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Chapter 3

The social and economic impact of emigration on Lithuania

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This chapter examines migration flows from Lithuania, historically a country with significant emigration. The changing characteristics of this migration since 1990 and their relationship to economic conditions in Lithuania and EU accession are examined. The distinction between declared and undeclared migration is explored. The impact of the 2008-11 economic crisis on migration is described, including its impact on return migration and choice of destination country. The chapter examines the changing characteristics of emigrants, in terms of their age and family situation as well as their education level and employment status. The effect of remittances is discussed, and the chapter concludes with a review of policy responses in Lithuania.

Introduction

Socio-economic development and emigration are interrelated and in a relationship of reciprocal causality. On the one hand – socio-economic developments and economic problems are among the main causes of emigration. On the other, emigration, especially mass emigration, as in the Lithuanian case, directly and indirectly influences current and future social and economic development, and in many cases encourages further emigration. Emigration becomes an essential economic strategy, a main source of income for certain portions of the population. The impact of emigration differs depending on the period and on whether the national or the individual/family levels are considered. Nonetheless, in Lithuania, its potential impact on future social and economic development is rarely discussed. There is a widespread faith that return migration – which has yet to occur in large numbers – will mitigate any negative impact. This chapter analyses migration as an integral part of social and economic development in Lithuania, and the challenges it poses for policy makers.

Emigration: General trends

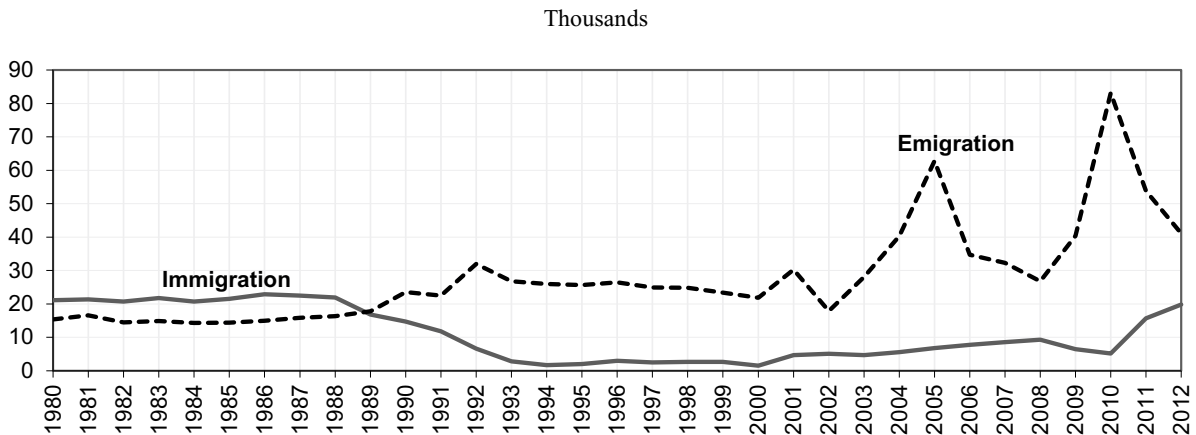
The Lithuanian population has always been characterised by high emigration rates. This was true during the pre-Soviet and Soviet periods, and it is true today.

According to data from the Statistics Lithuania (based on the 2011 census), over the past 22 years (1990-2011) 728 700 people emigrated from Lithuania, the equivalent of approximately 20% of the Lithuanian population of 1990s. In addition, population losses due to migration are accelerating: from 7.5% of the resident population (at the beginning of period) in 1990-2000 to 12.9% in 2001-11. Immigration remains low, and has only a symbolic compensatory effect. For the past decade Lithuania has had the highest negative net migration in the European Union. This situation, sometimes referred to by politicians as “evacuation”, has unfortunately not been effectively contrasted.

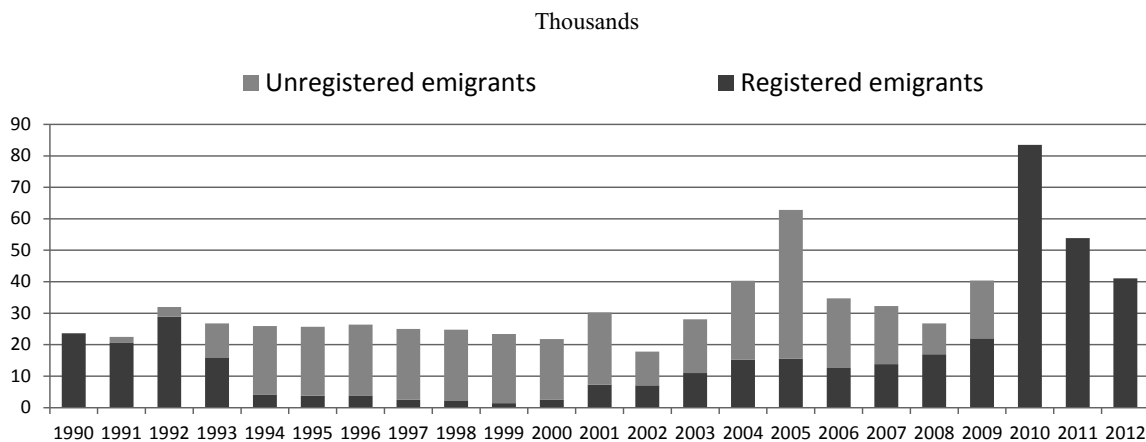
High emigration rates, sometimes claimed in media debates to be part of the “Lithuanian genetic code”, are the result not only of the current social economic situation, but also of past migration trends, and they reflect a migration culture formed over the past 20 years. A brief overview of past migration may thus contribute to a better understanding of current situations and problems.

A brief overview of past migrations (1990-2008)

Analysing the phenomenon of emigration from Lithuania over the past decades (Figures 3.1 and 3.2) it is possible to identify several stages¹ in terms of migration flows, models, strategies, and the interrelation between migration and socio-economic development.

Figure 3.1. International migration in Lithuania, 1980-2012

Source: Statistics Lithuania.

