when remittances are taken into account in relation to their proportion of GDP, Lithuania is again not amongst the most vulnerable, other countries within this region such as Moldova and Bulgaria have witnessed a far more intensified loss due to drops of remittances in this crisis period.

Will they stay or will they go? This was one question presented previously as being a dominate question on people's minds in this post-crisis migration situation. In the Lithuanian case, it is obvious by the numbers that they are going, and those who have already left are staying. Beyond numbers, the Lithuanian case serves as a prime example for some of the arguments presented previously. The first being that not only is it both the country of origin and destination that will determine migration flows in the crisis, but also that the perceived opportunity differentials of migrants in this crisis will ultimately decide movement. Lithuanians perceive many opportunity differentials during this crisis, both in that they view opportunities at home as being worse off than abroad and conversely in viewing countries such as the UK as recovering faster than Lithuania from this crisis. This is supported by a continued demand for Lithuanian labor abroad such as in countries like the UK, and in continuing with the UK-Lithuanian example, this is further supported by the strong and established migration flow that aligns the two countries. The two countries share political (at the EU level) and economic (established recruitment centers etc.)

attachments that secure this migration flow and furthermore this is supported by the strong social networks and Lithuanian communities in the UK, that maintain this flow. This migration flow could even potentially become stronger with the longer durations and increased immigration of Lithuanian migrants now in the UK, due to the crisis. This whole scenario is reinforced by the easy access, rights of residence, and rights of return, Lithuanians have to EU destination countries such as the UK due to their EU status. Essentially the stronger the migration flow and alignment between two countries, the stronger the possibility of this flow surviving economic downturn, especially when this particular flow is driven by strong opportunity differentials.

6.1.3 The Long Term Effects of the Crisis on Lithuanian Migration

Finally, this paper shall argue that there are long term effects of the crisis to be seen on Lithuanian migration. The crisis has first and foremost affected the return migration of Lithuanians and reduced the likeliness of return, due to factors such as longer durations spent away while migrants ride out the crisis abroad, to the beginnings of chain migration as migrants move to new destination countries as opposed to returning home, and also due to evidence of increasing family reunification abroad. There have also been indicators of unproductive return post crisis, which this paper shall argue, could perhaps lead to further emigration; if a return migrant cannot find their place in society upon return, there is nothing rooting them there or keeping them from leaving again. The benefits of return migration have already been discussed, but beyond obvious positives, what return migration represents at a fundamental level is the completion of the migration cycle.

“Emigration and return are not isolated acts or events; they must be seen as interlocking parts of an open and wider on-going process of global mobility.” (King 2000 p.111) International migration is an unavoidable process in today’s global and unequal world, the dependency on cheap foreign labor unfortunately is the backbone upon which wealthy societies depend for survival, and as long as there are opportunity differentials and labor demands, there will be migration. It is therefore naive to assume that emigration is the real problem or that it can or should be stopped. Do individuals not have the right to seek better opportunities for their life? Do they not have the rights of mobility, especially within the European Union context? Initial emigration waves mean nothing without taking the long term implications into consideration; essentially temporary emigration is perhaps not the enemy, it is when temporary migration becomes permanent migration that dangerous consequences can be seen to surface. The more return migration is postponed for the future, the less likely emigrants will return home, risking turning temporary migration into permanent migration. When the cycle of migration is not completed, the process behind functioning and beneficial migration is therefore altered.

When taking the long term consequences of barriers to development of Lithuania into consideration due to the high emigration and low return migration dilemma, the role of the youth and the highly qualified amongst this equation must be highlighted as a further long term consequence. The crisis can be seen to have, within this new wave of emigration, increased the levels of youth and highly educated who are emigrating. The loss of the youth and the educated have many negative implications, as already previously presented, such as brain drain, brain waste, and long term demographic changes. Ultimately the youth and the highly-skilled or educated are essential to the future innovation and growth of the country, along with the recovery of this current crisis. A future without the presence of current generations and large gaps of productive creativity and useful knowledge is a bleak future indeed. Again, however, it is naïve to assume that initial emigration of these two groups is the problem at hand. Restricting the youth and the qualified to their homeland; never allowing students to seek education abroad, never allowing the highly qualified to gain furthered skills and find self-fulfillment abroad, isn't the answer and shouldn't be stopped. It is the argument of this paper that there are tremendous and meaningful benefits to going abroad, such as gained skills, awareness, perspectives and experiences that come from being immersed into other societies. It would limit the potential of the youth and the qualified to deny them this opportunity and furthermore what they gain from abroad can be utilized back home, the potentials for growth and innovation therefore incredibly increasing due to experiences made abroad. This however, is dependent solely upon, whether or not they return back home. The permanent migration of the youth and the highly-skilled or education restricts the benefits of bringing useful global experiences back home.

