

Riga Graduate School of Law's

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Price of Higher Education

Article by Armands Leimanis

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EU LAW: A PRACTICAL GUIDE

All you ever wanted to know

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by **Dans Domanevskis**
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We are back!

Finally, after a long pause, I am delighted to present to you the new edition of LF Magazine. This academic year brings many changes which our team is very excited about, and we hope that you will be excited as well!

A fresh new look

As you have already noticed, we have made a brand new design for our magazine. We always try to be hand-in-hand with the latest and greatest, and to deliver a modern and stylish design to our magazine for you to enjoy!

Additionally, LF now has a web-page! There you will be able to find relevant data, latest news, and the latest edition of LF in a digital format right from your browser. Lastly, I would like to say a few words about the

events, which are happening around RGSL. First of all it is the LF-organized Diplomacy game. The game now features a physical live map, and is awaiting new players! If you want to play or don't know what it is, talk to anybody from our LF team and they will fill you in on the game and how you can play.

Secondly, RGSL is now starting two new interesting venues for students, the RGSL Business Club and the RGSL Speech & Debate Club. Both offer exciting opportunities for you to engage into school life, learn and improve skills which will be very useful in your future career!

On this happy note I will now leave you to enjoying the rest of the magazine. Have fun and stay tuned for new events and news from LF!

Best regards,

Dans Domanevskis

Academic Profile: Interview with Inese Druviete

Short Facts

Birthday on Sunday, June

Courses Introductory classes to Bachelors and Masters, European Union law, Comparative Contract law, Alternative Dispute Resolution (ADR)

Languages Fluent in Latvian, English, Russian, and French. understanding of Danish, German.

Favorite color Blue

Childhood dream profession

Biologist – zoologist

Education Bachelor of Political Science (University of Latvia), Lawyers Diploma (University of Latvia), LL.M International and European Law (RGSL), JD Law (University of Latvia)

Favorite city Riga

How were you as a student?

Busy, because I was doing two specialties in parallel, participating in Students Union and working. So busy, but happy.

What was your favorite and least favorite course in university, and why?

The most memorable courses were some controversial disciplines, especially history and political science, taught by old



professors, because they dealt with Marxism and other political movements, which you were not supposed to like. However, these professors had been teaching for years and therefore they had a deep knowledge about the subject, that you actually liked it. My least favorite subjects were all nonsense subjects, for example, pedagogics.

What do you like most about being a teacher?

Meeting nice, young people, who are interested in what they are doing, as well as positive attitude around me.

Which aspects of teaching do you

like least?

The aspect every teacher hates - putting marks; not only in physical sense, but also giving an evaluation, which is very controversial, since people might not like what they get. Moreover, situations, when there is a breach of academic honesty - something, where you have to disqualify a person, or there is a plagiarism case, or a very poor work, or you have to break the news: "Unfortunately, your thesis did not pass". But these are not the aspects of teaching; these are aspects of accounting for teaching, so in general I like

everything about teaching.

What do you value in a student?

Of course, I like students with keen interest, courage to express an opinion and ability to argue, as well as students, who are questioning in the educative way.

Do we have many students like this at RGSL?

Yes, I think we do, and actually a class can be easily divided into six groups. There are students, who are always prepared, but shy to speak; students, who are prepared, but not shy to speak (very good ones); students, who are average, but are not afraid to speak even when it is irrelevant; average students, who keep silent; students, who hold an opinion, which is substantially different from anyone else's and, of course, hooligans by nature without any relevance to what the subject is.

What principles do you use to motivate students?

I believe that element of game and competition should be always present, otherwise it is very hard to sit for 45 minutes and just listen to someone speaking. Also there has to be an element of participation, because experiments have proven that people remember only 5% of what they are hearing, but up to 90% from solving problems, participating and thinking themselves. I think largely the role of teacher is not only giving you the hard

knowledge, but giving an idea that it is actually an interesting discipline, so student would be more willing to do the individual learning.

So you are saying that you would choose seminars over lectures?