Figure 3.2. Registered and unregistered emigration from Lithuania, 1990-2012

Note: For the years 1990-2000 current emigration statistics have been recalculated based on 2001 census results; for the years 2001-11, statistics have been recalculated based on 2011 census data.

Source: Statistics Lithuania.

1989/1990-1993: Repatriation, “de-Sovietisation” (free choice)

The last decade of the 20th century (1989/90-1993) witnessed an essential turn in migration trends: due to the opening of borders and other political developments, emigration replaced immigration. The emigration of that period can be divided into two main categories: return migration/repatriation (Russians, Belarussians, the Ukrainians) and the realisation of emigration potential accumulated during the Soviet period, involving, for example, Jews leaving Lithuania and the first tentative signs of Lithuanian emigration to the West (Sipavičienė and Stankūnienė, 2011). Emigration during this period tended to be long-term/permanent, legal, and declared.

1992/1993-2003: Emigration as an economic/survival strategy

Since the beginning of the 1990s (1992-93), with the advancement of the market economy, new forms of migration emerged. A “petty trade” migration model first dominated, with short commercial cross-border visits to purchase and sell small volumes of merchandise. Migration turned westward, its geography expanded, long term migration gave way to different types of temporary or circular migration, and migration was often part of a business strategy. A study carried out in 1993-96 (Sipavičienė, 1997; Frejka et al., 1998) indicated that during the period in question, the purpose of migration also started changing: from choice of residence to important economic (or even survival) strategy. Migrants went not to the closest countries, but to the countries where they could earn the most (e.g., through informal trading or employment) or where study was likely to provide the greatest return (Lietuva, 2004). In those years, over 80% of emigration was unregistered (Figure 3.2), and the scale of emigration remained high.

Late 1990s-early 2000s: The gradual shift to labour migration

“Commercial” or “petty trade” migration, which dominated the early 1990s, waned, and other forms of migration, such as labour migration, emerged. Research indicates only rare cases of migrants creating businesses in Lithuania with capital accumulated through working abroad. Labour migration, though still mainly unregistered and often employed in destination countries’ “shadow economies”, became better organised, frequently characterised by “chain migration” and operating through networks created by earlier migrants. Student migration – which in the early 1990s was mainly viewed as a way to obtain a visa and move abroad, sometimes for employment – gradually became *de facto* migration for study, an investment in the student’s future. Brain drain remains intensive (Stankūnienė, 1996), though cases of direct “brain waste”, when highly qualified scientists and specialists move for unqualified jobs, has diminished. Family reunification in destination countries has intensified, which marks the beginning of permanent migration (Sipavičienė, 2006).

Migration models established during this period largely determined further migration developments after Lithuania’s accession to the European Union. In Lithuania, expectations were that many Lithuanians already working in EU countries would acquire legal status upon accession. While this did occur, the numbers were not as great as forecast, and the shift to legal labour migration still took time to occur.

2004-08: legalisation/freedom of choice

European integration processes and the opening of EU labour markets heavily affected Lithuanian emigration, and in fact, EU countries are the most popular destinations during this period, with the United Kingdom and Ireland (the first to have opened their labour markets) as absolute leaders. The role of formal and informal migration networks increased (up to 80% of Lithuanian emigrants indicated that they found jobs abroad with the help of already established relatives, friends, etc.). These networks sometimes engaged in direct recruitment or even criminal activity – trafficking in human beings. Although the main causes of migration remained economic (Table 3.1), non-economic reasons such as “professional ambitions”, self-realisation, “adventure”, studies etc. became increasingly important, especially among young migrants.

Table 3.1. Unregistered emigrants, reason for departure, 2001-07

	2001-02	2003	2004	2005	2006	2007
Job contract	60.8	82.1	79.8	81.8	63.2	69.3
Studies	3.9	4.3	4	4.3	6.6	12.6
Family circumstances	17.2	11.1	4.6	8.9	13.8	7.9
Other	18.1	2.6	11.6	4.9	16.4	10.2
Total	100	100	100	100	100	100
Total (thousands)	23.2	11.7	17.3	32.5	15.2	12.7

Source: Statistics Lithuania.

Despite changed circumstances and contrary to broadly held expectations in Lithuania, a significant part of emigration remained unregistered. However, this was less related to immigration restrictions at the destination (as in the previous decade) than to other factors, such as a demand for cheap labour in the shadow economy, unrealistic expectations when emigrating (moving abroad for immediate economic benefit and staying on after failing to “fulfil the plan”), an attempt to retain social benefits or health insurance in Lithuania, etc. (Maslauskaitė and Stankūnienė, 2007).

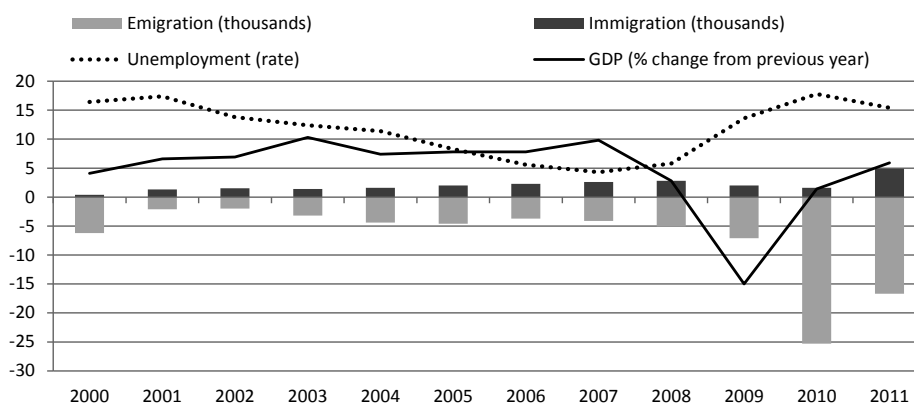
Emigration declined after 2005, while return migration, albeit almost symbolic, rose.

