

Modern European Challenges for Baltics States' and Latvian Political Economy

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Introduction. Two main “inspirational” events have triggered urgent attention to unstable political and economic situation in Europe: Brexit in mid-2016 and the new US administration at the end of January 2017. The former has started a wave of nationalistic and protectionist moves among a number of EU states, the latter has shown deep criticism from the US side on the state-of-art in the EU and transatlantic relations. Besides, some other EU's internal issues have made it clear that present European integration is facing a set of new challenges which made it necessary for the Baltic States and Latvia (BS-LV) to find adequate responses. Major step in the right direction would be to clear-up theoretical background for BS-LV political economy with subsequent practical steps.

Aim, Materials and Methods. The aim of the research is to formulate a new “narrative” for the BS-LV political economy responsive to modern European and global challenges. The BS-LV is still exploring its own development models quite differently from that of the neighboring Scandinavian/Nordic “bloc” states. Seemingly emulative, so far, methods in formulating their own patterns in development have not provided optimism so far.

Therefore, a new politico-economic narrative would make a clear perspective for BS-LV's place, direction and advantages in European and global competitiveness. So far socio-economic situation in the present global ratings shows that Estonia occupies 30th rank, Lithuania 35th and Latvia is in the 49th place among 138 states. Political elites in BS-LV should treat such estimates as serious signal for urgent steps to increase competitiveness. Instead, e.g. LV's national-2020 plan includes a very modest task, to “reach the 45th rank in the global competitiveness index by 2020 (see: http://www.baltic-course.com/eng/editors_note/?doc=17220).

Unfortunately, along numerous achievements during last decades, the “union” has experienced several drawbacks. In order to avoid future crisis, additional studies are needed with sufficient education quality and new approaches to the Baltic States' / Latvian political economy.

The analysis include recent global and EU's materials in politico-economic development, as well as materials/outcomes from a number of international conferences and seminars during 2015-16-17 on the EU integration and Baltic Sea Area development process.

Results. The research shows that the EU and Baltic States' / Latvian main problems and challenges are slightly different. Although the main denominators are generally alike, the “specifics” are different: for the “old-EU states” the main controversies are within the monetary issues, decision-making process, jobs/growth and border control, whereas for the BS-LV the main issues are concentrated around security and specific socio-economic problems. The former are dealt through the BS-LV in NATO's involvement, though the latter have some problems in resolving progressive growth and the new politico-economic narrative could be important (see: <http://www.baltic-course.com/eng/analytics/?doc=124347>).

The research concentrates on such issues as: achieving stronger growth, generating more investments and increasing competitiveness' status in BS-LV.

Conclusions. The Baltic Sea Region's economic performance continues to be solid and prosperity is growing across the region. The 60th anniversary of the EEC Treaty (signed on 25 March, 1957) could be a vital focal point to assess the EU's, in general, and BS-LV's, in particular, progress as well as perspectives in integration and growth.