Citizenship in Latvia: Does it Pay?

Justin Paulsen

A thesis

submitted in partial fulfillment of the

requirements for the degree of

Master of Arts in International Studies: Russian, East European and Central Asian Studies

University of Washington

2013

Committee:

Scott Radnitz

Marieka Klawitter

Zbigniew Bochniarz

Program Authorized to Offer Degree:

Jackson School of International Studies

"In the case of a violent conflict occurring on the territory of Latvia, no problems would arise with non-citizens who appeared to be representatives of allied countries. But if they appear to be representatives of our enemies, then we can talk about their internment and imprisonment in a defined place"

~Veiko Spolitis, Parliamentary Secretary of the Ministry of Defense, November 15, 2012

"So much of Adolf Hitler's ideas are living and winning the day in Latvia"

~Aleksandr Gilman, Member of Board of For Human Rights Party, February 5, 2012

These quotations, made in the past year, suggest that concerns of ethnic conflict within Latvia are just as real and present as they were 20 years ago. The fact that the Latvian government shelved a referendum on the question of citizenship for non-citizens because of fears it would destabilize the country suggests the weakness of Latvia in their ethnic relations (Osin'skaia, 5 November 2012). Additionally, UNICEF conducted interviews of children in Latvia that found the youngest generation holds hostile attitudes toward the regime (UNICEF, 2006). This is particularly so because of the position of Russian-speaking non-citizens in Latvia.

Twenty years after independence, over 300,000 individuals or 14% of Latvia's population remains non-citizens.[1] Non-citizenship essentially means that the state deprives individuals who have lived most of their lives in Latvia of certain rights or freedoms. This situation stems from Latvian nationalist fears of the late 1980s and principally affects the

[1] This statistic includes over 17,000 children born in Latvia (Sergeeva, 15 Oct 2010, *Chas*).

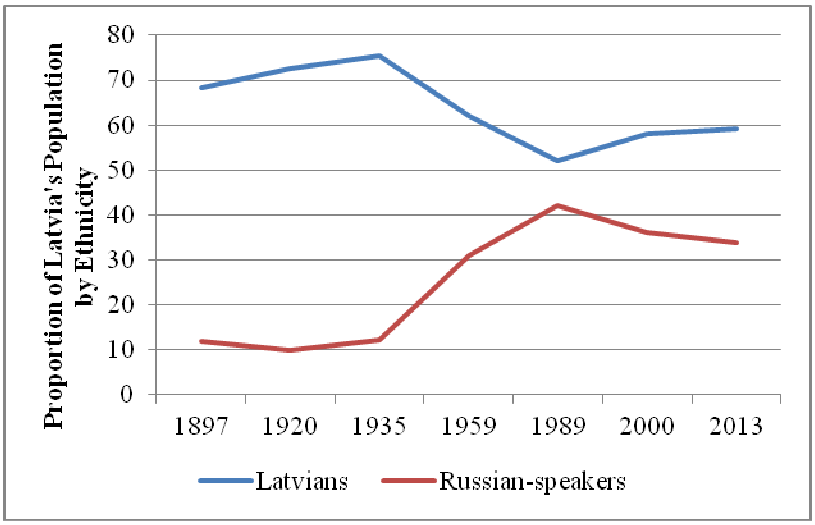
Russian-speaking population. For the purposes of this paper, Russian-speaking population refers to ethnic Russian, Belorussians, Ukrainians, and Jews living in Latvia. These populations are all East Slavic and share a common language and history. Within Latvian society no distinctions exist between these ethnic groups; in this paper I follow this generalization. Between 35-44% of Latvia's Russian-speaking population[2] has not taken the steps to acquire Latvian citizenship.

This thesis attempts to analyze why naturalization has not taken place among such a large segment of the population. Recent studies focus on superficial reasons: limited opportunities and difficulty in learning Latvian, lack of time to fill out paperwork, general ambivalence (Office of Citizenship and Migration, 2013; Ivlevs & King, 2010, 8). However, these concerns likely fade away with the right incentives. This thesis attempts to address underlying incentives that might better explain the push and pull factors in this decision. Using the European Bank of Reconstruction and Development's (EBRD) Life in Transition II (LIT II) dataset, I compare key economic outcomes among Russian-speaking citizens and non-citizens in Latvia to provide an indication as to why this population remains, and why it might continue to endure unless the Latvian government changes its current policy towards non-citizens.

In order to analyze the naturalization issue through the labor market, the paper begins by providing historical context to both the citizenship and labor market situation, followed by a review and analysis of the relevant naturalization literature. After that, I describe the LIT II dataset and develop the models used in the analysis. I then present the results and findings of the models, followed by a concluding section describing mechanisms in the current economic and political situation in Latvia for Russian-speakers that explain the findings.

[2] Russian-speaking population makes up 33.8% of the population (CIA World Factbook, 2013).

Figure 1: Population trends in Latvia by ethnicity



Russians in Latvia

The Soviet era marked a significant period of Russian-speaking migration. The combination of Soviet industrialization and the demographic calamity of World War II led to a strong demand for labor (Antane & Tsilevich, 67). The centralized Soviet state answered by settling a large number of Russian-speaking workers and their families, from Russia, Ukraine, and Belarus, primarily nearby factories in the urban areas of Latvia (Sovetskaia Latviia, 117). In addition, Soviet army units were based in Latvia, and Latvia became an increasingly popular spot for retiring Red Army officials (Antane & Tsilevich, 67-8). Even during the early 80s when immigration significantly slowed throughout the Soviet Union, Latvia continued to experiences significant population growth through immigration (Commercio, 2010, 44). As Figure 1 illustrates, between 1935 and 1989, the share of the population that was Russian-speaking increased almost four times, while Latvians became only a slight majority in the country (Antane & Tsilevich, 64).

During this Soviet era, the Soviet authorities in Moscow adopted a strategy of Russification that had implications for the labor market. The industrial sector of the economy "was an industry based on Russian investment and Russian labor, managed by Russians according to goals set by Russians" (Commercio, 40). The Russian-speaking influx dominated industry, as well as technology, information and computer services, and the managerial class (Commercio, 45). On the other hand, native Latvians disproportionately worked in agriculture,

education, and the arts (Antane & Tsilevich, 133; Pabriks, 2002, 37). Both Latvians and Russian-speakers equally participated in government positions, but this necessarily disproportionately favored Russian-speakers relative to their share of the population (Commercio, 45). Thus, Russian-speakers largely owed their standing in the labor market to the positions directly bound to the Soviet era.

Between the growing Russian-speaking population and falling Latvian fertility rates, ethnic Latvians began to face existential questions about their nation. Many politicians and academics claimed that Latvians needed to increase their share of the total population to 75% in order to survive (Antane & Tsilevich, 72). During the late 1980s Latvians worked to counter this demographic trend by passing strict immigration laws (Antane & Tsilevich, 73).[3] Upon independence, the rhetoric around this issue became more focused on the Russian-speaking population within Latvia. The press secretary for the Department of Citizenship and Immigration stated "that sooner or later all of these 700,000 [postwar immigrants and their children] will have to leave Latvia" (Antane & Tsilevich, 73). One political party leader stated "We are in favor of decolonization and deoccupation…the political power must be in the hands of the [ethnic] Latvians" (Antane & Tsilevich, 83). Despite the Russian-speaking population's active support of democratization and Latvian independence,[4] post-independence Latvians feared for the future of their nation.

[3] Permanent residence permits were only given to those 1) reuniting family; 2) investing at least $1,000,000 in Latvia; or 3) repatriating to the country.