I would not draw the distinction between lectures and seminars so strict, because I have seen many lectures, which are participatory, not the classic Greek style lectures, where you would stand and talk steady, and only

"I like students with keen interest, courage to express an opinion and ability to argue, as well as students, who are questioning in the educative way."

afterwards the discussion would burst. While seminars are more about student own work, where, for example, groups would present their presentations. At this point, I think they are very similar.

What are your current research interests?

As I am the advisor of Latvian Minister of Economics practically all issues that contain law (and trust me, everything contains law) land on the minister and consequently on me as well. The disciplines I am working on are consumer law, for example, payday law regulation, regulation of commercial practices, euro

and all sorts of issues, which deal with management of state enterprises. Currently we are making a reform and drafting laws on different model of state enterprise management to improve the performance of big state companies. We are trying to reduce the amount of companies, where state holds a share, because interest of the state to participate in economy has to be somehow regulated.

If you had an opportunity to

research anything you want, what would it be?

That is actually what we can do. There is a thing called academic freedom, that you can research anything you want in the world, as long as it is not protected by the state secret.

What two or three

books, concepts or experiences have influenced you the most in your professional development?

First one that comes in my mind is "*Legal Cultures of the World*" by Patrick Glenn, because unusually for book on law it is written in very casual and interesting style, it is full of references and just pleasant to read. I think the author had found a great way how to present legal disciplines. Then there is "*International Law in Financial Regulation and Monetary Affairs*" by John H. Jackson, which discusses the concept of sovereignty from an economical standpoint. The third one could be "*Philosophy*



Of Law: An Introduction To Jurisprudence by Jules L. Coleman and Jeffrie G. Murphy, which is like an introduction to law book, written on origins of law, as well as legal philosophy and thinking.

What are your career goals five years from now?

As Latvia is rapidly developing new economy, it is really hard to plan your life ahead; actually I doubt it is possible in any developed country at this time. Many professions that are current now, were not known five years ago, therefore we cannot plan our lives like it was in 1960s, when you would enter particular school to get in particular university to get in particular office. I am just hoping for something interesting.

What are your recreational activities, hobbies, interests?

If I were a champion in chess, I would tell you.

One of your primary courses in RGSL for Bachelor students is EU law.

What do you think are the most important points of this course, which students need to take away with the course?

Firstly, understanding that there are no "them" and "us" – we are Europe, we are the ones who make environment there, who decide and implement the laws. Secondly, understanding that, even if importance of Europe is declining internationally and Asian tigers are trying to overtake it, there are still quite many aspects where Europe has a very competitive edge. Therefore we should not pronounce its death before it comes.

What have you found to be the roughest aspect of EU Law? Hardest for students to grasp?

There is no one specific thing; I think it is just this large amount of information, which is very fragmented, because EU law goes in almost every sphere. Of course, basic concepts are true for most of those aspects, but there are still some specifics to it.

There is an opinion that Europe has to choose between being a federal government or reverting back to independent states. Would you agree with this statement?

It is very interesting perspective, but it would be quite true only

if the world was unilateral with two choices available. Since processes had generated new centers of power, for example, multinational and international organizations, the cake does not have only one layer, how it is supposed to be according to classical theory, therefore choices are much broader and there is not only one way for Europe to develop.

What do you believe is the most exciting thing happening today in EU law?

For me it is all the euro stabilization efforts, because it is something unique, which have not been experienced before. Also the transformation of Europe from rather loose union to almost like a government of the federal state.

How would you change the public schools if you could make any changes YOU wished?

If we are talking about RGSL bachelor students, who are already a selected group, because we obviously take the best, I do not see any major deficiencies, because that is all down to the groups I described before, which deal with what type of person and how prepared you are. Of course, there is always a room to improve, which in this case could be adding more analytic skills, skill to read the question and answer exactly what is being asked and ability to argument your opinion – not only to say what is, but also why is.

