ECONOMIC DEVELOPMENT CRITERIA OF THE SOUTHERN LATGALE

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Development potential of Latgale region is varied, which points to several development possibilities and perspectives of the national economy. Differences in the level of development in the subregion show the unequal development tendencies. To balance the socio-economic situation, it is necessary to have a targeted state support activity, active initiative of the Southern Latgale population, innovative approach, and willingness to change the situation. Territorial characteristics, different values and needs point to the necessity for a diverse and appropriate for a particular territory use of support means aimed at national and international development. Such targeted regional policy in a predictable time period could reduce inequality among people living in different parts of Latvia and promote their capacity.

In the current situation, it is important to unite the resources, ideas, and efforts in order to promote economic activity in the Southern Latgale by defining and implementing economic and strategic development criteria that would stimulate a balanced and sustainable development of the subregion. The aim of the research is to identify and evaluate the major criteria of economic development opportunities of the Southern Latgale. The paper includes a part of the author’s research on the potential evaluation and determination of development directions of the Southern Latgale. Criteria mentioned in the paper are derived from the analysis of current situation in the Southern Latgale, by researching and determining the development direction criteria, conditions of the Southern Latgale that are essential growth drivers in the research area. The following economic research methods as monographic, comparative analysis and synthesis, deductive, inductive, constructive logic, qualitative (profound interviews with 9 experts) and quantitative (questionnaire survey) methods are used in the present research.

Key words: regional development, socio-economic development, development criteria, Southern Latgale.

JEL classification: R11

Introduction

The Southern Latgale (Daugavpils, Kraslava, Preili and their former district areas) is part of Latgale region. It is located farthest from Latvia’s most developed statistical regions - Riga and Riga vicinity. The territory is located far away from the Baltic Sea and expands the deepest into the continent. Latgale, including the Southern Latgale, is a special region with an unusual and not an easy history – it has a significant impact of the neighbouring cultures, its history is different from the history of other Latvian territories (here, historical events have been considerably harsher and not that peaceful than in the rest of the state territory); thus, a person entering Latgale, often feels himself like in a completely different country, where culture, mutual attitude and general environment remarkably differ from the rest of the state territory. The choice to research the Southern Latgale is based on its unique multi-cultural, multi-ethnic, multi-functional, and multi-national environment. The Southern Latgale has a favourable geographical location, which the national economy may use as a special economic “corridor” between Russia, Belarus and other CIS countries, and Europe. It provides an opportunity to launch new and sustainable economic activities for the Southern Latgale to be as a partner between Russia and Europe. Daugavpils – Latvia’s second largest city of the state importance is located in the mentioned subregion. Daugavpils has large industrial development potential and significant intellectual potential - Daugavpils University and more than 12 branches of other higher education institutions. Latgale’s cultural traditions - language, folk songs and dances, and crafts (especially ceramics, woodcarvings, and wicker basketry) – serve as important part of Latvian national culture. The Southern Latgale differs from the Eastern Latgale in terms of cultural heritage, cultural sites, monuments, and craft products which tend to have more Slavic cultural characteristics; they are more unusual than the ones in the Eastern Latgale. The Southern Latgale has made an important contribution to science and culture, since several intelligent, wise, and eminent national scientists, professors, and cultural figures were born there.

Development potential is the value or set of values that is not adequately applied, used, or implemented for the present moment. This is a set of certain conditions that can be used for the benefit of an operation. Economic development criteria

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are the conditions, operations, and activities that promote a sustainable socio-economic development of the territory. Through the implementation of development criteria, it is possible to promote regional development in the least developed territories and to balance the socio-economic situation in the state regions, thus reaching equal indicators in the territories.

The paper includes a part of the author’s research on the potential evaluation and determination of development directions of the Southern Latgale. Criteria indicated in the paper are derived from the analysis of the current situation in the Southern Latgale by researching and determining the development direction criteria and conditions of the Southern Latgale that are essential growth drivers in the research area. The following economic research methods like monographic, comparative analysis and synthesis, deductive, inductive, constructive logic, qualitative (profound interviews with 9 experts), and quantitative (questionnaire survey) research methods are used in the present research.

