

The Analysis of Government's Communications and Public Engagement's Socio-Political Effects during the Financial Crisis in Latvia (2008 - 2011)

Sandra Veinberg

PhD, Associate Professor, Riga International School of Economics and Business Administration (RISEBA), Faculty of Public Relations and Advertising Management, Meža iela 3. Riga, LV 1048. Latvia;
Senior Researcher at Liepājas universitāte, Institute of Management Sciences. Lielā iela 14. Liepāja, LV 3401 Latvia.

ABSTRACT— *The Baltic States have been amongst the worst hit by the global financial crisis. The most serious situation was experienced in Latvia. The country was forced to ask the International Monetary Fund and the European Union for an emergency bailout of 7.5 billion euros. The 2008-2011 Latvian financial crisis stemmed from the global financial crisis of 2008-2009. The government laid off a third of its civil servants, slashed wages for the rest, and sharply reduced support for hospitals, and for the most part people accepted this bitter medicine. Negotiations between the government and lenders were constructive and confidential, but the consequences “of the efficient fiscal adjustment” were tragic for too many people in Latvia. Currently, Latvia has been able to stabilise its financial systems, but Latvia’s homework has become a major topic of discussion among various economists. Due to the austerity measures, Latvians were confused and began to emigrate. When the financial crisis was a fact for Latvia, the government did not possess any strategy for communications with the country’s residents. The transmission model for communications (a one-way process) was dominant. National studies of PR show that with the absence of a modern strategy for communications, Latvia has certainly not been an example for other countries that experience an economic crisis.*

Keywords — Latvia, European identity, financial crisis, political communication

1. INTRODUCTION

The analysis of governmental public communication and crisis communication attracts many researchers. Books about the governmental communications external role (Heath, 2001; McNair, 2003; Mohd, 2004; Lee, 2012; Lee, 2007;) points that PR mission is to inform the public about government's programs and services and work closely with other provincial, federal and municipal governments representatives, media, industries, associations, interest groups and the general public. Not as often as we can find survey entries that analyses and provides instructions for government communications professionals during the crisis (Liu & Levants, 2012; Kivikuru & Nord, 2009; Philpott, 2009). It can be concluded that crisis communication far more investigated in PR theory in the case of natural events (such as storm, flood, and epidemic, draught) or human activity (disorders, alerts, war). Most of investigations analyse crisis communication like organisational crisis: "a specific, unexpected and non-routine organisationally based event or series of events which creates high levels of uncertainty and threat or perceived threat to an organization's high priority goals" (Seeger, 1998, p.233). In most cases, there are clear rules that each crisis communication is unique and just because to have a site for crisis management. (Coombs, 2007, 2009; Fink, 2002; Fraser, 1990; Gilpin & Murphy, 2008; Jorgensen 1994; Seeger, 2003).

In this case my research have analysed one unique case which is about the governments external communications role during the financial crisis in Latvia (2008 - 2011). My objectives are to explain the government's communications strategy during the financial crisis by following communication process through media relations.

Using the title “Europe’s sickest country”, Tom Parry of CBC News informed his audience about the situation in Latvia in 2009. Furthermore, Alf Vanags, director of the Baltic Institute for Commercial and Economic Policy Studies, stated: “It’s grim. If you look at the figures, it’s the worst in Europe,” and he has been watching his country’s financial downfall from his office in the capital, Riga (Parry, 2009). Indeed, Latvia is expected to see its economy shrink by an astonishing 12% in 2009. That’s after already enduring a steep decline in 2008. The number of unemployed has doubled and the jobless rate is expected to rise to 15 per cent or more in 2009. The country has been forced to ask the International Monetary Fund and the European Union for an emergency bailout of 7.5 billion euro. There was no doubt that the crisis was here and that it required a rapid crisis response. Standard & Poor’s subsequently downgraded Latvia’s

credit rating to the non-investment grade BB+, or “junk”, the country’s worst ever rating. Its rating was put on a negative outlook, which indicates a possible further cut.

How did it come to this? The 2008-2010 Latvian financial crisis, which stemmed from the global financial crisis of 2008-2009. The financial quake was generated when an easy credit market burst, resulting in an unemployment crisis, along with the bankruptcy of many companies. Frustration over the country’s deep problems erupted into violence (2009.13.01). The country’s prime minister resigned under intense public pressure (2009.20.02.). But hardly anyone believed a new government would be able to bring about any real change. Latvians openly expressed contempt for their elected leaders (2009.12.03)

The situation undoubtedly required managerial power. When a crisis breaks out, everything is unexpected. In Latvia, people were shocked at how quickly the rug was pulled out from under them and how hard their country fell. As usual (during the crisis) the country needs both the reconstruction of its financial system and the use of crisis communication. In addition, also important was “managerial thinking in relation to an organisation’s role and impact in society, its social responsibility, and its ability to forecast and manage issues”(L’Etang, 2008).