[4] While the pro-Soviet Interfront group figures prominently in Baltic depictions of the Russian-speaking population's attitude toward the fall of the Soviet Union, empirical evidence suggests a plurality of Russian-speakers supported and voted for the Latvian Popular Front through the end of the Soviet Union (Antane & Tsilevich, 86, 100)

With this history in mind, post-independence Latvia granted citizenship to all those who held citizenship before annexation and to their descendants. As described above, relatively few Russians had lived in pre-WWII Latvia. This law effectively disenfranchised a third of the Latvian population, and a plurality of the Russian-speaking population. The Latvian government created a special 'non-citizen' category for the many ethnic Russians who had established their lives in Latvia since 1940 (Citizenship Law, 1995). Additionally, children born to non-citizen parents can only be granted Latvian citizenship if both parents agreed to that citizenship, which means that non-citizens continue to be added to the population; since 1991, over 17,000 children have been born with non-citizen status (ECRI, 2012, 34).[5] Furthermore, the state barred the large population of former Soviet army personnel entirely from obtaining Latvian citizenship. The law also set up timetables for when non-citizen groups could naturalize[6] which were later discarded after a 1998 referendum (Antane & Tsilevich, 92; OSCE, 1998). The government later amended the law to create stringent requirements for gaining citizenship as described in Table 1.

Table 1: Requirements for Naturalization

1) Live in Latvia 5 years

2) Fluent in Latvian, which means they a) completely understand information of a social nature, b) can freely converse and answer questions, c) can fluently read and understand instructions or text of social nature, and d) can write an essay on a topic of social nature.

3) Know the basic principles of the Constitution and the Constitutional Law "Rights and Obligations of a Citizen and a Person"

4) Know the text of the National Anthem and the history of Latvia

5) Have a legal source of income

6) Give a pledge of loyalty

Source: United Nations Public Administration Network

In total, in 2012 80 legislative differences existed between Latvian citizens and non-citizens, up from 60 in 1998 and 75 in 2008 (PCTVL, 2012; Guliyeva, 2008, 849). The chief

[5] The Seim is currently considering a law to grant citizenship to children of non-citizen parents if only one parent requests citizenship MIPEX, 2012).
[6] Russian-speakers would not have been able to naturalize until after 2001.

limitations are in the sphere of voting and employment. Russian-speaking non-citizens cannot participate in national or local elections, be counted in referenda, and are limited in their participation in political parties (Ivlevs & King, 2). Subsequently, their interests cannot directly impact the laws and policies that definitely impact them. Additionally, the citizenship laws excluded them from professions in the public sector, national and local security, and defense (Ivlevs & King, 2). These forms of exclusion have further impact as they can lead to social exclusion and alienation with ensuing possibility of interethnic conflict (Aasland & Fløtten, 2001).

There are some benefits to non-citizenship as well. Among individuals in Latvia, only non-citizens can freely cross CIS borders (Antane & Tsilevich, 94). This condition allows for greater opportunities for inter-state trade and market access that could have significant economic benefits. Some non-citizens avoid obtaining citizenship in fear of losing this visa-free travel to Russia (Kamenev, 12 October 2012). Non-citizens also were not subject to obligatory military service like their citizen peers (Ivlevs & King, 2). This could mean that non-citizens could advance further in their careers or education than citizens who lost a year to such service.

Latvia's citizenship framework treats Russian-speakers harshly relative to other countries. Besides Latvia and Estonia, all other former Soviet countries provided Russian-speakers with automatic citizenship. While Estonia likewise created a non-citizen status, they allow non-citizens to vote in local elections. Additionally, the European Union has issued nine resolutions on the human rights concerns relative to Latvia's non-citizen arrangement (Chas, 27 August 2012).

At the same time newly independent Latvia created its citizenship laws, the Soviet economy unraveled. Latvia pursued an aggressive transition plan which resulted in the rapid dismantling of the giant Soviet industrial plants. This led to significant employment losses chiefly focused among the Russian-speaking population that overwhelmingly worked in that sector (Antane & Tsilevich, 132). Interestingly, one study discovered that after controlling for other characteristics Russian-speaking citizens did not suffer unemployment at the same rate as Russian-speaking non-citizens (Aasland, 1997, 114).

An additional part of the transition plan saw vouchers issued for the people of Latvia to gain ownership in the former state enterprises. While both citizens and non-citizens received vouchers, on average citizens received three times as many vouchers as non-citizens; by the end of the 90s, citizens owned 86% of vouchers (Commercio, 57). This advantage likely benefitted the group both in the short and long-term.

The citizenship laws also significantly impacted the labor market. Whereas Latvians and Russians-speakers equally split Soviet era government and administration positions, the citizenship restriction on analogous post-Soviet positions initially barred all Russian-speakers from public sector employment. This resulted in a change from a roughly 50-50 split of position, to between 90-100% of employment going to Latvians (Commercio, 160). Subsequently, Russian-speakers in this sphere also faced high rates of unemployment. One study showed Russian-speaking women to be in the worst position during the transition in terms of employment, having preponderantly worked in the public sector during the Soviet era and dismissed thereafter (Aasland, 117-118). The public sector average wage has consistently exceeded private sector wages since independence, increasingly so in the past few years (Commercio, 91). Thus, those who lost these positions experienced substantive wage drops both

immediately and in the long-term. Those who regained citizenship could return to these higher wage positions.

The employment upheaval associated with the trends above led Russian-speaking population to the private sector. Forced out of the public and industrial sphere, the Russian-speaking population leveraged their former Soviet connections to launch into private business (Commercio, 76-78; Antane & Tsilevich, 133). Academics estimated Russian-speakers owned 80% of private capital initially after independence, but no ethnic group currently predominates in the private sector (Commercio, 80-81).

Labor market analysis indicates that knowledge of Latvian accounts for wage differentials. The study asked workers to self-evaluate their Latvian (Native, Good, Medium, Poor). After controlling for all other productive characteristics and the worker's occupation, workers who rated their Latvian as 'Good' reported a positive wage differential between 3.5-4.5% over 'Medium' and 'Poor' speakers (Hazan, 2007, 49).[7] This finding suggests Russian-speaking citizens may benefit from better wages relative to non-citizens seeing as citizens have passed the required language test likely due to their better Latvian skills.

After the introduction of the initial citizenship laws in 1991, over 700,000 non-citizens lived in Latvia (ECRI, 33). Surveys of Russian-speaking populations taken before the government passed the citizenship laws suggested only 7% would consider leaving Latvia, even if they did not gain citizenship (Antane & Tsilevich, 88). Since that time around 135,000 non-citizens have gained citizenship, while over an estimated 100,000 have left Latvia (Antane & Tsilevich, 73; Muznieks, 2004). Estimates suggest over 325,000 non-citizens (~14% of the total

[7] Natives benefit from a wage differential over Medium speakers related to language, but their differential over Poor speakers stems from occupational differences. Interestingly, Good speakers enjoy a 2% advantage over Native speakers (Hazans, 49).

population) still remain of which the majority are Russian-speakers (Latvia Office of Citizenship and Migration Affairs, 2012). Within the Russian-speaking community, between 33-45% are non-citizens (Latvia Office of Citizenship and Migration Affairs, 2012).