6.2 Conclusions

“It is in the analysis of the relationship between discursive practice and the broader social practice that the study arrives at its final conclusions.” (Jorgensen and Phillips 2002 p. 86)

The 2008 start of the global economic crisis has taken its dramatic toll upon many nations, Lithuania included, a country that can be seen to have already endured many recent dramatic socio-economic and political changes. Migration is one of the many social phenomena affected by economic downturn, as seen in past crisis and through the first signs of this crisis. Lithuania is a country with a serious migration dilemma, one of high emigration and low return migration, and both of these processes can be seen to have been affected by the current crisis, albeit with unknown levels of severity. It was the intention of this paper to present Lithuania and its migration situation in the context of the current crisis as an example or case study as to the effects of migration during downturn as social phenomena. In doing so, the situation of Lithuania's migration situation was presented, followed by a brief introduction to the crisis, and finally with expert opinions on the effects of economic downturn on migration generally throughout the world, historically in past

crisis, and specifically as it pertains to the current crisis and Lithuanian migration. How has the current economic crisis affected Lithuanian migration? Ultimate trends and consequences of the crisis reveal that the current crisis has acted as an impediment to progress for Lithuania and its migration management, and exhibits potential negative long term effects, such as contributing to the permanent emigration of Lithuanian nationals. However, there can be no conclusions made to any solid degree of certainty, and solutions are not readily apparent, however this paper can serve as an example as to why further case studies should be made.

“...there is no such thing as an information void. When objective information is not available, bad or fragmented, or deliberately distorted information takes its place.” (Usher 2004 p.10) There is no void of information in the Lithuanian migration dilemma, only bad information; information that lacks research and truth, and information further complicated by the confusion of a world in crisis. Where there is a lack of factual data, assumptions will be formed. Assumptions made about possibilities abroad versus possibilities at home. Assumptions made about the crisis. Assumptions made about self worth and the worth of a homeland. Without further research, without active information management and dissemination, how Lithuanians view emigration, return migration, their prospects during the crisis, will be filled by information that is perhaps not factual, not fully realized, or maybe exaggerated. The tasks behind solving the underlying factors that support Lithuanian emigration, factors such as cultural mindsets and strong social networking, lack of opportunity to utilize education and skills to their fullest at home, opportunity differentials created by an unequal world; are tasks not easily solved, and simply some of them expose global processes that go beyond one nation’s ability to change. Therefore there can be no certainties as to a solution. However, to simply stand by and let time tell what will happen or to postpone attempts at migration management until after the crisis is over is irresponsible. It is the conclusion of this paper that further research regarding emigration, return migration, and migration during economic downturn, not just in the Lithuanian case, but in cases around the world need to be sought out. Furthermore the active distribution of this information needs to be at the forefront (return to the forefront) of government policy, media support, and NGO projects, so that potential migrants, and in this case potential Lithuanian migrants and potential Lithuanian return migrants, can make informed migration decisions.

Executive Summary

The Baltic state of Lithuania has endured many dramatic changes in the last 20 years; from a Republic of the Soviet Union to an independent state in 1991, and finally a European Union member state in 2004. Lithuania has seen during this time steady movements of migration; the implications as such mirroring the economic, political and social transformations it has undergone. In 2010 however, the current implications of Lithuanian migration are far more convoluted. With the 2008 start of the worldwide financial crisis, rising unemployment, inflation, and significant losses in GDP can be seen in Lithuania; a country to be deemed one of the hardest hit by the financial crisis within Europe. As migrants tend to be reactive of occurring economic cycles, the question of how vulnerable Lithuanian migrants are to the current economic situation in Lithuania, and around the world, needs to be asked. It is the intention of this paper therefore to explore the possibilities and potential consequences of the question: how has the current economic crisis affected Lithuanian migration?