Terms to Know

Adjourn - final closing of a meeting, e.g. any official gathering

Abate - to do away with a problem, such as a public or private nuisance or some structure built contrary to public policy e.g. high volume noise from a band, neighbors violating others property

Accusation - officially charging someone with a crime either by indictment by a Grand Jury or filing charges by a District Attorney

Admission - a statement made by a party to a lawsuit or a criminal defendant, usually before trial, that certain facts are true

Declaration

1st type - if it concerns development of the Union, it is considered the same as resolution

2nd type/interpretative

decision - sets out the views of all or individual Council members regarding Council's decisions. It is legal significant only if it receives necessary public attention

Resolution - issued by EC, the Council and the EP. Raise questions regarding politics, policies and other relevant issues. Not limited by many legal requirements and obligations

Jeopardize - pose a threat to; present a danger to e.g. They

Guide to EU Law

The institutions and legal regulations of the European Union are the practical basis of your law studies here at RGSL. They will also be the foundation for your future career in law afterwards. Hence, we decided to give you the guide to the European Union Law that we never got. You should note, that the timing of this article coincides near perfectly with your European Law course, for which the exam is open-book. Be a Good Samaritan, and make sure everyone around you has a copy of this article during the final.



will jeopardize the future of their nation if they declare war

Omission - failure to perform an act agreed to

Legal protection - judicial protection of an individual guaranteed by the ECHR

Liability - legal responsibility for one's acts or omissions

Remedy - the means to achieve justice in any matter in which legal rights are involved, e.g. to allow/prohibit certain actions, money payments to cover losses

Important Articles

Article 2 (TFEU)

The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights (...). These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail

Actions for Annulment (Article 263 TFEU)

Imposed upon all European institutions producing binding effects; actions are decided by the ECJ

Complains for failure to act (Article 265 TFEU)

Requirement to take measures to comply with the judgment

Treaty Infringement (Article 258 TFEU)

Imposed when a MS fails to fulfill its obligation(s) and is forced to conform by the ECJ

Article 267 TFEU ECJ

Shall have jurisdiction to give preliminary rulings concerning:

- the interpretation of the Treaties;
- the validity and interpretation of acts of the institutions, bodies, offices or agencies of the Union

Direct effect of primary EU law:

Applies to aspects of EU law that are enforceable directly by union citizens in their own member state, regardless if national law has introduced provisions that must be:

1. Sufficiently clear and precisely stated
2. Unconditional and not dependent on any other legal provision
3. Confer a specific right upon which citizen can base a claim ECJ case to refer - *van Gend en Loos (case 26/62)* year 1963 Sources of union law (p. 80)

Indirect effect is a situation where national courts must interpret unimplemented or insufficiently directives, as opposed to ignoring national law in preference to directives when direct effect is invoked. In *Von Colson and Kamann v Land Nordrhein-Westfalen*, the ECJ ruled that national courts should interpret national law in line with the directive, "in so far as it is given discretion to do so under national law"

Horizontal effect is the legal doctrine, giving the right of private parties to create actions against other parties based on EU Law. For example, requiring respect for the principle in **Article 157 TFEU** of equal pay for women and men (*Defrenne v. Sabena, Case 43/75*)

Vertical effect is the legal doctrine which allows

private parties to create actions against Member States which fail to implement EU Law. This was witnessed in *NV Algemene Transporten Expeditie Onderneming van Gend en Loos v. Nederlandse Administratie der Belastingen, Case 26/62*

European Union Means of Action

1.PRIMARY LEGISLATION

Union treaties – General principles of law

2.THE EU'S INTERNATIONAL AGREEMENTS

3.SECONDARY LEGISLATION

Legislative acts

Regulations – Directive – Decisions

Non legislative acts

Delegated acts – implementing acts – other acts

Recommendations and opinions – interinstitutional agreements – resolutions, declarations and action programmes

4.GENERAL PRINCIPLES OF LAW

5.CONVENTIONS BETWEEN THE MEMBER STATES

Regulation

Addressees: All member states, natural and legal persons **Effects:** Directly applicable and binding in their entirety

Directive

Addressees: All or specific member states **Effects:** Binding with respect to the intended result. Directly applicable only under particular circumstances

Decision

Addressees: Not specified. All or specific member states; specific natural or legal persons **Effects:** Directly applicable and binding in their entirety

Recommendation

Addressees: All or specific member states, other EU bodies, individuals **Effects:** Not binding

The Legislative Hierarchy

1. **Primary legislation** (union treaties – general principles of law)

2. **EU's international agreements**

3. **Secondary legislation** – legislative acts (regulations – directives – decisions)