2. DATA AND METHOD

Based on an analysis of the 30 qualitative research interviews, which reflects how the media experienced communication with government during the crisis 2008 - 2011, I’m trying to find out why communication professionals with the Latvia's government could not communicate with media and macro space of the Latvian society “exciting and rewarding” (Government Communication, British Columbia, 2013, p.1) as crisis communication requires. My qualitative research is based on interviews with journalists and PR specialists who themselves have been involved or active processes, followed and guarded media monitoring during the crisis years 2007 - 2011. Moreover, I have used a few other studies of government communications in Latvia, for example “Research, commissioned by the State Chancellery at Government of Latvia”. (2007) which highlights the government's communications tangle problems even before the crisis. All 30 experts have worked in media and public relations for over 20 years and answered the same questions. Questions (during the interview) required description of the position / situation in the communication process respondents regarded as significant.

3. FINDINGS

All 30 experts agree that communication is the key element of crisis management and that crisis communication must act in compliance with crisis management.

1. A crisis is always characterised by its uncertain nature, the resulting insecurity of the public and suddenly growing need for information. In Latvia, the financial crisis broke out first and hardest in EU and "no one had any idea what will happen" (26 respondents). It can be concluded that: A) Government was not prepared to meet the effects of the crisis triggered, B) Government’s activity slowed residents' passivity because there was no "traditional" reactions from the people's side, for example demonstrations or similar outbreaks which "would force the government to communicative action we saw afterwards in Spain, Portugal, Greece or Cyprus” (28).

The Baltic States have been amongst the worst hit by the global financial crisis. In December 2008 the Latvian unemployment rate stood at 7%. By December 2009, the figure had risen to 22.8%. The number of unemployed has more than tripled since the onset of the crisis, giving Latvia the highest rate of unemployment growth in the EU. Early 2009 estimates predicted that the economy would contract by around 12% in 2009, but even those gloomy forecasts turned out to be too optimistic as the economy contracted by nearly 18% in the fourth quarter of 2009, showing little signs of recovery. In such a situation corporative social responsibility was required from the government, which suggested that part of the motivation for embarking on such programmes is “to redress the balance of any potential negative effects and to pay some sort of social debt or to meet a social contract,” (L’Etang, 2008) with the people of Latvia. It is argued in PR theory that in the event of a crisis “the accumulated goodwill will effectively inoculate the organisation against potential anger and protest by the public,” (L’Etang, 2008). This fact was not observed during the crisis in Latvia.

2. People and government thought the same - “that we can get through the financial crisis because we have survived the worst of all the Soviet era” (28), “None of us were ready for that what in fact happened to us” (30).

After the collapse of the Soviet Union, people in Latvia believed in a better life in the West. The unregulated labour market, and a lack of social security, sowed the seeds of distrust in the future.

People of the older generation who lived through the Soviet Union period, through its break-up, and then through the Russian financial crisis, are 'very fatalistic about it all. For them it is just another crisis. But for younger people who have never seen this, who have grown up in a market economy in Latvia, this is much more of a shock (Parry, 2009). The crisis damaged the reputation of a free society. For a post-communist country like Latvia, it was pretty great disappointment.

3. Public Relations did not function and was not empowered as a distinctive and strategic managerial function from the beginning of the crisis. It can be concluded that government did not use either two-way or Grunigs Excellence theory in their communication with the audience (28) and therefore has not arranged to mutual relations with the community (29).

The distinctive managerial role which is claimed for public relations that of communications management, must be present at each crisis. In practice the PR role is disparate and variously positioned in terms of strategy (Dozier, Broom, 2006), but if public relations gained access to the organisational corridors of political or economical power, it must have social responsibility and the ability to forecast and manage issues. "Excellence theory in PR emphasises the importance of an empowered public relations function that participates in the dominant coalition and other strategic decision-making arenas so that practice can help organisations to solve problems, become more socially responsible, and acquire and maintain social legitimacy," (Berger, 2007). During the crisis, the Latvian government managed just one part of the task in that it received loans from lenders, and clean economy men did not understand the "relationship between public relations power and organisational power," (Berger, 2007:225). The citizens felt not know his involvement in negotiations with borrowers.

4. Government priority primary economic issues and did not seem to understand that to explain the situation to the people. The result - the citizens distrust about the secret financial talks and belief that negotiations are ongoing unfair (28).

"Latvia is the new Argentina", preached Paul Krugman in the New York Times on 23 December 2008 (Krugman, 2008). Such gloomy predictions did not materialise economically. In June 2012 the International Monetary Fund's managing director, Christine Lagarde, lauded Latvia's accomplishments in bringing order to the country's economy, and emphasised that Latvia must complete three more tasks; strive to join the euro zone, promote economic competitiveness, and reduce social inequality. She concluded that by implementing its international loan programme, Latvia has proven that it can be powerful and disciplined (Adamsone, 2012). Standard & Poor's rates Latvia as BB, its second-highest junk rating, and Fitch Ratings rates the country at BB+, its highest junk rating (Höbemägi, 2010). Economically in recent months some advocates of Europe's austerity policies has been touting Latvia as a "success story" that shows how "internal devaluation" can work (Weisbrot, 2011).

At first glance it might seem ridiculous to call an economic strategy "a success" if a country loses 24 percent of its output - the worst in the world for the crash of 2008-2009 - and official unemployment shoots up from 5.3 percent (2007) to more than 20 percent (early 2010). Although unemployment is now back down to 14.4 percent, and the economy is growing (an estimated four percent for 2011), this is a steep price to pay for an eventual, not very rapid recovery. It is kind of like bragging about the success of the 1929-1933 downturns in the Great Depression in the United States. But the advocates argue that Latvia was successful because it kept the country's fixed exchange rate, which is pegged to the euro (Weisbrot, M, 2011).