The empirical framework of this paper included a mixed methods approach of both quantitative and qualitative research. Quantitative research used included utilizing statistical data from a variety of relevant organizations as well as drawing up on the conclusions of many surveys. Qualitative research was achieved through fieldwork interviews that included interviews with agents from two different labor recruitment agencies in Vilnius, Lithuania, and an interview with the head of the International Organization for Migration Vilnius office. A thorough literature review supplemented the above techniques. The theoretical framework used for this paper included a variety of different theories taken from the Economic, Political, and Social spheres. This interdisciplinary approach was taken due to the very issue of migration being interdisciplinary, in and of itself, and therefore requiring a multi-faceted approach. Theory used included: Neoclassical Theory, New Economics of Migration Theory, Segmented Labor Market Theory, Human Capital Theory, Realism as far as the role of the government is concerned, Social Capital, and Networking theories, and finally the Culture of Migration and Social Labeling.

The current situation of migration in Lithuania can be described as one of high emigration and low immigration, coupled with low return migration. This situation can be seen as exacerbated by the socio-economic and political changes Lithuania has endured over the past two decades, namely Lithuania's independence from the Soviet Union in 1991, and its joining of the European Union in 2004, each triggering massive emigration waves, that while subsiding to a certain extent have never fully recovered from the emigration tendency that is now so evident in Lithuania. The problems associated with high emigration and low immigration are long term in nature and include furthered demographic pressures on an already shrinking population, brain drain as the youth and

highly qualified are overrepresented amongst Lithuanian emigrants, and finally brain waste as their talents and skills are not used abroad. There are some benefits that can be seen in this migration dilemma however, such as alleviation on domestic labor markets, along with increases in income due to remittances. The importance of return migration was highlighted as an alternative to the negative consequences of emigration such as turning brain drain into brain gain. This is however, dependent upon whether or not a return is successful and efficient and it is believed by the author that active migration management of the Lithuanian government can and should influence this. The Economic Migration Regulation Strategy was a needed first step for the country.

The current economic crisis is one that has had devastating and far reaching consequences across the globe, leaving very few countries unaffected. Lithuania is no exception to this and in fact has witnessed economic downturn since 2008. The overheating of recent rapid expansion, the inflexibility of a pegged currency, and easy credit along with the instability of global financial partners are believed to have contributed to Lithuania's crisis. This downturn is reflected in the country's drop in GDP, Foreign Direct Investment, and its rise in foreign debt. At the individual level Lithuanian's can be seen to suffer from rising unemployment, prices, and a drop in salaries. It is also at this level where people's sense of well-being and confidence in their country can be seen to have been shattered by this crisis, as recent surveys reveal Lithuanians feeling very pessimistic about their financial situations and job stability.

Across the globe migrants can be seen as having been affected by the crisis. Experts believe that migrants suffer disproportionately to economic downturn when compared to their local counterparts. This could be due to migrants being in a more vulnerable position. A migrant's status, their characteristics such as being young, low skilled, lead to a weakened position on the labor market. This is exemplified by the fact that the current crisis is concentrated in sectors where migrants are overrepresented such as in construction, manufacturing, and services. The anti-immigrant sentiment of locals and governments furthermore adds to the possibilities of mistreatment and discrimination during downturn as migrants tend to get the blame. Past crisis can prove to be a good tool of measuring possible effects on migration, and by looking at past crisis such as the Asian Crisis 1997-1999, the Oil Crisis of 1973, or the Recession of 1990-1991, it can be seen that economic downturn does not stop migration flows, and closing doors to migrants does not mean they will go back home, but rather will not risk going home, and this is followed by potential family reunification as people stay abroad. It can also be seen that migrants tend to be flexible and willing to change destination countries or employment sectors for survival, unfortunately this could mean turning to the informal economy however. Remittances have been found to be a resilient and important source of income during economic downturn, and although resilient and forecasted to improve in 2010-2011, drops

in remittances throughout the world can be seen in 2009 due to the crisis, and it is thought that due to this many have suffered.

Will they stay or will they go? It is obvious by the statistical data available, Lithuanians are going, and those Lithuanians who are already abroad are staying put. To make matters worse those foreign nationals who had immigrated to Lithuania, are also leaving. Remittances can be seen to have taken a dramatic downturn falling 20% in 2009, making Lithuania one of the hardest hit, within a region hardest hit when it comes to falling remittances. Interviews with recruitment centers and analysis of surveys taken within Lithuania reveal that the crisis aside from creating a new wave of emigration has further intensified the potential of emigration within Lithuania, along with the potential for an increase amongst the youth and highly qualified thus making the brain drain effect much worse. An interview with the head of IOM Vilnius revealed that there are many long term effects that can be seen from the crisis' impact on Lithuanian migration, such as reducing the likeliness of Lithuanian emigrants abroad to return home as they spend longer durations abroad, begin the family reunification process, and start a chain of migration as they choose new destinations as opposed to returning home. Also those who have returned have not appeared to exhibited successful return.