The economic crisis and migration (2009-12)

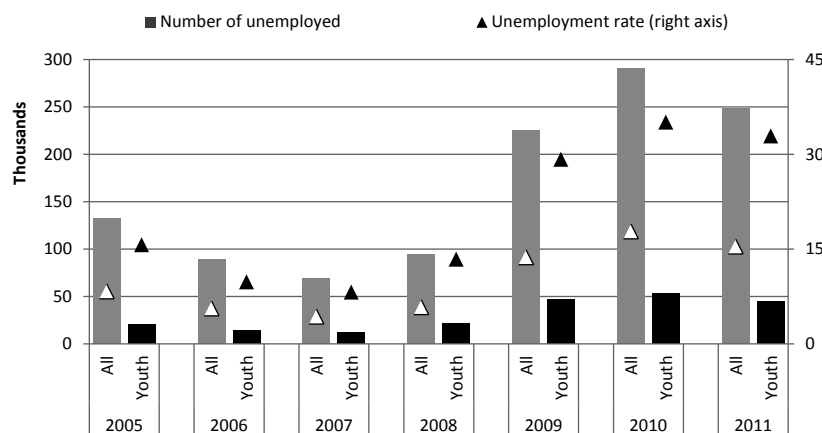
Survival strategy once again?

Unfortunately, those positive developments stopped with the outbreak of the economic crisis, which initiated a new unprecedented wave of emigration, turning migration once again from an expression of “free choice/freedom of movement” to a desperate search for economic opportunities abroad and a “survival strategy”. In 2010 there was an unprecedented peak – 83 500 Lithuanian inhabitants registered their departure from Lithuania. Such a significant increase in the number of registered emigrants is in all likelihood attributable mainly to the introduction of a statutory duty for all permanent residents of the country to pay compulsory health insurance, a circumstance which may well have also encouraged emigrants who had failed to register their departure from Lithuania earlier, to do so now. Nevertheless, 2011 and 2012 witness continuous high emigration outflows, which may prove to reflect a new, real wave of emigration (rather than an artefact due to improved reporting, as had unrealistically been hoped).

In the absence of in-depth research, it is difficult to establish the determinants of emigration with any certainty. A preliminary analysis of changes in economic development and emigration indicators, however, show an evident correlation between emigration trends and unemployment, and between net migration and GDP dynamics (Figure 3.3). The younger generations in general – and those entering the labour market for the first time in particular – were hit hardest by the economic recession. The level of unemployment among young Lithuanians surpassed 30% (Figure 3.4).

Figure 3.3. Migration and economic indicators in Lithuania, 2000-10

Source: Statistics Lithuania.

Figure 3.4. Total unemployment and youth unemployment, 2005-11

Source: Statistics Lithuania.

Better employment opportunities, higher salaries (three to four times higher, even when purchasing power is taken into account) and better social security benefits, etc., are major economic reasons for Lithuanians to move abroad. In the context of the crisis, in addition to macro-economic factors, new push factors emerged at the micro-economic level, such as the inability to pay back bank loans and other financial commitments (even with a job in Lithuania), mass bankruptcy of small and medium businesses, etc. In many cases, emigration became the only economic survival strategy (Stankūnienė et al., 2012). New phenomena, such as moving abroad due to “personal bankruptcy” (a very complicated procedure in Lithuania) have been documented. The above push factors, coupled with frustration and disillusion with government economic policy, imbue emigration with the features of desertion.

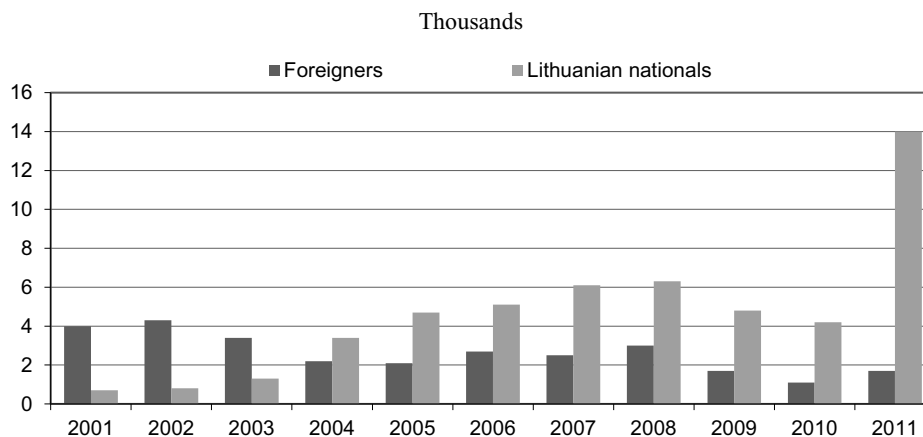
In addition to economics, other reasons, such as social insecurity, social injustice (“social serfdom”) or family-related reasons (e.g., family reunion) contribute to increasing emigration flows (Sipavičienė and Stankūnienė, 2011).

On the other hand, factors related to past migrations, such as the existence of well-functioning informal migration networks as well as established support mechanisms at the destination can be identified. These act as pull factors that facilitate the realisation of migration intentions. Two recent studies commissioned by the IOM Vilnius office and carried out in Lithuania (2008 and 2010) reveal that the Lithuanian migration network in destination countries is quite extensive – 30% of Lithuanian residents have someone from their family/household working/studying/living abroad and 80% have migrants in their close social environment (friends, relatives, etc.) (Sipavičienė, 2011). An effective migrant support mechanism exists, as can be deduced from the fact that as many as 80% of emigrants find a job abroad through this channel.

Return migration, chain migration and changes in the geography of emigration

As the economic crisis spread globally to encompass most destination countries for Lithuanian migrants, return migration was expected to increase. This is because, as a rule, migrants are the first to be fired, especially temporary, seasonal workers in sectors such as construction, manufacturing and tourism. No pronounced increase in return migration was observed, however. On the contrary, the first years of crisis witnessed a decrease in return migration from 6 300 people in 2008 to only 4 200 people in 2010 (Figure 3.5). The increase in return migration recorded in 2011 should be evaluated with caution, for, rather than real returns, the datum could reflect mere formal return declarations by emigrants seeking to (once again) benefit from the Lithuanian health care system. Only targeted research, or an analysis of emigration data collected over the course of several years, will be able to reveal whether emigrants are indeed returning to Lithuania.