5. Latvia's way through the crisis was understandable for economists but incomprehensible to the people. In reaction began people fly from the country. The formal reason was falling wages, inability to pay credit to their bank but the deciding factor was the hopelessness and lack of confidence in the future of Latvia. "What will happen to us in the future, how will it be with us" - were questions with no response from the Government (27).

Together with the Swedish diplomat and economist, Anders Åslund, the Latvian prime minister, Valdis Dombrovskis, published the book *How Latvia Came Through the Financial Crisis* (Åslund & Dombrovskis, 2011), and tried to explain why Latvia succeeded so quickly in its return to economic growth. The authors conclude that, contrary to the widespread view of many economists, a devaluation of Latvia's currency was not necessary. Latvia opted for an "internal devaluation" which imposed austerity measures that were distributed equitably, mitigating social hardship. The programme concentrated on preserving social services for the poor and pensioners while targeting cuts in public expenditure and salaries, demonstrating that public expenditure cuts were preferable tax rises both economically and politically. The authors argue that the Value Added Tax increase, introduced in 2009, was the least popular fiscal adjustment. The authors conclude that sufficient fiscal adjustment should be undertaken as early and as swiftly as possible, since people are most open to sacrifice for a short period. Therefore it was fortuitous that Latvia concentrated its fiscal adjustment in the first eight months of its crisis response. Generally, the authors argue, large, frontloaded rescue efforts are the most successful. The early support Latvia received from the European Union, the IMF, and European

neighbours was crucial both to its economic and political recovery. The goal of euro accession led to a focus on a fixed exchange rate and attaining a budget deficit below three percent of GDP (Åslund & Dombrovskis, 2011).

But in Latvia, where the government laid off a third of its civil servants, slashed wages for the rest, and sharply reduced support for hospitals, people mostly accepted the bitter medicine. Prime Minister Valdis Dombrovskis, who presided over the austerity reductions, was re-elected (Higgins, 2013). Is this a sign of gratitude by the people? Yes and no. Most residents in Latvia had to accept the government's chosen direction. They had no other choice.

Meanwhile, when economic gain had stabilised, a total of 30.9 percent of Latvia's population were "severely materially deprived", according to 2011 data released in December by Eurostat, the European Union's statistics agency. Unemployment has fallen from more than 20 percent in early 2010, but was still at 14.2 percent in the third quarter of 2012, according to Eurostat. This is far below the more than 25 percent jobless rate in Greece and Spain but poses a serious problem nonetheless (Higgins, 2013).

6. From all sides are heard that the crisis is over, but life in Latvia is not better. The effects of the crisis brought press taxpayers even today. None of the main spheres looks the same anymore: healthcare, financing for art, culture and science. Therefore campaign on the introduction of the euro (2014) seems pointless and a bit absurd (26).

Due to the draconian actions of fiscal policy in Latvia, healthcare education, media, culture, art and science all crashed. In his book, the prime minister notes that "sufficient fiscal adjustment should be undertaken as early and as swiftly as possible, since people are most open to sacrifice for a short period," (Åslund & Dombrovskis, 2011), but this short sprint was too hard for the population.

Negotiations between the government and lenders were constructive and confidential, but the consequences "of the efficient fiscal adjustment" were tragic for too many people in Latvia. Even two years after the publication of the prime minister's book, the situation for Latvian scientists is very poor. Funding for the sciences was at the same level as during the crisis years - 65% (Rozenberga, 2013).

7. As most of experts pointed out that the lack of "popular anger" has been bad signal for government policy in Latvia (government thought that they have the people's consent), I try to explain how citizens' anger aired out. Latvians are not out on the streets and protest not like Greeks or Cypriot, because "we tend not to do so", "we are cautious", we are ashamed," "we are shy", "we do not usually do so." - explained Experts mentality of population (26 -27). Instead inhabitants have another different form of protest against the government's austerity policy - they tried to escape, emigrate (24).

Researchers and journalists (from different countries) were not and are not getting tired of analysing why Latvians do not go out on the streets to protest. Some of them believe that Latvians' persistence is due to lead the historic habit of surviving. Latvia has certainly had plenty of practice at surviving such periods, enduring Soviet, Nazi and then renewed Soviet rule, and learning that discontent is best kept quiet. Others believe that during the Soviet occupation, any belief left in politics was exterminated. In contrast to much of Europe, Latvia today has no tradition of labour activism. "What can you achieve on the streets? It's cold and it's snowing," said Peteris Krigers, president of the Free Trade Union Confederation of Latvia. Organising strikes, he said, is nearly impossible. "It is seen as shameful for people who earn any salary, no matter how small, to go on strike," (Higgins, 2013). "You can only do this in a country that is willing to take serious pain for some time and has a dramatic flexibility in the labour market. The lesson of what Latvia has done is that there is no lesson," said Morten Hansen, head of the economics department at the Stockholm School of Economics in Riga from NYT (Higgins, 2013).

The Latvian homework has become a major topic of discussion among various economists. Some of them criticised the rescue plan that the Latvian government used during the crisis. Another group of economists praised Latvia's contribution to crisis management.