The research object is the Southern Latgale, the research subject - economic development criteria.

Considering that the existing development potential of the Southern Latgale is diverse, which points to several economic development opportunities, the research hypothesis in the current paper is - sustainable development of the Southern Latgale that is being balanced together with the other state regions, is not possible without a targeted implementation of the development criteria in the research territory.

In the current situation, it is important to unite resources, ideas, and efforts to promote economic activity, by identifying and implementing criteria of strategic economic development that would stimulate a balanced and sustainable development of the Southern Latgale.

The aim of the research is to identify and evaluate the major criteria of economic development opportunities of the Southern Latgale. The aim of the research has set a number of tasks:

1) to determine the capacity of contributing resources in the Southern Latgale;
2) to determine the most essential criteria for implementation of the socio-economic development and key performance in the Southern Latgale;
3) to evaluate the major economic development criteria of the Southern Latgale.

On informative basis, laws, government regulations, and territorial development documents, data of the Central Statistical Bureau, special theoretical and methodological literature, and experience of the author in local governments were used in the research.

Results and discussion

Capacity of contributing resources in the Southern Latgale

The development potential means such a value or a set of values (social, intellectual, economic, cultural etc.) that exists but is not expressed, is not sufficiently used, applied, or implemented now. The development potential can be defined as balance between the values to be added to facilitate a faster course of development. The Southern Latgale has a significant development potential, and a skilful use of it may balance the social and economic situation with other regions in a near future.

The most important factor in the development of regions and economic development of territories is entrepreneurship, developed infrastructure, and socio-economically active population. In order to identify potential areas of development, the author has previously done geographical, historical, and economic unity analysis of the territory’s counties, researched and analysed the situation of economic potential, and evaluated the opportunities of development and economic potential. Existing development potential of the Southern Latgale, which was defined an evaluated during the research activities of the research author, is diverse, and it points to a

Table 1. Socio-economic indicators of the regions of Latvia

<table>
<thead>
<tr>
<th>Indicators</th>
<th>The best indicator</th>
<th>Average in Latvia</th>
<th>The weakest indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Domestic Product per capita, LVL (2008)</td>
<td>Riga region: 12 234</td>
<td>7 144</td>
<td>Latgale region: 3 926</td>
</tr>
<tr>
<td>Unemployment rate, % (2010)</td>
<td>Riga region : 10.3</td>
<td>12.0</td>
<td>Latgale region: 16.0</td>
</tr>
<tr>
<td>Personal income tax per capita, LVL (2009)</td>
<td>Riga region: 338.5</td>
<td>265.9</td>
<td>Latgale region: 158.3</td>
</tr>
<tr>
<td>Non-financial investment per capita, LVL (2008)</td>
<td>Riga region: 3072.6</td>
<td>2151.2</td>
<td>Latgale region: 825.0</td>
</tr>
<tr>
<td>Old-age dependency rate (2010)</td>
<td>Riga region: 512.9</td>
<td>513.8</td>
<td>Zemgale region: 503.7</td>
</tr>
<tr>
<td>Economically activate market sector statistical units per 1000 inhabitants (2008)</td>
<td>Riga region: 60.2</td>
<td>55.6</td>
<td>Zemgale region: 46.9, Latgale region: 47.7</td>
</tr>
<tr>
<td>Population density per km² (2010)</td>
<td>Riga region: 105.4</td>
<td>34.9</td>
<td>Vidzeme region: 15.3</td>
</tr>
<tr>
<td>Changes of residents population, % (2005-2010)</td>
<td>Riga region: 0.3</td>
<td>-2.1</td>
<td>Latgale region: -6.4</td>
</tr>
</tbody>
</table>