Figure 3.5. Immigration (foreigners) and return migration (Lithuanian nationals), 2001-11



Source: Statistics Lithuania.

As data from some destination countries show, emigrants who lose their jobs, rather than opt for return migration, often choose to remain in the destination country (especially if they are entitled to social benefits) or to migrate to a third country (OECD, 2011). The evaluation of chain migration is rather complicated. Here, too, only scientific studies will be able to assess how widespread this phenomenon is. However, the crisis affects also migrant choice of initial emigration destination, to favour closer, economically more secure and “reliable” countries. Statistical data indicate that, in 2011,

an absolute majority (94.4%) of Lithuanian emigration was intra-continental, of which 81.8% was within the European Union (Table 3.2).

Among destination countries, the leaders remain the United Kingdom (49%) and Ireland (10.4%), though the importance of Ireland continues to diminish. At the same time, new trends can be identified – increased emigration to Scandinavian countries (that are less affected by the economic crisis, that have a better labour market situation, and better social security systems, even for the unemployed). An especially pronounced increase was observed in emigration to Norway. Compared with the pre-crisis period (2008), emigration flows from Lithuania to Norway in 2011 increased more than tenfold (Table 3.2), comprising 7.4 % of Lithuania’s total emigration (from only 2% in 2008). On the other hand, the proportion of the Russian Federation, Belarus, and Ukraine in the emigration outflow structure has significantly decreased (from 16.5% in 2008 to only 4.4% in 2011); the importance of the United States as a destination country has also decreased (from 10.5% to 3.3% during the same period).

Table 3.2. Registered Lithuanian emigrants, by country of destination

	Share				
Country of destination	2005	2008	2009	2010	2011
Europe	83.2	83.5	86.4	95	94.4
EU27, of which:	67.5	63.3	61.5	83.6	81.8
Ireland	13.3	11.7	12.6	15.7	10.4
Spain	5.1	5.4	6.2	4.3	3.6
United Kingdom	27.1	26.3	26	49.2	49
Germany	9.5	7.9	6.1	4.6	7
Other European countries	15.7	20.2	24.9	11.3	12.6
Belarus	4.5	5.9	9.4	1.7	1.6
Norway	1.5	2	2.4	5.9	7.1
Russian Federation	7.1	6.3	5.2	1.8	2
Ukraine	1.8	4.3	4.6	0.8	0.8
Africa	0.2	0.2	0.3	0.1	0.2
America	13.9	12	8.7	3.7	3.9
United States	12.9	10.5	7.7	3.3	3.3
Asia	2.4	4.1	4.3	0.9	1.2
Oceania	0.3	0.2	0.3	0.1	0.3
Not indicated	0	-	0	0	0
Total	100	100	100	100	100
Total (absolute value)	15 571	17 015	21 970	83 157	53 863

Source: Statistics Lithuania.

The full opening of labour markets in Germany and Austria in 2011 did not have any pronounced impact on the geography of emigration from Lithuania. This full opening, however, simplified migration procedures for skilled workers, expanded recruitment and improved information for aspirant migrants, which could easily have led to an increased share of skilled workers among migrants. Although not yet backed by hard data, such a development arouses concern in Lithuania. Fears are related to the possible loss of skilled workers such as medical doctors and other health care personnel, IT specialists or engineers.

The changing composition of emigration flows

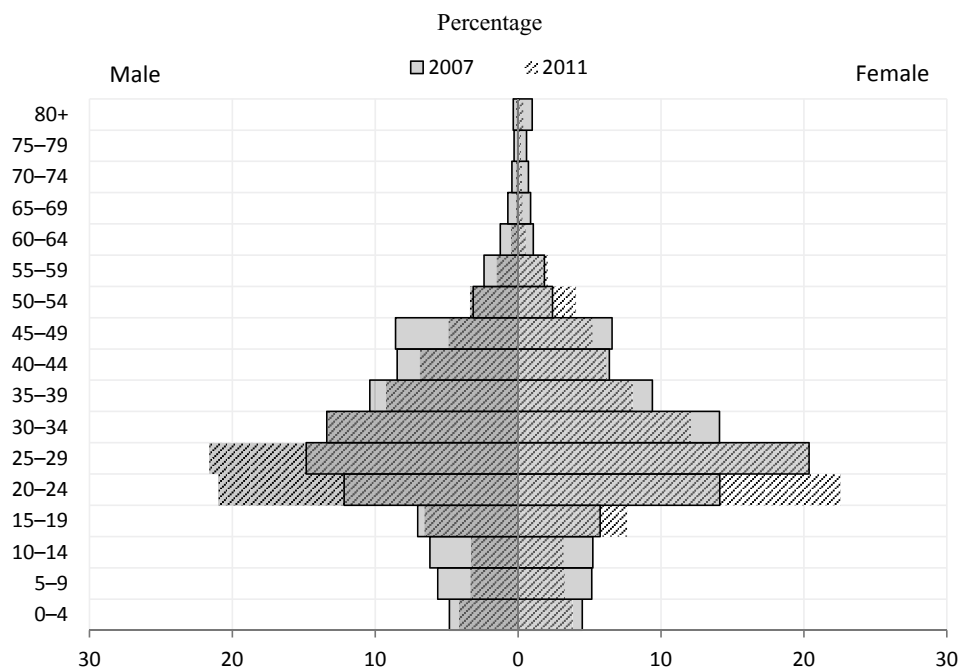
The economic crisis not only increased the scale of emigration, but also affected its composition. First, an increase has been documented, in the emigration of people of working age, especially of young people (Table 3.3, Figure 3.6). In 2011, young persons aged 20-34 made up more than half (55.4%) of all Lithuanian emigrants (compared with 46.6% in 2008).

Table 3.3. Distribution of Lithuanian emigrants by age, 2007-12

		Percentage					
Age	2007	2008	2009	2010	2011	2012	
0-14	13.9	13.7	12.1	10.2	10.5	12.6	
15-19	9.8	7.0	6.0	5.9	7.1	7.1	
20-34	43.3	47.4	48.4	54.9	55.4	52.9	
35-39	8.8	9.4	10.3	9.4	8.6	8.8	
40-59	20.9	19.4	20.7	18.7	17.1	16.8	
60+	3.3	3.1	2.5	0.9	1.3	1.9	
Total	100	100	100	100	100	100	

Source: Statistics Lithuania.