Unemployment, migration and depression in Latvia signalled a lack of communication between authorities and citizens. Since 2008, Latvia has lost more than five percent of its population, mostly young people, to emigration. The recent exodus peaked in 2010, when 42,263 people moved abroad, a huge number in a country of just two million now, according to Mihails Hazans, a professor at the University of Latvia (Higgins, 2013). Unemployment has fallen from more than 20 percent in early 2010, but was still at 14.2 percent in the third quarter of 2012, according to Eurostat. Latvians were confused and began to emigrate. Demographers estimate that 200,000 of them have left country in the past decade - nearly ten per cent of the population - at an accelerating rate that reflects the austerity being inflicted upon people.

8. Emigrants affect not the country's European identity, because the issue of European identity is a touchy subject and difficult circumstances (war, crisis, accidents) tend to isolate people themselves from his surroundings (24).

It's not important whether we depart from a rather universalistic conception of identity using the theory by Habermas (1976), using a sociological theory of identity (Giddens, 1991), or using social psychology (Tajfel, 1981). No form of identity is ever complete or totally stable, and the crisis has joined all of us together in Europe. Maybe we are one step closer to a true common identity than we were before the crisis.

9. During the crisis there were only a closed communication between the Latvian government and the lenders (IVF, EK). The agenda determined by the lenders, transmissive "that usually dictate and don't like to not listen "(26). The political leaders acknowledged that there is only one way out - to obey. Without objection. This recognition had two effects: A) Government adopted borrowers' ways to communicate and started in the same way communications with its residents. Instead of communication we received orders (25). B) Chronological events and PR actions of the government (figure 1) show that lenders charge of the agenda i country. "At that time, you had the feeling that we no longer have a government in this country. There is no any longer Latvia on Earth. Lenders have taken over everything" (27).

An analysis of crisis communication in Latvia in 2007-2013 has so far highlighted only the government's communications with "the big troika lenders". Moreover, the majority of corporate communications (at this level) were confidential even where the mass media were concerned. This means that all communications (during the crisis) were realised at the highest level: between the government and lenders alone. The most important part was that people in Latvia (who will pay back the debt) were not fully informed about what was going on. Their awareness and acceptance is not in the picture in this case.

In my judgement we can analyse this case as one of poor CPR (Corporate Public Relations), as in many respects this is similar to poor Public Affairs. "Marketing Public Relations builds brands. Public Affairs defends brands," (Harris, 1997:103), and in this case the "management of communications" (Grunig & Hunt, 1984), or "communications management" (Dozier, 1995), shows that there was desire to view communications as some form of controllable process which could be operated by the power from above. In this case it may require of communications a form of mutual understanding between the government and the population, along with mutual impact and an adaptation to circumstances. This means that the Grunig & Hunt basic models, including "the balanced dialogue", instead of an "aggressively proactive model" which was used in this case would help better.

In this particular "production" we have four actors on the stage: A) financial reasons (circumstances), B) the government, the lenders, "the big troika" (subjects), and C) Latvian citizens (object). The last three are ranked according to the following schedule:

Authority (decide)	Audience (pay)
The Latvian government requires loans (December 2008)	Without discussing the matter with the public.
The Latvian government received loans of EUR 7.5 billion (December 2008) and these must be paid back by 2012	Without discussing the matter with the public.
The lender dictates the conditions and the government, together with the central bank, selects the strategy: "internal devaluation"	Without discussing the matter with the public.
The model for Austerity is underway (2008-2012) with the risk of socio-economic costs that are too high	Without discussing the matter with the public and therefore much of the labour force has elected to emigrate.

Authority (decide)	Audience (pay)
In June 2012 the International Monetary Fund's managing director, Christine Legarde, lauded Latvia's accomplishments in bringing order to the country's economy (Government and lenders agree)	Emigration continues. Demographers estimate that 200,000 have left in the past decade - nearly ten per cent of the population - at an accelerating rate that reflects the austerity levels being inflicted.

Figure 1: Non-active communication between government and population 2008-2011

There were no working public relations during the crisis in Latvia, no working strategy (27).

The strategy for public relations (during crisis communications) requires the finding of the mechanisms for selecting the heavy duty path, or "realistic alternatives" (Karlöf, 2000), in order to find a solution for the crisis. The strategy is a complex process. Many conditions, and highly complex ones, can be the basis for a strategy that really works in practice. Each crisis situation is unique and it is precisely for this reason that it requires unique solutions. This is also true in this specific case. So far we have mostly considered the strategy in the form of a business concept in which certain communicative object and/or targets can be achieved. In reality, public relations communications strategy includes many components: public relations and the communicative goals, measures to support enterprise and organisation, and the preconditions for planning. Erikson (1998) believes that communication and PR strategy will be part of a company's overall strategy, especially in times of crisis. Communication strategies in such situations should be preceded by an extensive analysis and should also be based on clear objectives (Heath, 1997). Moreover, can the strategic planning process be affected by the market and opinion-forming process and by several of society's groups, but that was not the case in Latvia.