Source: author’s calculations based on the data of the Central Statistical Bureau
number of development possibilities in the economic spheres and perspectives. The notion of development includes all the positive changes. The notion has been widely used during the development and changes of the country as well as different reforms. A more specific definition of the notion is a publicly beneficial direction of the change process of nature, environment, cultural environment, social environment, and commercial activity. The subregion’s development level differences among the other state territories point to the existing uneven development trends (Table 1). The lowest score in Latgale region is observed in terms of GDP, personal income tax, non-financial investments, and in constant change in the number of residents. The entire Latgale region has a weak position among its direct competitors, other regions of Latvia, because according to the socio-economic indicators, the region takes the last position in the country. Statistical data is objective information, while the target markets may be interested in some specific spatial features, which cannot be reflected in the statistical data. Taking into notice currently unused resources (space, natural resources, diversity development of potential business spheres, free market sectors) for favourable business start-up, the region has a significant development potential. For its further development, it is very important to have state support in order to create favourable business environment. By developing and implementing the state-sponsored development and improvement programme activities for the subregion, it is possible to develop and to improve the Southern Latgale, to create it as a business-friendly territory and environment, and to raise residential quality of life. A resident is the most important evaluator of territories’ economy and life quality opportunities. The implementation of positive changes in the area is impossible if inhabitants of the Southern Latgale do not see the subregion’s development possibilities, its unused potential and development balance opportunities in comparison with other state territories.

Unbalanced development of regions causes a threat of strengthening the poverty self-reproduction that brings with it a significant risk to the society in general - lack of education, inability to adapt and compete in the labour market, unemployment, increase of non-active part of the society, low or non-existent income from work, poor nutrition, bad health, inadequate living conditions, insufficient health care, and unhealthy children; all these factors lead to the increase of alcoholism and violence as well as a worse criminal situation. Peculiarities of the territories and different values require a diverse approach, which is appropriate for each territory as well as the use of national and international development support funds. Such a targeted regional policy in a predictable time-period could reduce the inequality of opportunities among people living in different parts of Latvia and promote their capacity (Latvija. Parskats par tautas..., 2005). In the current situation, it is important to unite resources, ideas, and efforts to promote the economic activity.

The main value of the Southern Latgale is its population, so it is important to motivate them to remain, work, and operate in the existing territory. It is a possibility for the subregion to level the development indicators with other state territories. Contemporary, productivity of human resources of the Southern Latgale can be assessed as low - the generated values in relation to work efficiency are low. Section 1 of the development report “Human Capital and Education” included in Latvia’s sustainable development strategy’s “Atsperiens. Latvija 2030” (“Take-off”, Latvia 2030”) reports that Latvia has a medium good human capacity and talent base and a high utilisation rate, but a low productivity of human capital. The greatest impact on human capital value has family conditions and education (Atsperiens. Latvija, 2010). It means that determining the economic development criteria of the Southern Latgale, it is essential to pay attention to the role and opportunities of education (not only formal education, but also cultural and behavioural education) as well as creation of favourable social environment in families.

Significant resources of the Southern Latgale include its geographic location, industrial, agricultural, and craft traditions, knowledge of human resources and professionalism, regional university and several university branches, ecologically clean environment, biodiversity, and attractive natural landscapes. One of the most important tasks of the Southern Latgale is to increase the quality of existing resources and to create, and attract new resources and new products. Although the global economic crisis continues to generate new consequences, there is a potential in the Southern Latgale, which can be used for development. Of course, the range of problems is significantly greater than the available resources to address them. Now, it is important to assess and identify the priority criteria of territory development potential (most profitable in terms of development and advantages of the territory with a sustainable nature) and to divide the available resources in accordance with these criteria.

On global dimension, the spatial development guidelines should pay more attention to resource allocation, their successful use, and increase of competitiveness. Guidelines should be oriented towards the establishment of sustainable development, through mobilisation of the current unused potential (natural, geographical, human resources etc.) rather than compensating problems of the past.