How has the current economic crisis affected Lithuanian migration? Ultimate trends and consequences of the crisis reveal that the current crisis has acted as an impediment to progress for Lithuania, and exhibits potential negative long term effects, such as contributing to the permanent emigration of Lithuanian nationals. However, there can be no conclusions made to any solid degree of certainty, and solutions are not readily apparent, however this paper can serve as an example as to why further case studies should be made. It is the conclusion of this paper that further research regarding emigration, return migration, and migration during economic downturn, not just in the Lithuanian case, but in cases around the world need to be sought out. Furthermore the active distribution of this information needs to be at the forefront of government policy, media support, and NGO projects, so that potential migrants, and in this case potential Lithuanian migrants and potential Lithuanian return migrants, can make informed migration decisions.

Annex A

Interview with IOM Project Manager (Not Tape Recorded)

Author: Can you please tell me a little about the information fairs, when they were held, how they functions and what their aims were?

IOM Project Manager: In November 2008, two information fairs, organized in collaboration with the Lithuanian government and the International Organization for Migration (IOM) Vilnius office, where held in the cities of Dublin and Monaghan, Ireland, cities known for having rich Lithuanian Diaspora. Migrants in these cities can be found in factories and agricultural industries as an example. The Government essentially informed the IOM that they had been selected to implement these fairs. These fairs had representatives from many different organizations, Lithuanian companies, and Lithuanian state institutions. Those represented from the state, included a representative from the labor exchange who gave information about labor opportunities and conditions at home. Representatives from Social agencies were present who distributed information about health insurance, and pension payments and entitlements. Another representative from the taxation office was present who distributed information about tax requirements; those Lithuanians who have not legally registered their emigration are still required to pay taxes back in Lithuania.

Author: What were the successes and failures of these fairs?

IOM Project Manager: The biggest success with these fairs were via the links (sense of attachment to the homeland) that such fairs maintain with Lithuanian Diaspora, and also through the distribution of much needed information about life and changes in Lithuania for those abroad. The effectiveness of these fairs in many ways were influenced by the limitations of the project. The first limitation came from the timing of these fairs; the Lithuanian government was essentially too late in its implementation of these fairs and should have conducted them earlier. Another limitation came from visions or aims for the fairs, whereas the government's main aim was to bring Lithuanians home, while the main aim of the IOM was to provide a full scope of information for Lithuanians abroad. In the end the feedback from the participants of the fair indicated that the information given was the most useful part for them, while the presence of the Lithuanian companies was not as important.

Author: Do you believe these fairs were helpful in the return migration process?

IOM Project Manager: Emigration is a decision that happens quickly, while the decision to come back home takes much longer. It was the IOM's vision to provide information regarding many different areas of life, and the feedback from participants shows that this was what they appreciated most, so yes in this way they were helpful.

Annex B

Interview with Recruitment agents: UAB Addus and UAB Aulina. (Not Tape Recorded)

1) Author: *Has the demand/the desire to go abroad for work, amongst the Lithuanian people, changed since the onset of the 2008 economic crisis?*

UAB Addus: *There has been an increase since 2008 in people wanting to work abroad. There have been a lot of inquiries, but not enough places for them, especially amongst those with no English language.*

UAB Aulina: *There has been an increase, but what is most intense is the calls the agency receives. People are considering it more and more, they ask about wages, how recruitment agencies work, and about opportunities abroad.*

2) Author: *Have these people expressed why they want to go abroad?*

UAB Addus: *They have lost their jobs and/or cannot find jobs. They have many debts, owe the bank money and cannot pay, or need money for their families.*

UAB Aulina: *To pay loans for banks, new culture, lost their jobs, feed their families, the desire to experience new cultures.*

3) Author: *Who is currently going abroad? For example which groups: the young/old, males/females, first time or repeat emigrants, etc. Has this changed since the crisis?*

UAB Addus: *Two groups are emigrating, first the youth-those who have just graduated and cannot find jobs or their salary has gone down. Secondly those in their 40's and 50's who have lost their jobs. Many of these are first time emigrants, people who never considered it before.*

UAB Aulina: *The crisis hasn't changed the type of people wanting to go abroad.*

4) Author: *What are the professions of these migrants here in Lithuania and what do they do for employment once they are abroad?*

UAB Addus: *The youth tend to know more English, but have very little work experience and are not qualified for professional jobs. They are placed in hospitality jobs such as hotels. Those in their 40's and 50's do not know as much English and are put into factory jobs or seasonal jobs, for example in agricultural in the summer.*