Concerns remain among non-citizens about the intractability of the situation. By and large, many find the situation demeaning and disrespectful, believing that since they migrated internally within the Soviet Union they should not be subject to citizenship requirements (Antane & Tsilevich, 94). Another commonly cited reason for not obtaining citizenship is the difficulty of the requirements. Even as recently as 2012, 20 years after the ascendancy of Latvian in public life, an independent European Human Rights report found 40% of those taking the language test do not pass (ECRI, 34). Additionally, many find the history test difficult because of the inclusion of subject matter that is openly disputed by Russian-speakers and Latvians (Volkov, 2010, 106; ECRI, 33). Many consider the fee (~$60) to be too expensive, despite it being waived or reduced in certain situations (ECRI, 33). Additionally, the government recently ceased providing free language courses for those seeking to attain citizenship, making the language requirement that much more difficult (ECRI, 34).

Based on the advantages Russian-speaking citizens possess relative to their non-citizen peers, I would expect to find that citizens enjoy better labor market outcomes than non-citizens. While the groups do not differ in too many regards, key differences do exist. As noted above their broader job market, larger amounts of vouchers, and better language skills suggest they should be better off. Additionally, the political and social benefits of citizenship suggest further means of advancing economically. The following section gives an overview of the literature on the effects of naturalization on economic outcomes and considers the position of Latvia's situation in it.

Review of Naturalization Literature

The literature examining the effects of citizenship on labor market outcomes largely suggest positive effects. Bratsberg, Ragan, and Nasir (2002) found that young male immigrants in the U.S. did perceive wage benefits upon naturalizing. Fougère and Safi (2006) also realized a positive relationship between gaining citizenship and later employment status among immigrants to France. Bevelander found a similar result among immigrants to the Netherlands (2006). While Constant and Zimmerman (2005) found naturalization increased wages in Denmark, they did not find that it affected the chances of subsequent, improved employment.

Applicability of these studies is not very strong, but some of the mechanisms described do provide parallels to this case. These studies focus on immigrants who have recently arrived in the receiving country. The Latvia situation differs inasmuch as most Russian-speakers have lived in Latvia for much of their lives. One aspect that might enlighten this case is that both Bevelander and Fougère observed that naturalization (in Netherlands and France) only significantly increased labor market outcomes among those with the poorest labor characteristics. Since Russian-speakers are mostly well educated and experienced, this may suggest citizens do not reap significant benefits. On the other hand, similar to what might be expected in Latvia, Bratsberg's finding of increased wages among naturalized individuals came through the broader array of jobs, particularly public sector positions, associated with naturalization (571). Contrary to Bevelander and Fougère, these benefits accrued to those with higher human capital.

Similar findings emerge among studies focusing on ethnicity, citizenship, and labor market outcomes in the Baltics. Leping and Toomet (2008) realized a significant unexplained wage gap favoring Estonians over Russians. While their models did not control for citizenship

differences among Russians, it does provide useful information for this case. After assessing a variety of explanations of the wage differential (case selection effects, language skills, segregation, schooling choice, and regional segregation) the authors suggested discrimination may account for differences, specifically entry barriers and segregated social networks, which also exist in Latvia (Commercio, 90). Thus, Russian-speakers in Latvia who gain citizenship may in fact be barred from perceiving benefits because of these subtle forms of discrimination.

Hazans (2007) similarly identified a significant wage gap between Latvians and Russians. This gap lessened after controlling for Latvian language abilities, but similar to Leping and Toomet this study does not explicitly consider the effect of citizenship. Kahanec and Zaiceva (2008) concluded that non-citizens in Estonia and Latvia suffer negative outcomes in employment and wage compared to citizens, but this study does not focus on intra-ethnic differences by citizenship and does not suggest mechanisms explaining the difference.

Of additional interest, the sparse literature on Russians' decision to naturalize in Latvia suggests a few different explanatory variables. First, Laitin (1998) suggested that economic returns to naturalizing are important.[8] One of the three critical factors in his tipping point model[9] is economic returns (Laitin, 29). As Russians perceive economic benefits to becoming a citizen, they will invest in taking the steps necessary to pass the citizenship tests. While this is not a sufficient cause for mobilizing to gain citizenship, it is a necessary one. In other words, Russian-speakers will not seek citizenship if they do not perceive economic gains from doing so. This work intends to analyze the economic returns factor in his tipping model.

[8] Laitin's work is focused on identity as opposed to the work here on citizenship. However, I suggest that any identity change among Russians in Latvia will coincide with the effort to gain citizenship.

[9] Laitin described a tipping point model wherein a group may slowly begin to perceive benefits to a change in action but once some tipping point is reached, the group will quickly all change to the other status. He uses this model to describe the Russian-speaking population going from a Russian identity to an assimilated Latvian identity.

Laitin also determined, and is corroborated by Ivlevs and King, that the relative ethnic population affected naturalization. In other words, Russians living around more (less) Russians relative to Latvians feel less (more) of a need to naturalize, are more (less) comfortable around Latvians, and are more (less) able to pass the tests. How individuals view the legitimacy of these laws also plays a role in the decision to go through the naturalization process (ECRI 2012; Brande, 2003). This obviously plays a role in the case of non-citizens who view themselves as having earned citizenship through their lives in Latvia. The model below accounts for both these factors.

My study proposes to add to this literature by analyzing potential differences in labor market outcomes between Russian-speaking citizens and non-citizens. This research would fill the gap in this literature by addressing the unique citizenship situation in Latvia. Strictly speaking, most Russian-speakers in Latvia are not immigrants, with 30-40% being born in Latvia and the rest having migrated to Latvia from within the Soviet Union and living in post-Soviet Latvia since its independence, and thus differ from the situations analyzed in the labor literature cited above. This study, in contrast to the Baltic-oriented literature, attempts to consider differences between citizens and non-citizens from the same ethnic minority, which would control for potential minority discrimination. I will show that since the global recession, incomes do not differ between Russian-speaking citizens and non-citizens. I further evaluate mechanisms that might account for this unexpected finding including the global recession, stiffening language employment standards, changing visa standards, and broad political party platforms. Given the long-term effects of the recession on Latvia, this finding suggests that non-citizen naturalization could slow down even further as they perceive no difference in economic benefits between themselves and Russian-speaking citizens. Given this and the recent out-migration of Latvians to

EU countries, I believe Latvian policy makers need to consider new policies to deal with their country's citizenship environment.

Data

This study assesses the difference in labor market outcomes between Russian-speaking citizens and non-citizens currently living in Latvia to shed greater light on the perplexing survival of the non-citizen status. Using the propensity score method, discussed in detail below, I measure the difference between citizens and non-citizens in their long-term unemployment and consumption. This method effectively controls for the selection bias inherent in the sample while isolating the difference between the two groups.

In order to determine how Russian-speaking citizens and non-citizens fare differently in the labor market, I use the European Bank of Reconstruction and Development's (EBRD) Life in Transition II (LITS II) survey data. This second wave follows the initial wave of 2006 and contains data from countries throughout the Eastern European transition region, including Latvia. The survey took place in late 2010 and contains a rich dataset of a variety of demographic, socioeconomic, and attitudinal variables, as well as data describing the impact of the recent global economic crisis.

For my analysis, I intend to use long-term unemployment and consumption as the key outcome variables. Analysis of long-term unemployment considers only the active working population.[10] No question specifically addressed current unemployment, but the survey did include a question asking whether the individual had been employed for wages or salary at any time in the past twelve months. The issue of long-term unemployment is of particular interest

[10] This qualification excludes retirees and those who have never worked.

since Latvia was in the midst of a catastrophic recession when EBRD administered the survey. Those suffering from long-term unemployment are likely those possessing fewer skills or whose line of business may have become unnecessary with the structural adjustment associated with the recession. This suggests these individuals have the potential to fall further away from society in the future and pose a challenge to the stability of the country.