**Economic development criteria of the Southern Latgale**

Taking into notice the theories and discussions on regional and territorial development of the regional economy done by foreign and Latvian scientists (Boronenko, 2007; Porter, 1998; Boehm, Gherke… 2002; Jauhiainen, 2000; Agarwal, 2009; Pumain, 2004; Vaidere, Vanags..., 2006; Vaidere, Vanags... 2008; Fearon, 2009; Aizard, 1998; Boyce, 2010; Krastins, 2000; Krastins, Vanags..., 2009; Rivza, Rivza... 1999; Dasada Latvija..., 2009; Petrova, Jermolajeva, 2007; Jermolajeva, Zelca... 2008; Jermolajeva, Baltere... 2009; Rags, 1998) as well as pre-depth studies and analysis of general socio-economic situation in the Southern Latgale, the author of the
research proposes a number of priority economic strategic development criteria. It has to be taken into notice that the specified development criteria are mutually interacting, they complement each other and operate simultaneously. The author uses two sociological studies – a quantitative (questionnaire survey) and a qualitative (profound interviews with 9 experts) to define the main criteria. Methods were used to acquire the necessary information on the socio-economic and political situation of the Southern Latgale from the people’s perspective and to determine the development criteria and potential of the Southern Latgale as well as to research the potential directions of economic development and to clarify the role of Daugavpils University in enhancing the development of the subregion. The quantitative research on the socio-economic and political situation of the Southern Latgale from people’s point of view was performed from November 1, 2009 to March 21, 2010 by interviewing 612 respondents after the age of 18. Statistical analysis methods were used to process the survey data: descriptive and logically constructive for revealing relationships, descriptive statistics analysis methods and non-parametric (inferential) statistical method as Chi-square test for interpreting the research findings, developing regularities, expressing statements, conclusions and recommendations. The second method is a qualitative research – profound interviews with experts. The aim of the profound interviews was to assess the Southern Latgale with reference to increase the criteria and opportunities, to investigate the potential direction of the development of economy and to find out the role of Daugavpils University in facilitating the development of the subregion. Interviews were carried out from September to October in 2010. Experts were selected based on several criteria – place of residence and their activities in the Southern Latgale, age from 28 years, higher education, representation of different professions (businessman, farmer, employee of an educational or municipality institutions, NGOs activist etc.).

Knowledge and innovation - drivers of sustainable economic development

The central focus on implementation an operation of social and economic development of the Southern Latgale is set to be knowledge and innovation, which are essential sustainable growth drivers. The level of knowledge and quality determine the population development level – the more informed, professional, active, full of initiative, knowing, and eager for new knowledge is the resident, the more opportunities he has to prove himself in the labour market as skilled and professional employee or employer. Education is one of the means for increasing human resources and subregion’s development potentials. Often the lack of knowledge, experience, and information is a major obstacle to use freely the available access to resources and possibilities. Still an important part of the population recognises the inability to use electronic resources, which dramatically reduces the possibilities, for example, in uptaking the EU funds, improving productivity, growth of information flow rates and so on. Intellectual potential of the community is an important indicator of the socio-economic development. Employers should take an increasing role in education of their employees.

Development of innovation evolution in the Southern Latgale (scientific research grants, research studies, quality of education and diversification) would promote not only the spatial development and far-reaching development in long term, but it would also create an opportunity to attract people, to develop entrepreneurship in the area and to encourage the overall growth of the state welfare and intellect.