When the financial crisis was a fact for Latvia, the government did not have any plans for strategic communication. Analysis from Government Communication in Latvia 2007 demonstrates that "there was no government communication with citizens, there was only information which had to be compulsorily distributed," (*Valdības komunikācijas prakses analīze un rekomendācijas tās pilnveidošanai*, 2007). "I would characterise this process of accounting reports as a follow-up of information rather than a report on what is going on in the country... In my opinion they are dry press releases with their standard phrases, without any content substance. They cannot begin to converse with us, they cannot talk to us or arrange an exchange of views or interpretations. It can not be termed as communication", this study observed.

11. To regard the lenders (by the government) as "authorities that can not tolerate objections" was political advantageous, with populist effects. In this way, the leading politicians pushed over responsibility of Latvia's future on borrowers- IVF and the European Union. Political power freed them from responsibility on the future of country (27).

Feedback communication is also lacking at the next stage. The model for austerity was underway (2008-2012) with the risk of socio-economic costs that were too high. In this case, the strategy was chosen without negotiating with people, and without discussing the effects of such loans on the public. A lack of jobs and a lack of information were the reasons for the labour force electing to leave the country. Of course, the Government's communication strategy is only one of the reasons for the mass emigration of people from Latvia. Unemployment and low salaries also contributed to the emigration process, but it should be emphasised that a lack of information from feedback did not allow the audience to know what was going out. The "government has no mechanism for public consultation with the community. Therefore, these issues are not integrated into the national policy and are not contained within the government's communication with the people. We have different ideas and different opinions on the situation in the country," (*Valdības komunikācijas prakses analīze un rekomendācijas tās pilnveidošanai*, 2007).

The next step is that in June 2012, the International Monetary Fund's, managing director, Christine Lagarde, lauded Latvia's accomplishments in bringing order to the country's economy (the government and lenders agree), but emigration continues. Demographers estimate that 200,000 have left in the past decade - nearly ten per cent of the population - at an accelerating rate that reflects the austerity being inflicted upon the population. "The key is to listen to the public. But our government is left without this feedback. The government has no mechanism for being able to hear what people were saying or thinking, because the public has an entirely different perception of problems to that one held by the government (*Valdības komunikācijas prakses analīze un rekomendācijas tās pilnveidošanai*, 2007)

Unfortunately, government communications revealed only its own goals and did not respect the audience's goals. Even an understanding of the audience's demand for answers was missing. A strategy in the form of dialogue should be chosen in this case for making an impression of symmetry, although there are some strategic areas of business which involve selfish decisions that cannot be avoided. The government would be better off choosing this "Guardian Strategy" to avoid poor communications and hazard falling into the area of risk communication.

4. DISCUSSION AND CONCLUSION

1. All the experts (who participated in the study) agree that the government had no PR strategy for period of the economic crisis in Latvia. I would go one step further and say that the Latvian government used everyday strategy during the emergency. Transition to crisis communication was not implemented. This means that communication was not started right away, as people perceived the situation as disturbing and potentially dangerous. This means that communication was not started right away, as people perceived the situation as disturbing and potentially dangerous.

Strategy is particularly important in crisis communication. Heath believes that risks present challenges: "ascertaining the degree to which a risk exists, learning to manage that risk within tolerable limits, ascertaining those risks, and communicating with key public about those risks," (Heath, 1997). Renn states that "what is at risk is what matters to people". Communications risks might include the tolerable or intolerable, the acceptable or unacceptable, and the defined risks and difficult to define risks. In this case would the Latvian government use persuasion? Would this be due to the presence of a risk of an unacceptable possibility of communication? Admittedly, the concept of risk communication is often portrayed as a synonym for informing, communicating (in dialogue) with some persuasive elements. A promotional strategy based on the desire of the audience accepts that a certain element of risk is called functional strategy. Moreover, in times of crisis certain audiences, along with the media, require unwanted and uncontrolled openness or they will demand that the government changes its decision. PR strategies in such cases incorporated the image actuating process that the Government of Latvia did not use. Not all situations requiring crisis communication are emergency situations. In other words, the public's understanding of the situation determines how the situation is handled - if people perceive the situation as a crisis, the situation must be handled as a crisis.

2. Risk communication means informing the population about the dangers threatening the state and society so that people understand what is happening. It also encompasses measures that the state and its inhabitants can take to manage those risks or reduce their negative influence. Central government finances are not understandable area for ordinary citizens and therefore required from the government and lenders understandable explanations of their negotiations. In such cases, public relations crisis communication requires: A) "so-called translation" of complex linguistic expressions, use of simpler language rather than financial worlds usual, complicated financial conversation; B) "so-called translation" or simplified explanations of complex financial transactions that ordinary people do not understand. Incomprehensibility exacerbates the communicative situation. In Latvia, during the crisis, such measures were missing.

Public opinion is the key to any PR work. This is why it would have been important during the crisis to be able to match the government's position with public opinion. Significant opposition to what the experts have expressed in the government communication: the public is informed of the facts, but for these facts are not given an explanation. "Government should make its own interpretation of facts, events, and analysis, explaining how certain decisions, actions, and events will affect different groups in society. However, the government often informed people of what had happened or what remained undecided, but left the interpretation of their information to journalists and experts, so as a result, the understanding of the facts by various target groups become dependent upon those people who actively browsed the media, in terms of positions of authority, for instance. "The same press releases are sent out to all media outlets written in the same bureaucratic language. Since language which is used in communication is the official, bureaucratic language, this does that a person can not understand the substance of the text. If we call up and ask what this means, nobody is able to explain the problem. The government likes to create its own interpretation of facts, events, and analysis. The government does not like explaining how certain decisions, actions, or events will affect different groups in society. The government leaves the interpretation of facts to journalists and experts (*Valdības komunikācijas prakses analīze un rekomendācijas tās pilnveidošanai*, 2007).