Main European Union Court Hierarchy

1. **Court of Justice** – Concerns infringements on treaties via member states

2. **General Court** – Concerns individuals suing, appeals of commission decisions and technical issues

3. **Special Tribunals** – Currently only one: Civil Service Tribunal, which lessens load on General Court

European Union Institutions

European council – sets the EU's overall political direction, but has no powers to pass laws

Law making institutions:

European commission represents the interests of the union as a whole
European parliament represents the EU's citizens and is directly elected by them

Council of the European Union represents the governments of the individual member countries. Presidency of council of ministers is shared by the member states in a rotating basis

Other institutions:

European Economic and Social Committee represents civil society, employers and employees

Committee of the regions represents regional and local authorities
European Investment Bank finances EU investment projects and helps small businesses through the European Investment Fund

European Central Bank responsible for European monetary policy

European Ombudsman investigates complaints about maladministration (corrupt or incompetent administration) by EU institutions and bodies

European Data Protection Supervisor safeguards the privacy of people's personal data

Publications office publishes information about the EU

European Personnel Selection Office recruits staff for the EU institution and other bodies

European School of Administration provides training in specific areas for members of EU staff

European External Actions Service assists the High Representative of the Union for foreign Affairs and Security Policy

Important Treaties/Agreements/Charters

European Union General Function

(TEU) Treaty on European Union (1993, incorporating the Maastricht Treaty)

(TFEU) Treaty on the Functioning of the European Union (1958, incorporating the Treaty of Rome)

Treaty of Lisbon (2009, latest amending treaty)

Human Rights

(CFHR) Charter of Fundamental Human Rights (2009, Legally binding – can be used in cases)

(UDHR) Universal Declaration of Human Rights (1948, Legally binding – can be used in cases)

Landmark Cases (Case-Law)

Direct and Indirect Effect
Supremacy and direct effect
Costa v ENEL (Case 6/64) 1964

Italian Minister of Finance v Simmenthal (Case 106/77) 1978

Key Principle: The EC Treaty is an integral part of the legal system of the Member States and must be applied in their courts

Interim relief

R. v Secretary of State for Transport Ex p. Factortame (Case C-213/89) 1990

Key Principle: The full effectiveness of EC law would be impaired if a rule of national law could prevent a court considering a matter governed by EC law from granting interim relief

Direct effect

Grad v Finanzamt Traunstein (Case 9/70) 1970

Key Principle: Regulations, directives and decisions are capable of creating direct effects

Vertical and horizontal direct effects

Defrenne v Sabena (Case 43/75) 1976

Key Principle: Treaty provisions are capable of creating direct effects both vertically between the state and individuals and horizontally between individuals

Indirect effect

Von Colson and Kamann v Land Nordrhein-Westfalen (Case 14/83) 1984

Key Principle: Where a directive is indirectly effective (i.e. not directly effective) national legislation must be interpreted in the light of the wording and purpose of the directive

Metallgesellschaft Ltd, Hoechst Ag and Hoechst UK v Commissioners of Inland Revenue and H.M. Attorney General (Joined Cases C-379/98 & C-410/98) 2001

Key Principle: National provisions must not make it practically impossible or excessively difficult to exercise rights conferred by EC law

State liability for breach of EC law

Francovich, Bonifaci and others v Italy (Cases C-6 & 9/90) 1991

Key Principle: A Member State will be liable for non-implementation of a directive in certain circumstances

The
SA
presents

FRI.
NOV 1

YOUR WORST NIGHTMARE

RGSL ANNUAL PARTY

STARTS 22PM . ENTRANCE 3LS
WITH COSTUME ENTRANCE 2LS

SCHOOLS' PREMISES
YOU'LL NEVER SLEEP AGAIN



Join the RGSL Club



photo: DELFI

The Price of Higher Education



IN THE ALTERNATIVE STUDY PROGRAMME QUALITY ASSESSMENT WHICH PUBLISHED LAST YEAR, RGSL STUDY PROGRAMMES IN LAW GOT THE HIGHEST RATING, BEATING EVEN UNIVERSITY OF LATVIA. I WANT TO THINK THAT AT LEAST PARTLY IT IS DUE TO THE FACT THAT WE, RGSLAWIANS, ARE SO DEMANDING. IF WE DON'T LIKE SOMETHING IN THE STUDY PROCESS, WE ARE NOT AFRAID TO SPEAK UP.