Support of innovations in the subregion would attract highly skilled professionals and creative people to the economic activities. The world practice shows that the most attention in creation of innovation system should be paid to the formation of small and medium businesses by creating a supportive regulatory environment, providing it with an appropriate infrastructure and funding opportunities – thus, it is creating of the most effective way for the implementation of new ideas and reducing risk for new innovative companies to come into the country’s economic life (Inovacija, 2006). In practice, even a small innovative implemented idea gives a much greater contribution, meaning and economic value than a large body of unused knowledge. It is also essential to develop social innovations in the Southern Latgale that would enable the subjects of territorial development to think, speak, act differently, and to achieve sustainable development results in the environment where they live. Social innovations do not need as much large financial contributions, as the interest and responsibility of all the territory’s development subjects, which can be defined as real and not declared - both on the government and population levels. Although it appears that the regions are not yet able to develop and complete large projects independently, the process has to be stimulated to produce experience in the regions, so that there would be activities, different innovations, and a closer cooperation. It is necessary to build a diversity development principle, which permits to use the potential of various scales and opportunities available in the Southern Latgale.

Economic development criteria

Economic strategic development criteria of the Southern Latgale are essential sustainable growth drivers. The majority of problems, which are related to the development activities in the study area, are such that can be solved on the national and local level. The major problem of the Southern Latgale and the entire Latgale region generally is related to the fact that they receive the minimum attention from the government compared with other regions. This applies to the state support for business start-up and its development and for human resource development, both in terms of investment and providing of information. It was shown in the results of quantitative surveys previously carried out by the author and qualitative research methods - expert assessment. The insufficient financial capacity
of the Southern Latgale does guarantee neither economic nor social development of the territory. Qualitative research experts believe that on the state level the best support for entrepreneurs is to create an environment for entrepreneurship, in which it is possible to develop and grow, not to languish. The state should create such conditions that people would like to stay there. It has to ensure that young and educated people would live and work in the territory of the Southern Latgale.

The main economic development criteria are as follows (Figure 1):

Optimisation of the work of state institutions. Creating and strengthening the interest in public employees, so a real and sustainable action ensures the development and decrease of bureaucracy.

Fiscal policy beneficial for entrepreneurship. The business sphere competitiveness cannot develop without favourable business environment and it is greatly influenced by the current fiscal policy. In general, the introduction of progressive income tax is one of the possible support measures for entrepreneurs of the Southern Latgale and the entire Latvia. Estonia, Lithuania, and Poland have introduced it considerably earlier, and without the recommendations of the International Monetary Fund. For example, the introduction of progressive personal income tax in the Republic of Poland. Facts show that the Polish people are coming back to their native country from Ireland, Great Britain, so the number of middle class inhabitants increases in the country. Unfortunately, the current situation in Latvia shows that people emigrate and thus, the number of middle class inhabitants rapidly decreases, and the state is losing not only young, but also educated and professional people. The neighbouring countries – Lithuania and Estonia - in this situation should be regarded as competitors.

From business perspective, if the tax system in Latvia is not flexible and the overall tax burden increases, business holders will be losers in the long-term. Similarly, the current increase of the VAT rate is not the only problem that affects the entrepreneurs concerning further plans of action. Increased tax burden creates a reasonable risk that the country would have a long period of stagnation.

European Union support measures. The EU subsidies and Structural Funds provide additional development possibilities for the regions and territories. The analysis of statistical data of the EU funds for the period of 2004-2008 leads to the conclusion that the distribution of funds has been drastically disproportional – Riga region (Riga city and Riga vicinity) has received 55% of the EU funds (number of projects that have been implemented in Riga region and national scale projects. Latgale has received the smallest share of funding – only 9%, while the remaining funds were divided more or less similarly between Zemgale (12%), Vidzeme (11%), and Kurzeme (14%) (Saska ar Finansu Ministrijas..., 2009). It is a fact that shows that the state has a very weakly developed regional development policy and it lacks state interest towards the development of weakly developed territories, and it lacks a sustainable equal development vision of the overall state territory.