Monthly consumption is the second labor market outcome considered. The survey does not ask any questions about income; however, there is an exhaustive list of consumption questions (including utilities, basic needs, durable goods, education, health, and savings). The economics literature suggests the function for income is a summation of consumption and change in net worth (Haughton & Khandker, 2009, 22). The combination of the above consumption questions with the savings amount effectively mirrors this traditional income function, making the aggregate total a useful proxy of income. Additionally, the literature argues that consumption may be a more stable, better indicator of welfare (Haughton & Khandker, 24). Thus, analysis on monthly consumption adequately gets at the principal question of the benefits of citizenship.

The primary independent variable is a binary variable indicating whether or not a Russian-speaking individual in Latvia is a citizen. I construct this citizenship variable based on answers to survey questions relating to the basic rights denied non-citizens (the right to vote and the right to work in certain industries). The survey asks about the individual's voting behavior in the previous two elections, including a local-level election and a parliamentary election. The survey also ascertains the industry in which the individual works. This proxy for citizenship may lead to some level of misidentification (i.e. citizens lumped in with non-citizen). However, I am confident the proxy closely represents the actual situation in Latvia. The LITS II sample shows

about 39% of Russian-speakers were non-citizens and 61% were citizens, approximately in line with current estimates. Additionally, using the same restrictions among Latvians in the sample found less than 4% of individuals misidentified. Voting in the 2010 election, about which the survey asks, indicates that a significant majority of Russian-speakers likely voted. Pro-Russian-speakers parties obtained over 27% of the vote, in a country where about 33% of the population are Russian-speakers. The level of misidentification is relatively small and should have only a minor effect of understating the differences between the groups.

The rich dataset includes a number of variables that will act as critical controls. Following the literature cited above, I include demographic information (age, gender, marital status, length of residence in country, enumeration area, urban v. rural, language, household size), socioeconomic information (education, work experience, work industry, access to public services, voting record, consumption, membership in organizations), and attitudinal data (interpersonal trust, relative income, trust/satisfaction with government). These control variables ensure that the model accounts for all aspects relevant to the outcomes of interest (citizenship decision, unemployment, monthly consumption), providing confidence that some unknown variable does not confound the findings.

Research Design and Empirical Strategy

My analysis compares Russian-speaking citizen and non-citizen labor market outcomes in Latvia. By using these two groups, I hope to provide a better understanding of the value of citizenship by examining whether or not citizenship provides the holder with fungible benefits, and help illuminate why greater numbers of non-citizens do not naturalize. In using individuals

from the same ethnic minority, I hope to control for any ethnic-driven discrimination to isolate the benefits of citizenship.

Selection bias represents a significant concern for estimating the effects of citizenship. While some Russian-speakers in Latvia were grandfathered into citizenship, a huge majority were not. Thus, most of the current Russian-speaking citizens in Latvia chose to go through the steps required to obtain citizenship while other Russian-speakers did not. This means that unobserved characteristics likely exist that would motivate a person to become a citizen which would also influence their labor market outcomes. Assuming this to be the case, only certain models can provide unbiased estimates of this relationship.

I chose to use the propensity score method to estimate the difference in the outcomes of interest by citizenship. In this analysis, propensity score matching (PSM) uses a logistic regression to predict the likelihood of an individual to choose to become a citizen based on a series of demographic, socio-economic, and attitudinal variables. This accomplishes a balancing of the covariates between the group, in so doing it mimics the ideals of a controlled experiment that randomly assigns treatment (i.e. citizenship) (Austin, 2011, 399). For example, in the LIT II dataset, Russian-speaking non-citizens and Russian-speaking citizens differed at statistically significant levels along a variety of characteristics; PSM balances the distribution of these variables. Thus, among non-citizens and citizens with the same propensity score, the distribution of these covariates is the same (Austin, 403). This matching method allows me to create comparison groups that are similar on the covariates to account for differences that might cause the selection bias described above.

A simple comparison then takes place between labor market outcome variables of Russian-speaking citizens and non-citizens with matching propensity scores. This matching process occurs between all the treated and non-treated individuals, which estimates an average treatment effect analogous to the random controlled trial process (Austin, 404). The estimated difference can then be evaluated for statistical strength using a basic t-test (Austin, 404).

PSM makes the strong assumption that "The process by which units are selected into treatment be unrelated to unmeasured variables that affect the outcome variable" (Diprete and Gangl, 2004). This is also described as the 'no unmeasured confounders' assumption. In other words, the first stage regression needs to include all variables that affect the treatment and outcome variables are included (Austin, 403). I follow the recommendation of Rubin and Thomas (1996, 253) to avoid 'trimming' the model. In other words, I include any variable in the model that potentially has explanatory power in both the citizenship assignment and the labor market outcomes. The variables I use, described below, give confidence that the models meet these specifications.

This analysis is limited to Russian-speaking individuals since Latvians have 100% likelihood of obtaining citizenship due to their ethnicity.[11] Thus, to predict whether a Russian-speaker became a citizen the analysis includes key demographic variables like age, education, gender, marital status, health status, household size, type of labor market (urban/rural/metropolitan) and length of stay in country. In addition, the LITS II dataset provides a number of attitudinal variables that give some insight into the internal rationale that might have led an individual to take on the challenges of naturalizing, which could also play a role in the

[11] Thus, this analysis cannot provide insight into differences between Latvians and Russian-speaking citizens and non-citizens in the labor market outcomes of interest.

individual's labor market outcomes. The variables described below provide confidence that the model meets the 'no unmeasured confounders' assumption.

1. Ambition – the survey assesses the individual's ability to make connections and use connections to get ahead in a variety of different life situations. I assume that those who gained citizenship have a greater drive to get ahead than those who have not, and that this measure would proxy that drive. This measure also affects the labor market outcomes as those with greater ambition likely make use of connections to maintain and improve their economic situation.

2. Local government trust – respondents rate their trust of local government offices and officials. Those who do not trust the government are less likely to view their actions and laws as legitimate. Individuals viewing the laws/government as illegitimate are less likely to take on the cost of obtaining citizenship. This also affects labor market outcomes, as individuals may avoid employment in industries closely related to or regulated by local government.

3. Ethnic threat – a question gauges the extent to which individuals view people from other ethnic groups as a threat to their opportunities. This measure is tightly connected with a general negative attitude towards other ethnicities. A Russian with a negative attitude towards Latvians is less likely to learn the history, culture, and language of this group, key inputs in becoming a citizen. Such individuals also would avoid particular employment in order to avoid contact with other ethnic groups.

4. Optimism – this question ascertains the native optimism in a person by asking their outlook for the country's children's future. Optimism should be included because it

necessarily impacts citizenship, more optimistic people will likely be more positive about their ability to pass tests and the benefits of obtaining citizenship, and labor market outcomes, more optimistic people are more disposed to seek opportunities despite the difficulties they may face.

I believe that these variables could have a causal relationship naturalizing. I believe that these attitudes developed before the citizenship law was enacted and have remained stable since then. Latvians were the primary leaders and professional class during the end of the Soviet era. The class relationship between Russian and Latvians has only strengthened that dynamic since then. Therefore, these interethnic attitudes developed during the final years of the Soviet era were likely maintained after independence and transferred the new government. However, there is a risk that these attitudes reflect the changes in citizenship policy, in which case these variables would not causally impact citizenship, but be a result of citizenship.