On September 26th LNT news ran a story about our lecturer (also Minister of Education and Science) Vjačeslavs Dombrovskis regarding our (current Y2 & Y3) complaints about missed and rescheduled lectures in Spring 2013. The story was factually correct – after unexpectedly gaining the minister's position, several lectures had to be rescheduled and one was canceled (Y3). Although the course plan was mostly fulfilled, several students (including me) weren't too happy about the changes and submitted a collective complaint to the RGSL administration.

Programme director listened to our grievances and changed the format of final exam, permitting to use a cheat sheet. Although LNT tried to spin it in a negative light,

it is not a secret that up until this year plenty of our exams were «open book», which allows the lecturer(s) to make exams harder and test students' understanding of course content and reasoning skills rather than ability to memorize formulas. It may be a paradox, but (if properly executed) open book exams and cheat sheets actually help to reduce cheating.

Anyhow, there is no question about Dombrovskis experience and abilities as a lecturer, and the inconveniences caused by re-scheduling of lectures were minor. So why complain at all?

I propose that it has to do with the fact that we pay for our education.

Back when I was studying philos-

ophy in a state-funded (to be more precise, taxpayer funded) budget place in University of Latvia, cancelling of classes was greeted with relief and joy. Nobody complained or even raised an eyebrow. There is a super cliché saying of «equi donati dentes non inspi-ciuntur» (don't look a gift horse in the mouth), which I believe applies here perfectly.

If one is studying "for free" (keeping in mind that nothing is free and someone always pays in the end), the quality of education is a non-issue. Why would a student burden him/herself with stricter course requirements or actually attending the lectures? It's not like he/she stands much to gain from either: stricter requirements are just a hindrance towards receiving the piece of paper that attests one's ability of not dropping out, while if a lecture is missed it does not matter much, since the student didn't pay for it anyway. Lousy but «free» education is still better than none. Budget students don't stand to lose much from sub-par education; the ones who lose are the ones who paid for it – the rest of us.

In the alternative study programme quality assessment which published last year, RGSL study programmes in Law got the highest rating, beating even University of Latvia. I want to think that at least partly it is due to the fact that we, RGSLawians, are so demanding. If we don't like something in the study process, we are not afraid to speak up. And this is exactly what should happen in every single university and college where people actually care about their education and the future.

Thus it follows that perhaps we need to reconsider the model for financing higher education in Latvia. An ideal system would push people to study responsibly and yet make higher education available for everyone. And Vjačeslavs Dombrovskis just might have an idea up his sleeve.

In 2011, he and others (including ex-minister Roberts Ķīlis) published their findings on the possibility of introducing Income Contingent Loans as a tool for financing higher education. ICL is the way in which higher education is currently funded in United Kingdom, Australia, New Zealand and others. In it's most basic, an ICL is a long-term loan from the government that is awarded to every potential student without the need for another guarantor. The student would

pay no interest during studies and start repaying loan only after graduating and reaching a certain level of income (that's the "income contingent" part). The monthly repayment would be automatically deducted from employment income, just like personal income tax and state mandatory social insurance payment.

To explain further – if the graduate doesn't earn at least the minimum/average wage, he/she does not have to make loan payments and can instead pay the bills. Of course, that does not mean that the loan is instantly forgiven, the repayment term is simply extended. However, in other countries the loan is written off after some fixed period of time (around 20-25 years) to lessen the burden on those for whom higher education did not help in raising their level of income.

There are several parameters of ICL that make it even more attractive. For example, if the graduate decides to leave the country and work abroad, the interest rate on the loan can be raised to account for country's missed tax revenue. If the graduate wants to work in a sector that the government deems important (teachers, doctors, engineers etc.), part of the loan can be written off. While the size of the loan is fixed, the monthly repayment amount is progressive – those who earn less, pay back less, and repay the whole loan in a longer period of time.