Export development. Stimulation of entrepreneurship and export of local production are important conditions for the development of the Southern Latgale. Christian H.M.Ketels, a representative of Stockholm School of Economics Harvard Economy High School’s Institute of Strategy and Competitiveness (Sweden), points that Latvia currently lacks strong export-capable companies; the government has never had a strategy how to create such competitive industries and how to support companies (Latvijai jaatrod... 2010). The Southern Latgale has export-capable companies, but it lacks products that would be different and competitive on the global market. Unfortunately, the real situation in the country shows that Latvia has not established effective support instruments for export in a longer period of time. In a medium-term perspective, it is necessary to develop

Source: author’s design based on the PhD thesis

Figure 1. Conditions for the development of the Southern Latgale
an export support programme – support of new enterprises, development of new products, search of new markets and an extensive support for exhibitions (Uznemeju plans..., 2010). Production with maximally higher added value in the Southern Latgale and export of these products to European and the CIS countries would substantially contribute to product sales and demand, which respectively would promote production and development of new products.

Corporate social responsibility. Corporate social responsibility of inhabitants and entrepreneurs is one of the preconditions for a targeted development of the area. A good business practice demonstrates values and principles of the company and shows that the company has voluntarily included values of social, environmental and human rights in its everyday work and in relationships with companies’ stakeholders – employees, clients, partners, local government, society, and others. Socially effective entrepreneurship, which ensures an adequate standard of living for the society, is not realistic, if there is no corporate culture formation in each of the business entities, which at the same time is both – core precondition of creation and implementation of corporate social responsibility as well as an integral part of corporate social responsibility.

Quality increase and development of the infrastructure. The quality and development of road infrastructure is one of the most important elements that contribute to business – a wider road network (roads, railway, waterways) provide the entrepreneurs a possibility to expand and to locate production facilities in several places. Quality of road surface reduces the costs that are related with transportation maintenance, depreciation, and let the saved money to invest in the development and modernisation of the enterprise, which respectively increases the efficiency and competitiveness of the business. Road network in Latgale can be estimated as sufficiently well developed both – in terms of length and density, which cannot be regarded to quality. Presently, the quality of roads worsens in the Southern Latgale, in spite of the fact that charges for road users have increased during the past years. Improvement and development issue of roads, information technologies (Internet), public service issues, energy, and other resources are important both – to provide the business operation and to provide a quality movement of the population. It is crucial to improve the transport infrastructure in the Southern Latgale, which is a precondition for inflow of investments and business development. Improvement of railway lines would promote the development of transit and logistics park services. Improvement of information technologies quality in rural areas would improve the quality of Internet and mobile communications, it would create information accessibility for rural citizens and entrepreneurs, and it would facilitate communication and transmission of reports with public authorities (the RSS, SRS etc.).

The emphasis of good news. Business development can be viewed from two points – attraction of potential entrepreneurs to the territory and stimulation of capacity of local businesses and initiative of inhabitants. Traditionally, the mentioned activities are based on the available resources in the territory, infrastructure and identification and popularisation of opportunities. One of the most important tasks of Latgale region is the correction and improvement issue of the region’s image (Voronovs, Petrova, 2006). The Southern Latgale is recommended to take over the practice of other countries on a territory as the “good news territory” – to promote the existing advantages and possibilities for entrepreneurs, investors for business start up in the territory, irrespective to their little importance in the contemporary situation. Information, that is being given or will be given by the Southern Latgale, is creating an overview of the territory, and hearing only negative information, the potential investors or entrepreneurs do not even regard the possibility of locating their businesses in the territory. It is necessary to create a positive impression, the advantages of possibilities, which would interest and attract not only investors and entrepreneurs, but also young, educated, and professional people. The Southern Latgale has to promote the existing benefits of business development and location despite their irrelevance in the current situation.

Facilitating cooperation. The state level problematic is related to the lack of cooperation between the state institutions, which are supposed to support the development of small and medium-size businesses, weak industry associations, and accordingly weak ability to defend sectoral interests as well as the low level of business infrastructure. For example, often the focus of local governments is forgotten – to re-establish the business activities in the local government’s territory.