UAB Aulina: *We do not ask about previous professions or education, it is against our policy to do so. (Author asks why this is) We do not offer qualified positions so it does not matter. We offer agriculture, hotels, loading and positions as butchers, caterers etc.*

5) Author: *Has the crisis affected the demand for Lithuanian labor abroad? Has the demand decreased?*

UAB Addus: *The demand went down in the summer of 2008, but has since been continuing to come back up again. But because of the crisis, competition is tough, for example more Latvians are also going abroad and Lithuanians must compete with them.*

UAB Aulina: Yes there are less jobs, but only by a little bit. In more qualified positions there are less positions, but in agriculture there is only a little less positions.

Annex C

Interview with Chief of Missions of IOM Vilnius: Audra Sipaviciene (Tape Recorded)

Author: How, in general, and in your opinion, has the current economic crisis affected migration in Lithuania?

Sipaviciene: Yes I think it has affected very, very much. But first of all lets talk about in immigration, immigration practically diminished in times. Emigration also has increased. In general the trend up until 2008 was that emigration started decreasing and immigration started increasing. With the crisis everything changed again. It was considered that there could not be bigger emigration, but now it appears that there can. Return migration also diminished quite significantly.

Author: And what about undeclared emigration, I haven't been able to find numbers for that, do you think there is a rise in those who are not declaring their emigration?

Sipaviciene: You can see from this April data, people who are registering abroad, so they don't have to pay social security, I think that undeclared emigration is quite big, still making quite proportion of total emigration, and now because of the crisis it is possibly even bigger. This will only show once they settle abroad however, before this they don't show.

Author: What are the long term effects of the crisis?

Sipaviciene: I think there are a few long term effects. First on those that were going to return. There were many who were intending to return because the economy was rising, we had many surveys and the results pointed to people wanting to return home. I think it was becoming quite ok to live in Lithuania again, but they did not return. This means that they are staying abroad for the crisis, and the longer they stay the less is probability they are to return. The other thing also is they are starting to invite their families to come abroad, and this also means that they are not likely to return. If children are brought abroad and integrated into destination societies, this especially will hinder the return of migrants. So this is for return migration. And also those who lost their job in other countries, they did not return, they moved instead to other countries. So then what we see, that migration becomes step migration, not just one country, but many, UK-Sweden-UK-Norway, and soon you forget which is your first country. Once the chain of migration is started, the less probability they will return. The possibility of return are decreasing because of the crisis. Also those who are returning are not those who would like to return. These are not the best people, not the people who come back to Lithuania with a plan. Those who wanted to return, they wanted to do something for Lithuania, they knew what to do in Lithuania. Those now, do not know what to do in Lithuania, they cannot stay abroad, and in some cases they possibly have returned only to use

social benefits. So that is it for return migration. If we speak about emigration again, it is increasing and also you can see that it is increasing amongst the highly qualified which effects recovery. When there is an increase in emigration of the highly qualified, the potential for economic recovery, for growth and innovation is diminished. The number of schoolchildren choosing to study abroad is increasing, especially amongst the best secondary schools-3, 4 years ago maybe half of them were going to study abroad and now it is something like 90%. In general very few are returning.

Author: With students going abroad is it due to the rise in tuition fee?

Sipaviciene: There are many reasons; Diplomas from other countries are valued much higher than those from Lithuania. The quality of education is also much higher. Whereas the prices are becoming the same, and in Denmark, Sweden it is free of charge for example, with much higher quality. The prices are almost becoming the same as abroad. This tradition also becomes, to stay in Lithuania is now considered to be in taste. This is followed by the more people who go abroad the more people who want to go abroad. Employers even within Lithuania are looking for those who have graduated abroad. There are some specialties that are not available in Lithuania, and now in Europe it is easy to find other places to these specialties.

Author: Going back to switching of destinations, and flexibility of migrants, is there any evidence as to the switching of sectors for Lithuanian migrants?

Sipaviciene: Hard to say. There is evidence that geographies are a little bit moving, it was very clearly the UK, and Ireland, Germany, maybe Spain and now, especially in the beginning there is evidence of Lithuanian migrants switching to Scandinavian countries because these countries were not as badly affected in the crisis. Also more and more countries are now appearing.

Author: Will the future lifting of restrictions of other EU countries against Lithuanian migrants possibly affect the destination choices of Lithuanians?