I use multiple matching techniques (One-to-one matching, nearest neighbor matching, caliper, and kernel matching) to ensure that the matching method does not drive any unfounded conclusions.[12] One-to-one matching decreases bias by pairing each non-citizen with the one citizen with the closest propensity score. The nearest neighbor matching system decreases variance by matching one non-citizen with any number of citizens with the closest propensity score.[13] The caliper matching method matches based on a prescribed range of citizens which decrease bias. For this study, I use a .03 caliper, in other words I match the non-citizen individual with any citizen with a propensity score within .03. Kernel matching uses the entire group of

[12] For greater detail on these matching methods, see Caliendo and Kopenieg, 7-9.
[13] For the purpose of this study, I limit the number of nearest neighbors to five to ensure that the citizen propensity scores do not extend too far above or below the propensity score of the non-citizen.

citizens to match to each non-citizen resulting in less bias. This matching occurs by weighting each individual citizen according to the distance between propensity scores.

To address concerns that the propensity score method does not effectively deal with selection bias, I will use the Rosenbaum Bounds test for the consumption variable and the Mantel and Haenszel test statistic, a subset of Rosenbaum's Bounds for binary variables (Diprete and Gangl, 2004; Becker and Caliendo, 2007). These statistics measures the degree to which an unmeasured variable would influence the relationship estimated through PSM. A statistic is given at increasing levels of strength of an unmeasured confounding variable showing the likelihood that the estimate achieved through matching would be different.

Table 2: Differences in Key Characteristics

	Non-Citizen	Citizen	p-value
ln Consumption	5.59	5.67	0.31
Long-term Unemployment	0.16	0.22	0.38
Local Government Trust	-0.33	-0.16	0.44
Ambition***	1.13	1.74	0.001
Ethnic Threat	-0.11	0.07	0.15
Optimism*	0.25	0.04	0.07
Female	0.65	0.66	0.84
Marital Status			
Never Married	0.11	0.17	0.19
Married	0.43	0.48	0.38
Separated**	0.01	0.03	0.05
Divorced	0.17	0.14	0.63
Widowed**	0.27	0.16	0.02
Education			
Primary	0.04	0.07	0.21
Secondary	0.38	0.46	0.22
Post-Secondary***	0.42	0.27	0.005
Bachelor's	0.14	0.16	0.75
Master's**	0.01	0.04	0.02
Age			
18-24	0.05	0.07	0.44
25-34**	0.10	0.21	0.02
35-44	0.13	0.18	0.26
45-54	0.18	0.20	0.52
55-64	0.12	0.1	0.53
65+***	0.42	0.24	0.01
Speak Latvian***	0.66	0.8	0.01
Health Status***	-0.04	0.24	0.005
Length**	41	36.4	0.02
*,**,*** indicate p-values<.1, .05, .01 respectively			

Data Description

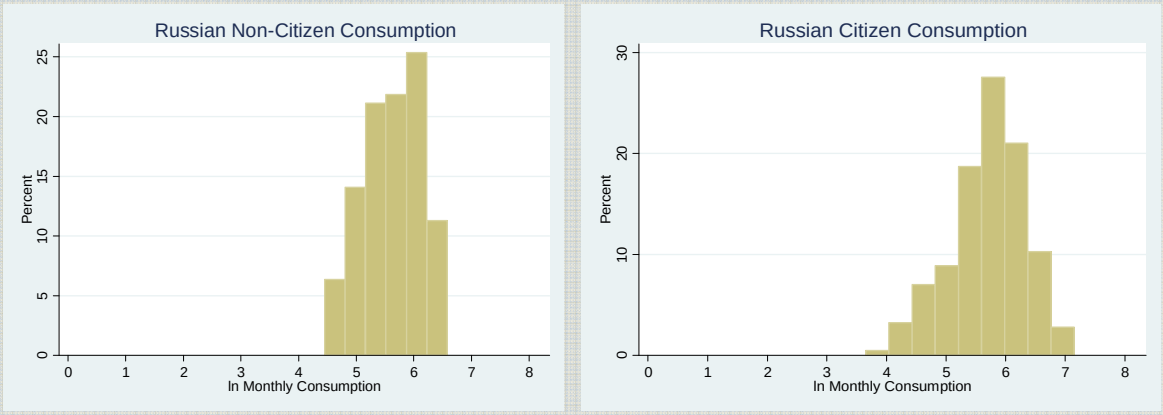
As Table 2[14] indicates, there are some significant differences between Russian-speaking citizens and non-citizens among the variables, which suggest the need for covariate balancing of the propensity score method. As expected,

[14] Attitudinal data (local government and interpersonal trust, ambition, ethnic threat, Soviet nostalgia, and optimism, health status) have been recalibrated to a -2 to 2 scale. Negative values indicate negative attitudes (less trusting, less ambitious, past better than the present, less optimistic, less healthy).

Russian-speaking citizens are significantly more ambitious than non-citizens, expressing a greater willingness to use opportunities to get ahead. Surprisingly, Russian non-citizens show a more optimistic bearing than citizens at a statistically significant level. Though not statistically significant, Russian non-citizens view Latvians as a threat to opportunities, while citizens on the whole do not. Additionally, non-citizens report a lower level of local government trust than citizens.

Additionally, there are some significant demographic differences that could affect the outcomes of interest. Russian non-citizens are older, as indicated both by the significant difference in 25-34 year olds favoring citizens (20% to 10%) while 65+ favors non-citizens (42% to 24%). This age discrepancy shows up in the higher rate of widowed and the slightly lower health status among non-citizens. Education differences are present as well, with higher rates of post-secondary education among non-citizens (42% to 27%) but a slightly higher rate of master's education among citizens (4% to 1%). As expected, Russian-speaking citizens report a 14% advantage in ability to speak Latvian (80% to 66%), but both figures represent a majority of each population. Interestingly, non-citizens report an almost 5 year longer average length of residence in Latvia (41 to 36.4).

Figure 2: Differences among Russian-speakers consumption



While the differences along the outcome variables are not statistically significant, the histograms in Figure 2 above indicate important differences among the groups. The bulk of each group consumes about the same amount, but interestingly the range increases between Russian non-citizens (4.5 to 6.5) and citizens (3.66 to 7.25).[15] This suggests that differences do exist between the groups in the extremes they attain. Average long-term unemployment indicates a somewhat higher rate (22% to 16%) for Russian-speaking citizens, but not at a statistically significant level.

Monthly Consumption Analysis

I first analyze differences between Russian-speaking citizens and non-citizens in terms of monthly consumption. In the initial phase, I estimated the likelihood for Russian-speakers living in Latvia to remain non-citizens[16] based on their demographic information, knowledge of Latvian, education, health, as well as the key predictors described above. This logit model produced a decent fit with an r^2 =.15 and several significant coefficients based on a sample of 356 (214 Russian-speaking citizens and 142 Russian-speaking non-citizens) (see Appendix 1 for greater detail). As would be expected, the distribution of Russian-speaking citizens' propensity scores is weighted more towards the left while the opposite is true of non-citizen propensity scores, i.e. the model predicted citizens to not be non-citizens while predicting non-citizens more likely to be non-citizens. Despite this, propensity scores between the two groups correspond well with a similar range. This suggests most matching methods would be appropriate as non-citizens have a fair number of potential citizen 'matches' within a close propensity score range.

[15] The range in Lats is 90 to 665 for non-citizens and 40 to 1400 for citizens.
[16] I code non-citizen as the outcome because the decision to remain a non-citizen is the more intriguing, surprising decision compared to the decision to become a citizen..