It is necessary to focus on local and international cooperation to promote a competitive economy. Cooperation rather than competition is a means to address the contemporary key challenges. This requires an appropriate reorientation of thinking. Both, on policy planning, and action policy level, it is necessary to expand and to diversify the cooperation networks. They should increasingly include people with different competencies, different social groups, different companies, state institutions, and representatives of different cultures, together creating a new value added, which is not possible to achieve individually.

Quality of employment and work, optimisation, and people’s motivation. Social degradation problem and unemployment force the labour force to leave the territory. There are heavy problems concerning social decline issues in several villages of the Southern Latgale. In the big cities – Daugavpils, Kraslava, Preili, Livani – there are sufficient human capital resources, which can be and should be used. Many qualified workers of the former factories in the cities constitute the “critical mass” that is sufficient to create new production plants. Unfortunately, the existing potential of the territory is not demanded. To motivate people to raise and optimise the competitiveness of the Southern Latgale, the author of the paper recommends carrying out measures to
raise the labour force competitiveness, proposing and raising initiative of population, creating a balanced rural and urban development, and maintaining the identity of the Southern Latgale.

The above economic development criteria of the Southern Latgale apply to the entire subregion community – governments, NGOs, businesses, citizens, and also to the public institutions. On the scale of Latvia, the development of the Southern Latgale subregion would smooth the regional unbalanced development tendencies of the territorially small country. The European Union and other countries do generally perceive Latvia as united territory. Alignment of the socio-economic development of Latvia’s regions would offer investors a more positive, stable, and more reliable vision of Latvia as a potential investment territory. Pressing of the subregion’s weak development and real solutions would point to the national territorial integrity, quality of the state policy implementation and provision of long-term development. It is necessary to develop the entire territory and not to create even more severe disproportions between regions to ensure a sustainable development of Latvia.

Conclusions and proposals

1. The existing different regional development levels negatively affect the overall rates of the development of the national economy. The socio-economic differences of the regions – historical events, nature and culture, and history nuances, differences in traditions and economic activities, variety of income – indicate on the need to update the problem issues of regional development and to resolve them.

2. The insufficient financial capacity of the Southern Latgale does guarantee neither economic nor social development of the territory.

3. Taking into consideration the weak socio-economic development of the Southern Latgale compared with other state territories, it is important to focus on the subregion’s sustainable and targeted development, thereby smoothing and balancing the development of territories of the state regions.

4. Sustainable development of the Southern Latgale economy is not possible without a targeted implementation of the development criteria.

5. The most important resources of the Southern Latgale that promote its capacity include geographical location, industrial production, agricultural and craft traditions, human resource knowledge and professionalism, regional higher education institutions and branches of several higher education institutions, ecologically clean environment, biological diversity, and attractive natural landscapes. One of the most important tasks is to increase the quality of existing resources, and creation and attraction of new resources and new products.

6. It is necessary to develop a diversity development principle in the Southern Latgale (a number of national economic directions for its development should be developed in the territory), which offers an opportunity to use potential of various capacity and possibilities available in the territory.

7. The results of profound interviews with nine experts indicate that knowledge and innovation is the most important development criteria of the Southern Latgale. The level of knowledge and its quality determines population development level, while operation and development of innovations contribute both to the territorial improvement and long-term development, and also provides an opportunity to attract people, develop businesses in the territory, and to promote the overall growth of the state welfare and intellect.

8. The results of quantitative (questionnaire survey) and qualitative (profound interviews with nine experts) research methods indicate that the support and sustainable development criteria for economic development of the Southern Latgale include promotion of cooperation, development of export, increase and development of infrastructure quality, corporate social responsibility, the good news focus, assurance of infrastructure quality, work optimisation of the state institutions, implementation of business-friendly fiscal policy, availability and quality of education, employment and work quality optimisation, and motivation of population. Ensuring and promoting development criteria, it is possible to achieve alignment of the socio-economic indicators between the Southern Latgale and other state territories.

9. The research findings can be used for implementing the changes in the regional policy, considering the development perspectives of the Southern Latgale and determining the basic development directions of the territory.

Bibliography