Figure 3.6. Age-sex pyramid of Lithuanian emigrants, 2007 and 2011



Source: Statistics Lithuania (2012), *Demografijos metraštis 2011*, Vilnius.

Migration losses that mainly involve young people are known to affect future demographic processes (population ageing, increased dependency ratio, future family formation, fertility, etc.) as well as future labour resources, which may then have to be imported from other countries. The emigration of young people reinforces brain drain,

i.e. the loss of highly qualified labour force, which may in turn lead to decreasing economic and competitive potential. No data on the emigrants' level of education are available, however, and no studies on possible brain drain have been conducted in recent years.

The low proportion of children among emigrants is also evident. Increasingly, emigrants depart without their children, leaving them to the care of relatives or even strangers; sometimes children are left without any guardians at all. According to data from the State Child Rights Protection and Adoption Service, the number of children left in foster care by migrant parents has more than doubled since the pre-crisis period (from 916 in 2007 to 2 134 in 2011; Table 3.4). These are only official data however. More frequently migrants, hoping that emigration will be temporary, fail to arrange for foster care and leave children without any adult guardian. The consequences of this phenomenon for families and children has been studied (Maslauskaitė and Stankūnienė, 2007), but its broader effects on future demographic, social and economic development is difficult to forecast.

Table 3.4. Parental requests for foster care for children due to parents' emigration, 2007-10

		Annual number of new requests by child's age				
		2007	2008	2009	2010	2011
Age of child	0-3	99	131	148	144	132
	4-6	171	275	287	290	326
	7-9	164	354	373	386	392
	10-14	295	674	694	676	721
	15-17	187	518	517	530	563
Total	916	1 952	2 019	2 026	2 134	

Source: State Child Rights Protection and Adoption Service.

Family separation due to migration represents a serious problem in Lithuania, but official statistics do not register an increase in this phenomenon. On the contrary, a decline in the proportion of married people among emigrants can be observed – their share decreased from 56% in 2001 to 30.4% in 2011 (Table 3.5).

Table 3.5. Distribution of registered Lithuanian emigrants aged 18 and older, by marital status, 2001-11

		Percentage				
Marital status	2001	2007	2008	2009	2010	2011
Single	29.9	38.4	43.1	42.4	50.8	55.6
Married	56	44	39.9	42	34.7	30.3
Divorced	8	15.3	15.1	13.8	13.3	12.8
Widowed	4.7	2.4	1.9	1.8	1.2	1.3
Not indicated	1.4	-	-	-	-	-
Total (absolute value)	5 990	11 218	14 090	18 788	73 185	47 329

Source: Statistics Lithuania.

Economic activity

Statistics Lithuania data on emigrants by previous employment show, that even during the economic boom, in 2008, approximately 56% of all emigrants were

unemployed prior to departure. The economic crisis appears to have increased their share in the population of emigrants to 82% in 2011 (Table 3.6). As these figures are based on declared emigration, they do not indicate whether long-term unemployed emigrants had been out of work for more than a year before departure or before the declaration of emigration, since in many cases, the date of declaration was subsequent to that of emigration, often by months or even years.

The majority of employed emigrants had been working in the wholesale and retail trade sectors (4.6%), in manufacturing (3.1%), transport (1.9%), in the hotel/restaurant sector (1.6%), and in construction (1.8 %) (Table 3.6). These are all sectors in which Lithuania itself had experienced labour shortages before 2008. Despite the crisis and dramatically increased unemployment, some sectors in Lithuania are unable to fill positions for certain categories of workers (scientists, engineers, medical staff, IT, etc., but also construction, transport). This type of situation – when labour shortages and emigration coincide – can be attributed to both economic (e.g. wage differentials), and non-economic (e.g., self-realisation) factors. Such conditions are expected to persist in the near future, suggesting that highly skilled workers will continue to emigrate in large numbers.

Table 3.6. Distribution of registered Lithuanian migrants aged 15 and older, by previous employment, 2008-11

Percentage

Year	2008	2009	2010	2011
Out of employment for at least one year	56.0	81.3	85.0	81.8
Employed	44	18.7	15.0	18.2
<i>Agriculture</i>	0.6	0.2	0.2	0.3
<i>Mining and quarrying</i>	0	0	0	0
<i>Manufacturing</i>	9.3	2.4	2.3	3.1
<i>Electricity, gas and water supply</i>	0.2	0.1	0.1	0.2
<i>Construction</i>	5.1	2	1.5	1.8
<i>Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods</i>	9.7	2.4	3.7	4.6
<i>Hotels and restaurants</i>	3.5	1.1	1.1	1.6
<i>Transport, storage and communication</i>	4.7	7.3	1.6	1.9
<i>Financial intermediation</i>	0.5	0.1	0.2	0.2
<i>Real estate</i>	4.2	0.2	0.2	0.2
<i>Public administration</i>	1.2	0.3	0.3	0.4
<i>Education</i>	2.1	0.5	0.6	0.7
<i>Health and social work</i>	1.3	0.2	0.4	0.5
<i>Other activities</i>	1.6	1.9	0.0	0.0
Total	100.0	100.0	100.0	100.0
Total (absolute numbers)	14 618	19 357	74 674	48 212

Source: Statistics Lithuania.