Table 3: PSM findings on difference in consumption by citizenship

		Non-Citizen Consumption	Citizen Consumption	Difference	T-stat	Median Bias
	Unmatched	5.62	5.70	-0.08	-1.28	16.7%
Matching Method						
NN (1)	Matched	5.63	5.50	0.13	1.35	6.7%
NN (5)	Matched	5.64	5.52	0.12	1.57	3.7%
Caliper (.03)	Matched	5.64	5.58	0.06	0.76	3.8%
Kernel	Matched	5.63	5.56	0.07	1.02	2.2%

As Table 3 indicates, the matching produced results contrary to the expectation that citizenship would result in tangible consumption benefits.[17] Each method effectively reduced the difference between the two groups, reducing the median bias by double digit percentages points in each case. The results were not especially large or statistically significant, suggesting no real difference between the two groups. However, Russian-speaking citizens before matching had a higher average monthly consumption than non-citizens (299 lats to 276 lats). After matching, each method showed Russian-speaking non-citizens with between 16 and 24 lats more consumption. After controlling for all the key socio-demographic and attitudinal differences, citizens do not have higher monthly consumption.

To test the fidelity of these outcomes, I employ the Rosenbaum bounds test (see Appendix 3). This test essentially estimates the effect an unmeasured variable would have on the outcome of the matching method. The test shows at what strength a confounding variable would need to be to make the findings no longer valid. The test employed on the different models showed that the findings were largely immune to this problem, showing no significant change at

[17] Under each matching method, four non-citizen observations were dropped from the common support band, or the range of individuals included in the analysis. The model dropped these individuals because they scored higher than everybody else, between .86 and .91 on the propensity score test, likely because of their advanced age and limited knowledge of Latvian. They reported monthly ln consumption of 4.60, 4.86, 5.53, and 6.01, representing the low, middle, and higher ranges of the non-citizen consumption range.

very high levels of confounding strength. This likely represents more a result of insignificant findings than an ironclad, robust model.

Long-term Unemployment by Citizenship Status

In order to evaluate how different citizens fare in terms of employment, the analysis focuses on long-term unemployment. I use similar methods in this section. This analysis proceeds on a more limited scale to only include the active labor population. Thus, the model excludes people who have never worked before and retirees. This leaves only 221 observations (144 citizens to 77 non-citizens), 135 lower when compared to the 356 individuals in the monthly consumption analysis. The first stage of the PSM produced a fairly predictive model (r^2=.13), with a handful of significant variables (see Appendix 2 for greater detail). Some variables[18] and municipalities[19] were dropped for lack of observations. This suggests the findings are not as robust and do not represent the entire

Figure 3: Citizen and Non-Citizen Propensity Scores

[18] The models dropped the separation (marital status) and master's education variables.
[19] The models dropped Novadnieku pagasts (Westerna Latvia), Saldus pilseta (Western Latvia), and Valmiera (Northern Latvia).

country, and thus should be interpreted with caution.

The propensity score histograms above (Figure 3) illustrate that the different groups' scores roughly track each other. The citizens' propensity scores tilt toward the left, while the non-citizens' propensity scores balance more in the middle. A large outlier group does exist among non-citizens, which results in 6 observations being dropped from the matching analysis because of a lack of good matches for these individuals.[20]

The results (see Table 4) indicate no statistically significant difference between Russian-speaking citizen and Russian-speaking non-citizen on long-term unemployment, which mirrors the monthly consumption results. The non-significant differences between unmatched and matched rates of seeking employment are minimal, ranging between a difference of 4-8% (see Table 4). However, in each case, the rate of long-term unemployment favors the Russian-speaking non-citizens. Thus, Russian citizens do not appear to gain much from their citizenship

Table 4: PSM findings on differences in long-term unemployment

	Non-Citizen Long-Term Unemployment	Citizen Long-Term Unemployment	Difference	T-stat	Median Bias
Unmatched	0.17	0.34	-0.17	-1.2	13.8
Matching Method					
NN (1)	0.18	0.22	-0.04	-0.45	8.8
NN (5)	0.18	0.26	-0.08	-1.12	4.0
Caliper (.03)	0.18	0.24	-0.06	-0.86	6.5
Kernel	0.18	0.24	-0.06	-0.81	4.8

[20] Under each matching method, six non-citizen observations were dropped from the common support band. The model dropped these individuals because they scored higher than anybody else, between .86 and .96 on the propensity score test. All reported not having employment in the past year.

status in terms of job security after controlling for other characteristics. Rosenbaum bounds analysis similarly shows the insignificant potential impact of an unknown confounder.

The findings of the PSM analysis on the two labor market outcomes ran counter to my hypothesis from the outset that Russian-speaking citizens would benefit from their citizenship status relative to Russian-speaking non-citizens. I anticipated that access to the wider range of employment opportunities, particularly within the higher paying public sector, associated with gained citizenship would lead to greater opportunities for employment and a higher range of income. Additionally, I expected that the right to vote would lead to citizens' interests in a number of spheres, including the labor market, being better accounted for than non-citizens'. However, in both outcomes, the groups exhibit no statistical difference, while the statistically insignificant differences repeatedly show Russian-speaking non-citizens at an advantage. The following section considers possible explanations for this unexpected situation: effects of the global recession, stiffening language employment standards, freedom of movement for non-citizens, and political representation in Latvia.

Influence of Global Recession

With the LIT II survey taking place in the fall of 2010, the effects of the global recession on the Latvian populace need to be accounted for in the results above. Latvia suffered worse than almost any other country during the global recession of 2008-2009. Their gross domestic product fell over 25% from 2008 to 2009, a collapse similar in devastation to the fall seen in the US during the Great Depression (Weisbrot & Ray, 2010, 3). Unemployment rose from around 6% at the beginning of 2008 to well over 20% within a year and has remained very high to this time.

An overheating economy precipitated the incredibly large drop in production. Borrowing-fueled consumption largely accounted for Latvia's rapid economic growth of the early 2000s. Nordic banks provided the large supply of credit in hopes of securing the market share in this new and growing market (Purfield & Rosenberg, 2010, 4; Grigorev & Agibalov, 2011, 28). Mortgages became increasingly accessible, and residential construction and subsequently housing prices soared (Bohle, 2010, 8). One report indicated, "Credit to households grew by more than 60% annually from 2002-2006" (Weisbrot & Ray, 6). Funds flowed into non-productive, non-export spheres like real estate, construction, retail, and financial services, as well as huge growth in public sector expenditures (Purfield & Rosenberg, 7, 10; Grigorev & Agibalov, 35). Inflation grew quickly, and wage growth quickly overtook production gains (Purfield & Rosenberg, 7). The Lehman Brothers bankruptcy led to the drying up of capital flows globally and worries about banks' health. In Latvia, a deposit run occurred at the nation's second largest bank, and the Latvian government stepped in to take a majority holding in the bank (Purfield & Rosenberg, 8). The credit expansion, which had driven the economic boom, plunged, leading to a collapse in the economy. Latvia then reached an agreement with the International Monetary Fund for a loan to see them through the recession.