3. Studies of the situation from 2007 onwards show that Latvian communication experts saw the problem before the crisis arose: strategic communication, planning and advice can cause several problems in the future. Precisely this happened during the crisis of 2007 - 2011. Inability to recognise that crisis communication involves more than informing the public. Crisis communication also includes risk, internal communication and information exchange between all parts of society, including media that react to the situation. "Lack of knowledge of public relations", "laziness", "technological determinism" - explains some of the experts the lack of presence of professional PR work during crisis in 2007 - 2011 (22). Some of them (including me) believe that part of the responsibility, the ignorance of the public relations role during crises at the highest political level in the country. The technocratic faith/belief in numbers and statements had been taken over and all human communication was regarded as secondary. Two of the last prime ministers of Latvia have been physicists. Without a doubt, it is that lack of communication between the government and residents in this case led to unusual strong and serious consequences: mass emigration, frustration and lack of confidence who already has influenced dramatic and permanently Latvia as a country. Ignorance of PR role during crisis does not relieve the top management from the responsibility of the consequences.

All crises in the world have the same properties: they have an unpredictable end. The Latvian economic crisis is proof that the government was not ready for crisis communication with its citizens, and economic progress could not compensate for other bad effects that were caused by the crisis.

Karlöf (2000) says that plans are less important than thinking. Strategy must be driven by a combination of collective learning process and creativity. Just so that we can create innovation.

It is easy to forget the economic and social cost. Latvia lost more than a fifth of its GDP in two years. Unemployment shot up to 20% (and remains high). Emigration has risen in a country already struggling with a declining population. Productivity is low. And Latvia has some of the EU's most glaring inequalities. Even so, the Baltic States are growing faster than any other part of the EU, which is more than can be said for the recession-hit Mediterranean.

Latvians generally supported austerity measures, which helped to smooth out the political road to recovery. There was an "acceptance of pain", Mr Blanchard wrote, and political parties touting austerity measures were actually popular in the polls. These facts may make Latvia's experience hard to repeat elsewhere, but in any case, there is a debate about whether replication would be a good idea. The social and economic costs of Latvia's recovery will be felt for years, said Mark Weisbrot, the co-director of the Centre for Economic and Policy Research in Washington DC (Morison, 2012).

4. Communication is the key element of crisis management. Well-organised crisis communication supports finding a solution to the crisis and helps the state in ensuring reliability and solving the situation. The decisions made to solve the crisis and their implementation is called crisis management. Communication is the key element of crisis management. Well-organised crisis communication supports finding a solution to the crisis and helps the state in ensuring reliability and solving the situation. The decisions made to solve the crisis and their implementation is called crisis management. Because the government did not use the crisis communication or crisis management during 2007-2011, it took to help the simplest way to communicate with the inhabitants of the so-called one-way communication with an element of propaganda.

The direct impact is one in which the transmission model of communication (a one-way process) consists of "an active sender" who communicates a message to a passive "receiver" whose behaviour is then affected by the message content (Weaver, Motion, Roper (2006: 10)).

Just such a model was used by the Latvian Government in its communications with the general public during the crisis years of 2007-2013. This model, which was closely linked to the popular use of propaganda techniques in the United States and Europe in the early decades of the twentieth century and which can be regarded as manipulation with "the public as a vulnerable and persuadable lot at risk from propaganda," (Brooker, Jermyn, 2003: 5). As Gauntlet (1995) explained, this hypodermic model of communication effect is closely associated with methods and assumptions which are inherited from the natural sciences, and are therefore of questionable applicability to the study of such complex systems as human psychology, behaviour and social life. Propaganda is primarily associated with unethical communication and totalitarian regimes. However, some social commentators argue for the need to extend the association of propaganda to the strategic communication practices of democratic governments, such as, for example, those of President George W Bush and Prime Minister Tony Blair in their campaigns to gain public support for the 2003 war on Iraq (Hiebert, 2003, Miller, 2003). For the vast majority of propaganda and public relations theorists, certainly in the Western world, there is an overt agreement that the type of propaganda practised by the Nazis or the Soviet Union has no place in a democracy. However, "to simply say that propagandist practices are the prerogative of totalitarian regimes" (Jowett, O'Donnell, 1992). Here we have indications that propaganda could, or indeed does, play a part in

democratic societies. “How distinct is information management in the cause of democracy from dictatorial propaganda and information control? If there are those for whom the principles seem clear cut, there are others who perceive a more muddy and ambiguous reality,” (Robins, 1987: 15).

We can try to systematise the attractiveness of propaganda in the emergency situation: 1) surprise (when a crisis breaks out, it’s usually unexpected), 2) insufficient information (many things happen at once), 3) escalating events (the crisis expands), 4) a loss of control (many things are happening simultaneously), 5) increased outside scrutiny (the media want responses, the public must know what’s going on), 6) a siege mentality (anything we say will be held against us, so the easiest thing to do is to say nothing), 7) panic.