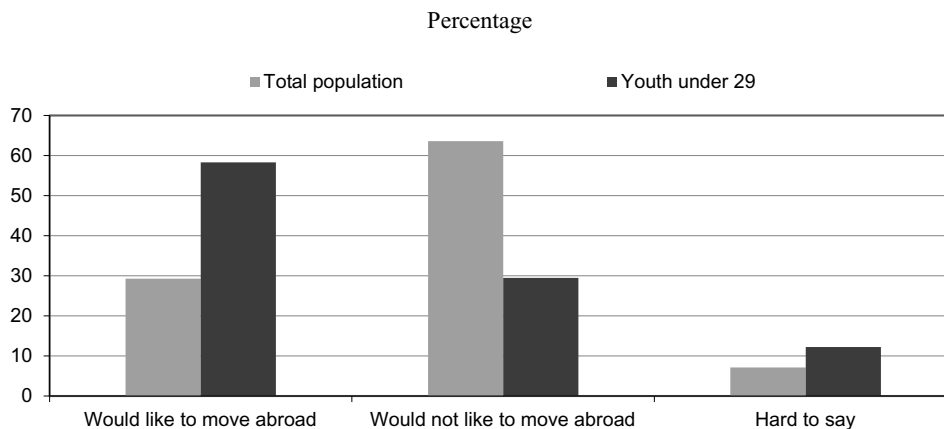
Emigration of secondary school graduates is on the rise, and a large proportion of long-term unemployed emigrants are young people who, having graduated from schools and universities, were unable to find jobs in Lithuania. The highest rates of unemployment are among youth, as are the highest rates of emigration. An inadequate match between high school curricula and the needs of the Lithuanian labour market acts as a push factor

contributing to brain drain, especially among young people. An additional contributing factor is the recent (2008-09) rise in university tuition fees in Lithuania, making studies abroad – especially in more prestigious foreign universities – relatively cheaper and more attractive.

Emigration potential

Still, the biggest concern in Lithuania stems from the fact that, mostly due to the economic crisis, emigration potential – as reflected in emigration intentions – is increasing rather than diminishing. A number of studies and public opinion poll surveys indicate that nearly half of the Lithuanian adult population is considering emigration and would like to move abroad for employment (48.4% in 2012, compared with 37% in 2011, 29% in 2010 and 23% in 2008) (Apklausa, 2011; Apklausa, 2012; Požiūris, 2008; Sipavičienė et al., 2011). Migration intentions among young adults have taken on unprecedented dimensions, reaching almost 60% among people under 30 (Sipavičienė et al., 2011). These tendencies have been accelerating since the onset of the crisis and represent a real threat to Lithuania’s future (Figure 3.7).

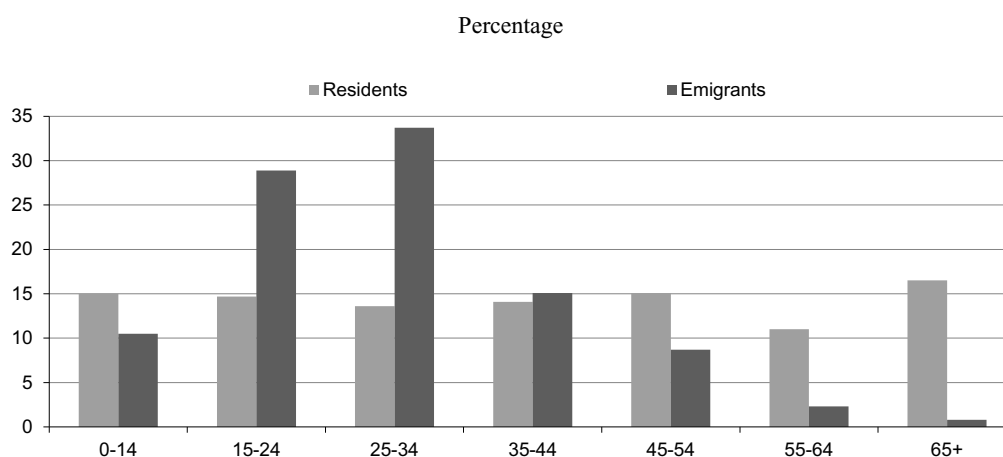
Figure 3.7. Willingness of Lithuanians to move abroad for work, by age group



Source: IOM Study, 2008 and 2010 Public Opinion Surveys.

Social and economic impact

The first and most obvious consequence of mass emigration is a decreasing population. Mass emigration, coupled with very limited immigration and return migration, reduced the Lithuanian population by nearly one sixth over two decades, from 3.7 million residents in 1990 to 3 million in 2011. While natural increase fully or partially compensated for migration losses prior to 1994, since 1995 the population has been decreasing. In the years of economic crisis (2009-11), emigration accounted for approximately 90% of total population decline. While depopulation is the aspect most often emphasized by politicians and the media when discussing emigration, changes in population *composition* due to emigration may be even more problematic. The skewed distribution of outflows towards the younger age-groups (Figure 3.8), and the mirror-image age composition of the remaining population, increase the dependency ratio and the burden on the active population, indirectly acting as an additional push factor. In addition, the real wage index continues to decrease (Table 3.7).

Figure 3.8. Age distribution of emigrants and residents, 2010

Source: Statistics Lithuania.

Table 3.7. Real wage index in Lithuania, 2005-11

Percentage change compared to previous year

2005	2006	2007	2008	2009	2010	2011
106.8	114.9	117.0	110.1	92.8	95.7	98.5

Source: Statistics Lithuania.

The economic impact of emigration is not easy to evaluate on the basis of standard statistical data. A simple comparison of economic development and emigration indicators sometimes reveals paradoxical situations, raising more questions than it answers.

First, such intense emigration clearly predominated by people of working age would be expected to correspond to shrinking labour force indicators. Still, as can be seen from the statistical data (Table 3.8), this was not the case. During the years 2007-09 the labour force was growing. This was a temporary phenomenon, mainly due to an exceptionally large cohort entering the labour market (the cohort born in 1989-91, when due to political reasons, birth rates increased dramatically). The labour force began shrinking in 2010, and is expected to exhibit further and more drastic drops due both to smaller age-cohorts entering the labour force and emigration, potentially causing serious labour supply shortages should the economy recover.

Table 3.8. Labour force, employment and unemployment in Lithuania, 2004-11

	2004	2005	2006	2007	2008	2009	2010
Activity rate (%)	57.1	56.6	55.9	56.3	56.7	57.7	58.1
Population aged 15+ (thousands)	2 837.1	2 840.2	2 842.9	2 846.8	2 849.4	2 844.9	2 814
Labour force (thousands)	1 620.6	1 606.8	1 588.3	1 603.1	1 614.3	1 640.9	1 634.8
Employed (thousands)	1 436.3	1 473.9	1 499	1 534.2	1 520	1 415.9	1 343.7
Unemployed (thousands)	184.4	132.9	89.3	69.0	94.3	225.1	291.1
Unemployment (%)	11.4	8.3	5.6	4.3	5.8	13.7	17.8

Source: Statistics Lithuania.