As part of this agreement, Latvia instigated an austerity program to see the country through the difficulties. This program involved two parts: 1) maintaining their currency peg to the Euro standard, and 2) bringing down deficits through spending cuts and tax increases. In regards to the first, Latvia maintains a currency pegged to the Euro rate in preparation for their prospective transition to the Euro currency. During the global recession, this meant an overvalued Lat not reflective of the realities on the ground. This subsequently resulted in artificially increasing the cost of their exports, while decreasing the cost of their imports

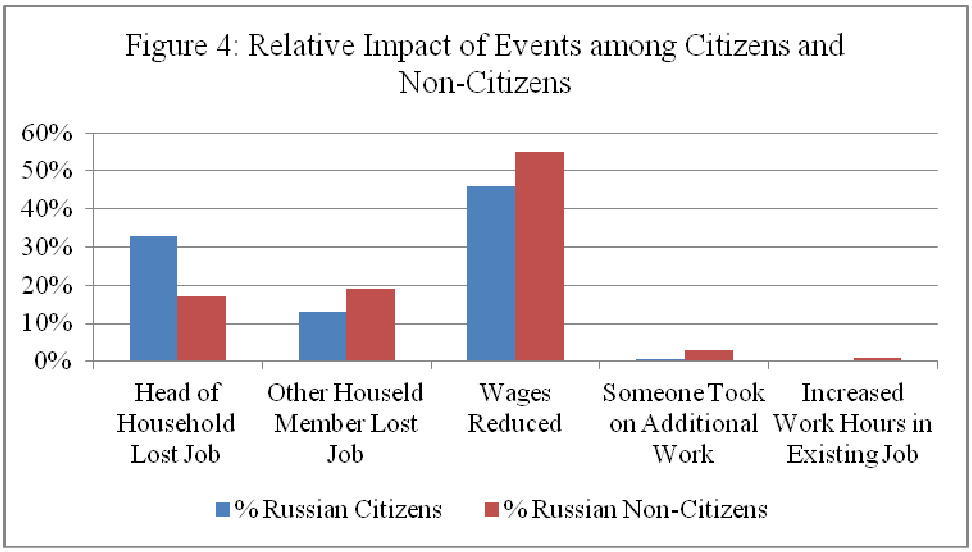
(Weisbrot & Ray, 3). It did benefit private individual's debts and the banks that held those debts (Weisbrot & Ray, 4). The second part of the program led to a significant cut in public sector employment and welfare assistance. The government reduced its public sector wage bill over 33% between 2008 and 2009 and cut the education and health ministries' budgets by ½ and 1/3 respectively (Purfield & Rosenberg, 16, 19).[21] Wage adjustment in the public sector has been much more prevalent than in the private sector (Purfield & Rosenberg, 25).

Overall unemployment rose quickly and has remained high to the present. The rate of unemployment has been particularly high among males and youth[22] (Purfield & Rosenberg, 20). In addition to the public sector, the construction and retail sectors suffered significant losses (IMF, 2010, 14). The construction sector shed half of its jobs, and losses in the construction sector account for a third of all job loss (IMF, 24). Private sector employment losses exceeded those in the public sector, but rebounded more quickly (IMF, 15).

The LIT II survey asked individuals to what extent the recession impacted their household. I analyzed the data and found that Russian-speaking citizens reported being more negatively impacted by the recession than Russian-speaking non-citizens, at statistically significant levels. Sixty-eight percent of Russian-speaking citizens reported their household being significantly affected, in comparison to 57% of non-citizens. The survey asked individuals to indicate what events[23] had happened to individuals in their household. Citizens indicated experiencing a greater number of the negative episodes than non-citizens (1.65 to 1.36).

[21] On the other hand, the government increased unemployment benefits during the same period.
[22] In 2010, 43% of youth were unemployed (IMF, 22).
[23] Events listed include household head losing job, other household member losing job, family business closed, working hours reduced, wages delayed or suspended, wages reduced, reduced flow of remittances, family members returned from abroad, someone took on a second job, increased hours in existing job, someone not working took on job

As Figure 4 illustrates, citizens reported almost twice as many households where the head of household lost their positions (33% to 17%), while non-citizens indicated other household members losing jobs (19% to 13%) and reduced wages at slightly higher rates (55% to 46%). Additionally, the non-citizens experienced the more positive ways of coping, taking additional work or working increased hours. Thus, Russian-speaking citizens' labor market outcomes could be a result of the somewhat more significant impact of the recession.



This could be a result of the Russian-speaking citizens who have managed to enter traditionally Latvian industries being disproportionately fired relative to Latvian peers during the recession. The data indicate this could be the case as Latvians reported a lower rate of being impacted (50% to 68%), lower number of negative effects (1.45 to 1.65), and lower rate of head of household losing their job (18% to 33%) than Russian-speaking citizens. In all cases, Russian-speaking citizens fared worse than both non-citizens and Latvians. The data could mean that the small group of Russian-speaking citizens who shifted into sectors disproportionately populated by Latvians might have borne the weight of job losses during the recession.

Stiffening Employment Language Standards

The language environment in Latvia also plays a dampening role on labor market outcomes, particularly for the Russian-speaking citizens. In 1999, Latvia enacted a language law that established language standards for different fields of interaction and employment. As might be expected, the law requires government employees to be fluent in Latvian. This regulation also applies to employees of any institutions, organization, or companies, or the self-employed that perform public services.[24] In addition, the law includes a provision granting authority to the Cabinet to prescribe language standards for further occupations that fall under public services or occupations who's "activities affect the legitimate interests of the public" (Ministru Kabineta, 2000, 2). These language standards include three degrees, with different grades within each degree. The lowest degree requires the ability to communicate about simple everyday topics, read texts outside the professional vocabulary, and write brief personal messages (Ministru Kabineta, 3). The middle degree requires the ability to conduct a simple dialogue about social or professional topics, and write standardized document applications (3). The highest degree requires the ability to communicate freely on everyday and professional topics, be able to engage in negotiations, and write to authorities or corporate governing bodies (3). In 2000, the Cabinet released the first wave of regulations, listing over 4,000 occupations that required some form of language accreditation (Ministru Kabineta, 2009, 7-171).

In 2008, Latvia's Cabinet added over 1,000 more occupations requiring some level of Latvian language expertise, a majority of the additions commanding the highest degree requirement (Ministru Kabineta, 2009, 172-214). Observers suggest that this recent expansion of

[24] The law describes these services as including public security, health, morality, health care, protection of consumer rights and employment rights, safety in the work place, supervision of public administration

language requirements moved further into the private sector and increased language requirements in previously more accessible industries (Oshkaia, 8 February 2012). One laborer described how his position requires a language standard even though he rarely interacts with the public or fellow workers (Commercio, 95).

While these regulations apply to both citizens and non-citizens, they likely impact Russian-speaking citizens more than non-citizens. In most cases, non-citizens would already be barred from many of the public sphere occupations by citizenship requirements. On the other hand, Russian-speakers who have naturalized may legally work in these spheres, but the language standards obstruct their opportunities. Thus, Russian-speaking citizens enjoy a broader range of opportunities in theory, but in practice they face the same limiting regulations. Many Russian-speakers feel they are barred from obtaining higher language proficiency simply because they are non-native speakers, and this belief has only been strengthened by the 2008 additions to occupations requiring the highest degree of Latvian proficiency (Commercio, 72).

The fact that the gatekeepers to any occupation relating to the public sphere are all Latvians further exacerbates this problem. The language law and regulations and the citizenship law have effectively given Latvians power over every step of the process, from language testing to hiring to language standards enforcement. Currently, Latvians account for over 90% of the bureaucracy and all of the language testing staff (Oshkaia, 1 November 2010; Commercio, 65). Many Russian-speakers perceive the labor market as a bound community where Latvians ensure they provide for their ethnic peers (Commercio, 68-9). This ‘two-community’ reality hinders Russian-speaking citizens from realizing any benefits from their naturalization and differentiating themselves from their non-citizen peers.