The most effective crisis communicators provide prompt and full information to the media. Any attempt to acknowledge that information management, or influence, does have a legitimate role to play in areas such as, for example, social and political relations, as Jowett, Donnell (1992) described an arena for ethical influence, is what they term “persuasion”. They define the propaganda as a self-interested attempt to manipulate the behaviour of others, and they contrast this with ethical persuasion, which they conceive of as an interactive or transitive process in which the recipient foresees the fulfilment of a personal or social need or desire for which the persuasive purpose is adopted.

The persuader also has a need fulfilled if those being persuaded accept the persuasive purpose being offered to them. Because both persuader and persuadee stand to have their needs fulfilled, so persuasion is regarded as being more mutually satisfying than propaganda. Here, both sides are trying to distinguish propaganda from the legitimate practice of persuasion. However, we would argue that ethical persuasion could be seen at work as potentially fulfilling the needs of society during periods of economic depression. This suggests that propaganda in itself is not unethical. I agree in this case with Weaver, Motion, and Roper (2006) that propaganda is ethical or does not need to be assessed in relation to the context in which it is practiced, the ends to which it is used, the quality of transparency in terms of the persuader’s openness about the ends they are seeking to achieve and, as far as one is able to judge, the consequences of those ends.

5. REFERENCES

Journals:

Coombs, T. (2009). An Analytic Framework for Crisis Situations: Better Responses From a Better Understanding of the Situation. *Public Relations Research*. 10. 177-191.

Hiebert, R. E. (2003). Public relations and propaganda in framing the Iraq war: A preliminary review. *Public Relations Review*. 29, 243 -255.

Jorgensen, B. (1994) Consumer reaction to company-related disasters: The effect of multiple versus single explanations, *Advances in Consumer Research*, 21, 348–352.

Books:

Berger, B. (2007). Public relations and organisational power in Toth, E (Eds) *The future of excellence and communication management: challenges for the next generation*.(pp. 221-234). Festschrift, Mahwah, New Jersey: Lawrence Erlbaum Associates.

Brooker, W., Jermyn, D.(2003). It’s out there... somewhere: Locating the audience for the audience studies reader. In Brooker, W., Jermyn, D. (Eds.). *The audience studies reader*.(pp.1-11). London: Routledge.

Coombs, T. (2007). *Ongoing crisis communication. Planning, managing and responding*. Thousand Oaks: Sage Publications.

Dozier, D. M. (1995). *Manager’s guide to excellence in public relations and communication management*. New York : Lawrence Erlbaum Associates.

Erikson, P. (1992). *Planerad kommunikation*. Malmö: Liber Ekonomi.

Fraser, P (1990). *Communicating in Crisis*. United States Banker. 1990.

Fink, S. (2002). *Crisis management. Planning for the inevitable*. Lincoln: Universe Inc.

- Gaunlet, D. (1995). *Moving experiences: Understanding television's influences and effects*. London: John Liberty.
- Giddens, A. (1991). *Modernity and self-identity: Self and society in the late modern age*. Cambridge: Polity Press.
- Gilpin, D. & Murphy, P. (2008). *Crisis management in a complex world*. Oxford: University Press.
- Grange, J. & Hunt, T. (1984). *Managing public relations*. New York : Holt, Rinehart & Winston.
- Habermas, J. (1976). *Legitimation crisis*. London: Heinemann.
- Harris, T. (1997). Integrated Marketing Public Relations. Caywood, Clarke L. (1997). (Eds.). *The Handbook of Strategic Public Relations & Integrated Communications*. (pp.90-106). New York: McGraw-Hill.
- Heath, R. (2001). *Handbook of Public Relations*. Thousand Oaks:Sage Publications.
- Heath, R. (1997). *Strategic Issues Management*. Thousand Oaks: Sage.
- Kivikuru, U. & Nord, L. (2009). After the Tsunami. Crisis Communication in Finland and Sweden. Gothenburg: Nordicom.
- Jowett, G., & O'Donnell, V. (1992). *Propaganda and persuasion*. Newbury Park, CA: Sage.
- L'Etang, J. (2008). *Public Relations. Concepts, Practice and Critique*. London: Sage Publications.
- Liu, B., Levenshus, A. (2012). Crisis Public Relations for Government Communicators. In Lee M., Neeley G. & Stewart K. (Eds). *The Practice of Government Public Relations*. (pp.101 -125). New York: CRC Press.
- Karlöf, B. (2000). *Strategins renässans*. Stockholm: Ekerlids Förlag.
- Lee, M. (2007). *Government Public Relations: A Reader*. New York: CRC Press.
- Lee M., &Neeley G. & Stewart K. (2012). *The Practice of Government Public Relations*. New York: CRC Press.
- McNair, B. (2003). *An introduction to political communication*. London: Routledge.
- Miller, D. (Eds.) (2003). *Tell me lies: Propaganda and media distortion in the attack of Iraq*. London: Pluto Press.
- Mohd, H. (2004). *Government Public Relations: Persuasion, Personality & Power*. Singapore. Asian Public Relations Academy.
- Philpott, D. (2009). *Crisis Communications*. Longboat Key: Government Training Inc.
- Robins, K. Webster F., & Pickering, M. (1987). Propaganda, information and social control. In Hawthorn J. (Eds.) *Propaganda, persuasion and polemic*. (pp. 1-17). London : Edward Arnold.
- Seeger, M, Sellnow, T. & Ulmer R. (1998). Communication, organization and crisis. In Roof, M. (Eds.). *Communication Yearbook*. Vol. 21, p. 233. Thousand Oaks: CA Sage.
- Seeger, M., Sellnow, T. & Ulmer, R. (2003). *Communication and Organizational Crisis*. Westport: Praeger Publishers.
- Tajfel, H. (1981). *Human groups and social categories: Studies in social psychology*. Cambridge: Cambridge University Press.
- Weaver, C., Motion, J.& Roper, J. (2006). From Propaganda to Discourse (and back again). In L'Etang, J., Pieczka, M. (Eds.) *Public Relations. Critical Debates and Contemporary Practice*. (pp. 7-23). Mahwah, New Jersey, London: Lawrence Erlbaum Associates Publishers.
- Åslund, A. & Dombrovskis, V. (2011). *How Latvia Come through the Financial Crisis*. Washington: Peter G. Peterson Institute for International Economics.