Another apparent paradox: even though more than 80% of adult emigrants are long-term unemployed, the number of unemployed people in Lithuania, as well as unemployment rates, steadily increased between 2007 and 2010. The prevailing explanation is that without emigration unemployment would have been much higher and social tensions greater. In fact, emigrants tend to be resourceful people, able and willing to work, who shun social benefits. Even if their departure helped to reduce unemployment, the country lost an important segment of the labour force. As noted above, the fact that the composition of the emigrant population by sectors echoes the labour shortage list, might lead to labour market imbalances when the economy starts to recover. Furthermore, if – in the context of persisting high emigration rates – immigration policy remains restrictive, the Lithuanian labour market will also face general labour shortages, which are likely to slow down economic recovery (Maldeikienė, 2009). Finally, emigration does not appear to have reduced pressure on the social welfare system (Gruževskis, Zabarauskaitė, 2012). Statistical data indicate that, since 2007, both the number of beneficiaries and the sums paid on welfare have been on the rise (Table 3.9).

Table 3.9. Social welfare in Lithuania, 2005-11

	2005	2006	2007	2008	2009	2010	2011
Number of recipients	54 145	37 849	36 621	37 292	73 512	181 285	221 060
Expenditures (thousands LTL)	52 822	43 800	52 135	78 927	190 660	510 586	n.a.

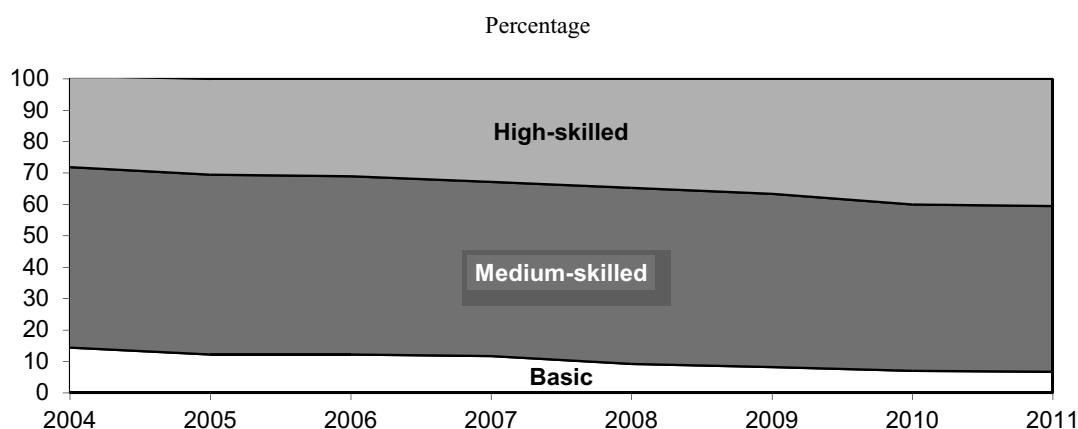
Source: Statistics Lithuania.

Conceivably, the loss of a very active and labour/business oriented segment of the labour force, even under conditions of unemployment, could result in missed opportunities and jobs not created, leading to increased unemployment and pressure on the social system. These are only speculations, however. Research is needed to elucidate the mechanisms by which emigration affects the Lithuanian economy.

Official emigration statistics do not register the level of education or professional qualifications of migrants, but several studies indicate that emigration of low-skilled people has been particularly high (Sipavičienė and Jeršovas, 2010; Karpavicius, 2006). Emigration could thus be among the factors contributing to the reduction in the share of unskilled workers, and the consequent rise in the share of highly skilled workers, registered in the Lithuanian labour force since 2004 (Figure 3.9).

The result is that low-skilled workers are disproportionately in demand, and before the crisis these workers saw greater relative wage increases than those seen by highly skilled workers. This in turn served as an additional push factor for highly qualified specialists. In this way, imbalances in the wage system created by migration act as a catalyst for further emigration (Maldeikienė, 2010).

On the other hand, wages have not kept pace with general work productivity (Table 3.10), creating imbalances in the economy (Maldeikienė, 2010). During the economic boom wages were rising faster than productivity, and the opposite occurred during the crisis. . Emigration reacts not only to changes in economic growth *per se*, but also to internal economic imbalances, and as such is difficult to predict.

Figure 3.9. Labour force composition by skill level, 2004-11

Source: Statistics Lithuania.

Table 3.10. Productivity and wage development, 2006-11

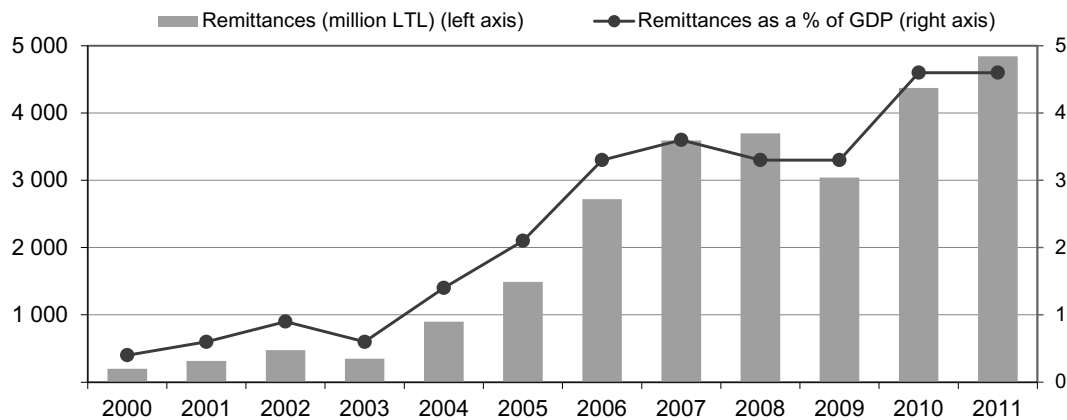
	2006	2007	2008	2009	2010	2011
Work productivity (value added for one hour worked, LTL)	27.2	31	34.7	31.5	33.9	37.6
Percentage change from previous year	12.9	13.9	11.9	-9.2	7.6	10.9
Average monthly wage (LTL)	1 496	1 802	2 152	2 056	1 988	2 046
Percentage change from previous year	17.2	20.5	19.3	-4.4	-3.3	2.9

LTL: Lithuanian litas.