Changing Visa Requirements

Events over the past 6 years have given Russian-speaking non-citizens the widest visa-free travel opportunities of anybody in Latvia. With accession to the EU, Latvian citizens gained the benefit of visa-free travel throughout the Schengen Area. At the end of 2006, the EU and Latvia agreed to give non-citizens the same visa-free travel given to all citizens within the EU, and at the beginning of 2007 those rights were active (Chas, 3 January 2007). The following year, the president of the Russian Federation, Dmitrii Medvedev, signed a decree allowing visa-free travel to Russia, exclusively for non-citizens (Chas, 27 June 2008). Non-citizens quickly took advantage of the visa-free travel to Russia; the number of automobiles crossing the border quickly rose, with many 'entrepreneurs' taking advantage of the longer lines by selling their place in line and other services (Chas, 22 July 2008). These two actions increased the labor market opportunities available to non-citizens beyond those of citizens. Non-citizens, as opposed to citizens, can pursue labor options in Russian markets where their language does not negatively affect their opportunities. This benefits those non-citizens who remain in Latvia through remittances and creating a less competitive hiring environment, benefits less available to citizens. Additionally, growing exports to CIS countries may benefit non-citizens who can freely cross those borders by allowing them to take trading requiring frequent border crossing (IMF, 2013, 19).

Political Representation in Latvia

The political party situation in Latvia has essentially obviated the difference between Russian-speaking citizens and non-citizens. Throughout the past 15 years, one to two parties[25]

[25] The two Russian-speaking oriented parties are For Human Rights in a United Latvia and the Harmony Center.

representing the interests of the general Russian-speaking population have gained entry to the Seim, ranging from 25 seats (out of 100 total) in 2002 to 31 seats in 2011 (Election Resources, 2013). In fact, in the most recent parliamentary election the Harmony Center party favoring the Russian-speaking population won the largest amount of the votes (Radionov, 19 September 2011).[26] Both these parties explicitly suggest the need to grant citizenship to Russian-speaking non-citizens. These parties have also brought referenda to national votes on key rights (Russian as a second national language and citizenship for all) important to both Russian-speaking citizens and non-citizen (Oshkaia, 7 September 2012).[27] Thus, even though only Russian-speaking citizens possess the right to vote, key political parties represent the interests of Russian-speaking non-citizens as well. Thus, expected benefits of political representation do not accrue to Russian-speaking citizens relative to their non-citizen peers. This again suggests that the rights of citizenship are not sufficient for Russian-speaking citizens to differentiate themselves from non-citizens.

Conclusion

Through data analysis and research of the situation Russian-speakers face, I conclude that Russian-speaking citizens do not benefit relative to non-citizens from the rights they have obtained. This likely stems from a mix of circumstances: a) the global recession more negatively impacting citizens, b) language employment standards negating employment benefits of citizenship, c) wider visa-free travel options for non-citizens, and d) Russian-speaking oriented political parties representing the interests of both citizens and non-citizens. These different conditions essentially counteract any potential economic benefits a citizen might enjoy that a

[26] However, a new alliance of Latvian parties, including a right-wing nationalist party, formed the majority coalition without the Harmony Center (Chas, 12 October 2011).

[27] Despite the fact non-citizens do not have the right to sign referenda, both actions achieved the required amount of signatures.

non-citizen does not. This study does not consider other potential benefits of citizenship, such as psychological or social benefits. These areas represent questions for future research that could further elucidate the position of Russian-speakers in Latvia.

This equivalence of citizens and non-citizens leaves Latvia in a difficult position. Little differentiation appears to have taken place between the Russian-speaking citizens and non-citizens. Rather than co-opting those Russian-speakers who have gained citizenship, citizens remain in essentially the same economic position as their co-ethnic non-citizen peers. Thus, the challenges to ethnic relations illustrated in the quotes at the beginning of the paper extend beyond the demarcation of citizen and non-citizen.

While stating that decreasing the number of non-citizens remains a genuine focus of Latvia, current policy suggests that the most significant incentive for non-citizens to naturalize is the feeling of belonging to the country and the desire to become an active member of it (Vesti, 20 August 2011). Yet, many non-citizens feel they belong to the country and have no other motherland, but still have no desire to naturalize (Adrianovna, 24 April 2008). The current situation as evidenced by my analysis suggests the government needs to address the benefits of becoming a citizen in order to encourage non-citizens to naturalize. The government undermines the devotion of Russian-speaking citizens and potentially increases hostility toward the regime among their own citizens by not improving their opportunities. New avenues should be opened that would benefit those Russian-speakers who have proven the required loyalty and belonging central to Latvian citizenship legislation. In addition, this would stimulate further naturalization and ameliorate a potentially threatening population.

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Appendix 1: Logistic Regression for Non-Citizenship (Monthly Consumption Outcome)[28]

	Coefficient	P-Value
Ambition***	-0.23	0.01
Optimism***	0.4	0.004
Ethnic Threat*	-0.19	0.10
Local Government Trust	-0.18	0.12
Urban	-0.05	0.86
Rural	-0.09	0.80
Metropolitan dropped		
Female	-0.26	0.32
Never	-0.25	0.62
Married	-0.32	0.36
Separated	-1.68	0.15
Widowed	0.11	0.81
Single dropped		
Primary	-1	0.12
Post-Secondary***	0.71	0.01
Bachelor's	0.24	0.52
Master's*	-1.86	0.10
Secondary dropped		
18-24	0.9	0.12
35-44	0.16	0.72
45-54	0.37	0.41
55-64	0.7	0.17
65+	0.82	0.12
25-34 dropped		
Speak Latvian**	-0.69	0.02
Health	-0.28	0.16
Length	-0.002	0.78
Constant	0.18	0.78
r2=.14		
N=356		

[28] Both regressions are based on a dichotomy of Non-citizen=1 and Citizen=0.

Appendix 2: Logistic Regression for Non-Citizenship (Long-Term Unemployment Outcome)

	Coefficient	P-value
Ambition	-0.14	0.17
Optimism**	0.41	0.02
Ethnic Threat**	-0.32	0.03
Local Government Trust	-0.13	0.35
Urban	-0.19	0.59
Rural	-0.58	0.22
Metropolitan dropped		
Female	-0.22	0.50
Never	-0.38	0.51
Married	-0.52	0.22
Widowed**	1.91	0.05
Single dropped		
Primary	-1.34	0.28
Post-secondary**	0.72	0.04
Bachelor's	-0.25	0.63
Secondary dropped		
18-24	0.91	0.20
35-44	0.16	0.74
45-54	0.22	0.66
55-64	0.78	0.21
65+	0.81	0.58
25-34 dropped		
Speak Latvian*	-0.73	0.06
Health	-0.19	0.48
Length	-0.01	0.62
Constant	0.48	0.53
r2=.13		
N=227		

Appendix 3: Rosenbaum Bounds Analysis

Rosenbaum Bounds Analysis, Monthly Consumption

Gamma	Sig+	Sig-	t-hat+	t-hat-	CI+	CI-
1	0	0	5.64	5.64	5.61	5.68
2	0	0	5.47	5.81	5.43	5.85
3	0	0	5.37	5.91	5.32	5.94
4	0	0	5.30	5.97	5.25	6.01
5	0	0	5.24	6.02	5.20	6.06

Rosenbaum Bounds Analysis, Long-term Unemployment

Gamma	Sig+	Sig-	t-hat+	t-hat-	CI+	CI-
1	0	0	-3.5 e-07	-3.5 e-07	-3.5 e-07	-3.5 e-07
2	1.3e-15	0	-3.5 e-07	.5	-3.5 e-07	.5
3	5.43e-11	0	-3.5 e-07	.5	-3.5 e-07	.5
4	1.1e-08	0	-3.5 e-07	.5	-3.5 e-07	.5
5	2.5e-06	0	-3.5 e-07	.5	-3.5 e-07	.5