Sipaviciene: I think there are only two countries left, and it is not as important. For example in 2004, Sweden allowed for anyone to come, but everybody went to the UK and not Sweden, and this is not because of lifting, it is because of different conditions. In the UK lots of people of working illegally because they can, but in Sweden there much stronger unions, and they also pay equal wages, where in the UK they can pay lower wages, so it is easier for migrants to find work. Another comparison comes from Norway, they are not European Union and they had restrictions against Lithuanian migrants, but still people went to Norway more instead of Sweden. Why? It is not the restrictions, but the demand. The demand for semi-legal jobs, and low paying jobs allow for you to bring villages if need be.

Author: Do you think there will be a rise in those working in the informal economy?

Sipaviciene: In destination country, the better the situation will be the more people would like to work in formal economy.

Author (Comment): Lithuanian migrants also have more rights than other groups within the EU context.

Sipaviciene: Yes, but if you want to stand up for your rights, they will take another worker. Then you have two choices, to work illegally or not work at all. These people are then forced to work illegally, but not because they want to.

Author: As far as the vulnerability of migrants, as there been any evidence of a rise in discrimination and/or mistreatment against Lithuanian migrants abroad?

Sipaviciene: I think in general migrants are treated worse. But no evidence.

Author: As there been a change in demographic structure in Lithuanian migrants?

Sipaviciene: A partner NGO, Carnitas, they work with victims of trafficking, and they have noticed that the level of education amongst victims of human trafficking is rising. People are willing to take risks now, they just take their decision in one minute, they do not check everything, and they sometimes find themselves in bad situations.

Author: As a Lithuanian citizen yourself, have you noticed a change in the climate/environment in Lithuania and how they are feeling about the crisis. (Author went on to explain the Eurobarometer surveys used in this report as a frame of reference.)

Sipaviciene: People are feeling negative, and people who never thought about emigrating before are now thinking about it, and it again is based on feelings and not necessarily reality, and you can feel it everywhere. They don't see their future in Lithuania and this is very bad. We have found in research that beyond economic reasons, it's the feelings of insecurities that cause people to emigrate. Insecurities caused maybe one-third of migration before crisis, so now it must be higher.

Author: About the Role of the Government, what has happened to the Economic Migration Regulation Strategy?

Sipaviciene: To tell the truth on paper it still exists, but in reality there is no longer a single Litas in the program. In 2008, in 2009 it really had plans, they targeted return migration, to try attract people back, make information for them, and many other things, now it has a plan for 2010, but it was done in January, but there is no funding. For example we cannot do anything, we are project based. But maybe ministries can still do something. But in general I think there is zero effect. And ministry of social security and labor they would like to get rid of it, before they wanted all activities to be concentrated with them, but now they would happy to get rid of it. Also there is no general emigration strategy. There are these guidelines, but again they were made during this economic boom. In reality there is no real strategy towards emigration, people speak about it, but they have no plans.

Author (comment): Is it due to the crisis, that this strategy has lost its effect?

Sipaviciene: The aim of the strategy was return migration and now there is no money and when return migration appeared to stop, it stopped.

Author: In the literature there is a lot of debate about whether it is the country of destination or the country of origin that effects the decision of migrants during economic crisis? What do you think is the case for Lithuanian migrants?

Sipaviciene: Demand is the biggest influence. If there would not be demand who would be migrating? Nobody? But of course it's both, push and pull. If you feel unsafe, feel insecure at home, if your children are starving, not receiving education you would move. But if you move, you need to move somewhere, and if there was no demand where would you move? The bad thing is there is still demand for cheap labor, and we are cheaper, even the highly qualified, there are only those elites who get the same salaries for the same positions abroad. And also Lithuanians have higher qualifications than other migrant groups, from Africa for example, and we share European mentalities, and the demand for Eastern Europeans is incredibly high. Lithuanians also have an advantage in that they can use the networks of other groups such as Polish, Ukrainians, and Russian networks. In this way they have an advantage over Latvians, since Latvians cannot speak Polish. It is also easy for Lithuanians to give working abroad a try due to its location and the cheap flights.

Author (comment): in regards to demand, perhaps migrants view labor markets in the UK as an example as recovering faster than domestic markets? (Author referenced a case study of Latvian migrants in UK during the crisis).

Sipaviciene: Yes of course, everybody views the UK or Scandinavia as recovering faster. Also in the UK there are the upcoming Olympics, and projects are already regaining. A lot of construction workers in Ireland for example do not move back, they move to the UK now because of this construction.

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