Conference Paper:

Apsīte, E., Krisjane, Z., Berzins, M. (2012). *Emigration from Latvia under economic crisis conditions*. Paper presented at the Second International Conference on Social Science and Humanity IPEDR vol.31 (2012) © (2012) IACSIT Press, Singapore.

Web Citation:

Adamsone, A. (2012). *Those who change will endure - IMF managing director. Nozare. LV*. 05.06.2012, from <http://www.leta.lv/eng/home/important/619F6516-7334-4B81-B10C-8D4FA60B09EF/>

Bank of Latvia. (2006). *Recent Economic Developments and Banking in Latvia*, available online at: <http://www.bank.lv/eng/info/jaunzin/>.

Freeze, T. (2012). *Sharing Christ in the Face of Hopelessness*. Billy Graham Evangelistic Association. 19.06.2012, from <http://www.billygraham.org/articlepage.asp?articleid=8696>

Government Communications and Public Engagement. *British Columbia. Canada*. <http://www.gov.bc.ca/gcpe/>

Rozenberga, G. I. (2013). *Lavijas zinātnieku atklātā vēstule*. 14.01.2013, www.apollo.lv from <http://www.apollo.lv/zinas/latvijas-zinatnieku-atklata-vestule/549058>

Higgins, A. (2013). *Used to Hardship, Latvia Accepts Austerity, and Its Pain Eases*. New York Times. 01.01.2013, from http://www.nytimes.com/2013/01/02/world/europe/used-to-hardship-latvia-accepts-austerity-and-its-pain-eases.html?pagewanted=all&_r=0

Höbermägi, T. (2010). *Moody's: Latvian economy is stabilising*. BBN, Aripaev. 08.02.2010. from http://www.bbn.ee/article/2010/02/08/Moody_s_Latvian_economy_is_stabilizing

Karnite, R. (2006). *Emigration of Latvian workers continues to increase*. Euroline. 26.01.2006. From <http://www.eurofound.europa.eu/eiro/2005/12/feature/lv0512104f.htm>

Krugman, P. (2008). *Latvia is the new Argentina*. The New York Times, 23.12.2008. From <http://krugman.blogs.nytimes.com/2008/12/23/latvia-is-the-new-argentina-slightly-wonkish/>

Morison, O. (2012). *The Globe and Mail*. 19.06.2012, from <http://www.theglobeandmail.com/report-on-business/economy/economy-lab/emerging-from-the-crisis-how-latvia-did-it/article4350263/>

Parry, T. (2009). *Europe's sickest country*. CBC News, 26.02.2009, from <http://www.cbc.ca/news/world/story/2009/02/26/f-rfa-parry.html>.

Research, commissioned by the State Chancellery at Government of Latvia. (2007). "Valdības komunikācijas prakses analīze un rekomendācijas tās pilnveidošanai". Rīga, SIA Analītisko pētījumu un stratēģiju laboratorija, from http://nvo.lv/site/uploads/vecie_faili/petijums_valdibas_komunik_pol.pdf

Sabel, C., O'Rourke, D. & Fung, A. (2000) *Ratcheting Labor Standards: Regulation for Continuous Improvement in the Global Workplace*. Columbia Law School Working Papers, from <http://www2.law.columbia.edu/sabel/papers/ratchPO.html>

The Economist. (2000). *Latvian lessons. The Baltics are growing after austerity - and they resent Mediterranean bail-outs*. 09.06.2012, from <http://www.economist.com/node/21556580>

Weisbrot, M. (2011). *Europe's Crisis and Latvia's "Success"*. The Guardian Unlimited. 15.12.2011, from <http://www.cepr.net/index.php/op-eds-&-columns/op-eds-&-columns/europes-crisis-and-latvias-success>

World Bank. (2005). *Doing Business in 2006*. Press Release, 12 September, World Bank, Washington, DC, from <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/0,,contentMDK:20643520~menuPK:258604~pagePK:146736~piPK:146830~theSitePK:258599,00.html>