Source: Statistics Lithuania.

Remittances are a potentially positive aspect of emigration. As can be seen in Figure 3.10, remittances rebounded from a drop in 2009, and in 2011 constituted LTL 4.84 billion, equivalent to 4.6% of GDP or approximately 25% of all salaries paid in Lithuania. The importance of remittances to families and households, especially during the crisis, has been enormous – it cushioned the consequences of the economic crisis, and in many cases compensated for financial problems due to drastically reduced incomes in Lithuania. No in-depth research regarding the use of remittances has been carried out in Lithuania, but the experience of other countries suggests that the money is often squandered, and only an insignificant part is used for investments, business or job creation. Thus, remittances, albeit very important for family consumption, have probably had a much smaller impact on the country's economy.

Other positive effects – e.g. expertise acquired abroad, joint projects/ventures, etc. could not be evaluated due to the small numbers of return migrants, and the lack of studies and relevant statistical information.

Figure 3.10. Remittances in millions of litas and as a proportion of GDP

Source: Central Bank of the Republic of Lithuania; Statistics Lithuania.

Policy response

Lithuania's policies regarding migration, asylum and other issues related to the movement of people are not concentrated in any single document. Nonetheless, migration policy provisions contained in separate documents show that the return of Lithuanian citizens to Lithuania is considered a very important goal (IOM/EMN, 2012), and the immigration of third-country nationals² is merely seen as an additional means of solving the economic problems of the country. Among such political and strategic documents, the following are worthy of mention:

- *Long-Term Development Strategy of the State*³ which only mentions the problems linked to emigration, but does not envision measures to tackle them.
- *National Demographic (Population) Policy Strategy*⁴ stipulates the strategic goal of economic migration policy – to ensure that, in case of fast economic growth, Lithuania would not experience labour shortages and would avoid the negative consequences of migration.
- *Economic Migration Regulation Strategy*⁵ (adopted April 2007) identifies two goals – to meet the needs of the Lithuanian labour market and to encourage the return of economic migrants to their respective countries of origin. Workers from third countries must be attracted only in sectors facing labour shortages, where workforce from Lithuania or other EU member states cannot be engaged, and only for a limited duration. Among other goals, reaching zero net migration by 2012 was envisioned. Due to the economic crisis, by 2010 almost all activities under the strategy had been terminated.
- *Lithuania's Immigration Policy Guidelines*⁶ (adopted December 2008) – the first and only political document presenting the position of the state on migration, including the immigration of third-country nationals. The Guidelines stipulate the following goals for the country's immigration policy: i) to ensure that Lithuania does not experience labour shortages or other detrimental effects of emigration, such as an ageing population; ii) to ensure the effective management of immigration flows; iii) to participate, in an active and targeted manner, in the formulation of EU immigration policy.

- The document clearly affirms that the guiding principle for the immigration of aliens must be the benefit of the state, whereas meeting the needs of the labour market is to be considered secondary. Priority should be given to returning Lithuanian citizens. No steps followed, to convert this political document/declaration into an Action Plan. This was partly due to the expectation (and promises made by the Ministry of Foreign Affairs) that a new Programme for the Creation of a “Global Lithuania” (see below) would encompass all issues pertaining to emigration, return migration and immigration taking into account imminent demographic and economic/labour market problems and needs. As it turned out, however, when the awaited programme was finally approved, it included only a policy for maintaining ties with the diaspora.
- *The Programme for the Creation of a “Global Lithuania” (Involvement of Lithuanian Emigrants in the Life of the State) for 2011-19,*⁷ as approved in 2011, introduced a new approach to emigrant Lithuanian citizens, one that acknowledges the fact that they may be an asset to their country even if residing abroad. The aspiration to promote the return of Lithuanian citizens to their homeland remains, but the target group of the programme has been expanded to include citizens who do not intend to return to Lithuania, as well as aliens of Lithuanian descent or who have other links with Lithuania. The programme aims to ensure that emigrants from Lithuania preserve their national identity, promoting their involvement in the cultural, political and economic life of Lithuania, encouraging Lithuanians to return to Lithuania, and turning “brain drain” into “brain exchange”, by involving the emigrants in the exchange and dissemination of information. The immigration of foreigners or the economic problems related to emigration are not addressed.

Conclusion

Emigration from Lithuania continues to be identified as one of the most urgent national problems, posing demographic as well as labour market problems, yet until recently very little has been done to stop such massive emigration, to encourage return migration (Sipavičienė et al., 2009) or to attract foreign labour force.

Notes

1. The stages identified in this report are not absolute, of course. Migration does not always directly and immediately react to social, economic or political changes, and there is no clear-cut moment in time in which one migration model transforms into another. As a rule, these develop gradually, with different models co-existing for quite some time.
2. Third country national – a person who is not a citizen of an EU member state, or of a member of the European Free Trade Association (Norway, Switzerland, Lichtenstein and Iceland).
3. Resolution No. IX-1187, approved by the Seimas of the Republic of Lithuania on 12 November 2002 (*Official Gazette*, No. 113-5029, 2002).
4. Resolution No. 1350, approved by the Government of the Republic of Lithuania on 28 October 2004 (*Official Gazette*, No. 159-5795, 2004).
5. Resolution No. 416 approved by the Government of the Republic of Lithuania on 25 April 2007 (*Official Gazette*, No. 49-1897, 2007).
6. Resolution No. 1317 approved by the Government of the Republic of Lithuania on 3 December 2008 (*Official Gazette*, No. 143-5706, 2008).
7. Resolution No. 389 approved by the Government of the Republic of Lithuania on 30 March 2011 (*Official Gazette*, No. 42-1969, 2011).

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