The ICL model itself is self-sustainable – once the initial fund is made, it never gets completely depleted – graduates repay the loan from which new loans are awarded. Experience from other countries shows that about 20% of the loans go uncollected, so even if might need additional funds at some point, it would still be much cheaper than the current financing model.

Hopefully, during his term in the Ministry Dombrovskis will get a chance to touch upon reforms in financing of higher education. Although this in adversely would make every student in Latvia want to complain about canceled lectures, this is exactly what we need.

N.B. Although I do care about quality and financing of higher education, the same cannot be said for mandatory attendance. I've also got a state-guaranteed study loan to pay back, so I totally care about this only for my own benefit. Totally.

An Entrepreneurial approach to youth unemployment

Youth unemployment is one of the main concerns for policy makers. In 2012, unemployment rate across 27 members states of the EU for individuals 25 years and under was 22.8 percent, which amounts to 13.1 mln young individuals.



These numbers clearly suggest that action must be taken in order to prevent having another lost generation of young people. In 2008 Commission of European Union passed "Small Business Act" (SBA) and it is the first comprehensive policy that recognizes the role of Small and Medium Enterprises (SMEs) at EU level. This policy is designed to improve the overall policy approach to entrepreneurship and irreversibly anchor "Think Small Principle" in policy making. SMEs are main driving force of EU economy. They are the reservoirs of entrepreneurial spirit, employment generators and the embryos of tomorrow's big businesses. SBA is based on a set of 10 principles that amongst others include increasing SMEs access to finance, creation of environment where entrepreneurship is awarded and making public administration responsive to SMEs' needs. This decision deserves applause, especially taking into account that there are 23 million SMEs in EU and it accounts for 98% of all

business. In addition to all of the tax revenue SMEs brings to EU, 80% of new jobs in the time period from 2006 to 2011 are created in the SMEs sector. It is in interests of every government to get youth engaged into activities that provide added value, rather living of unemployment benefits or others earners. The least expensive individual is to the state, better off we all are. Including the same individual who can be occupied with the small business issues and does not have time or incentive to go throw bricks at Parliament building.

Business is the most dominant institution humans have ever created, because it depends on the market place for its revenue. As well it is flexible and adaptive. Business is a primary driver of society's present-day leader. In the world of commerce more and more jobs, products and services are provided by SMEs – entrepreneurial enterprises.



And the entrepreneurs who run these companies are, therefore, our leaders for the future.

Entrepreneurship is a mindset. It is more than creation of business. It is constant search for opportunities and willingness to take risk beyond security. Entrepreneurs are constantly challenging the unknown. Ability to recognize opportunities where others see chaos sets entrepreneur apart from others. For example..

Ideas differ; As well as size of the investment vary. Even before the economic downturn began, some SMEs had trouble getting access to the funds they needed

ity industries.

Independence, personal satisfaction and financial reward are great motivators. Remember an advice from Professor John Mullins from London Business School: "The most common mistake is falling in love with your product rather than thinking about customer and what the problem is."

If you have a good idea then Harvard Professors Michal Porter's five forces model is a great tool for analyzing busi-

ness. This model can be used as framework for industry analysis. Attractiveness of business can be illustrated. Three forces from "horizontal" competition are the rivalry amongst existing competitors, threat of new entrants and threat of substitute products and services. Moreover two forces are from "vertical" competition, bargaining power of suppliers and bargaining power of buyers. If you don't calculate your costs than you don't know how much your business is worth. Therefore knowing costs before making the final decision is very important. Net Present Value (NPV) of a project or investment is the difference between the present value of benefits and present value of costs. NPV is expressed in terms of cash today. Therefore it simplifies the decision-making. As long as the costs are calculated correctly positive NPV increases the value of the firm and is good decision. Logic of NPV rule is to make an investment with the highest NPV and vice versa reject the project with negative NPV.

for growth or innovation. Therefore SBA clearly states that one of the priorities of European Union is to increase SMEs access to finance. The responsible institution for EU funds in Latvia is Hipotēku Banka. Their webpage (www.hipo.lv) is good place to start. There are multiple financing options available, ranging from micro-credits to large investment possibilities in prior-

ness. This model can be used as framework for industry analysis. Attractiveness of business can be illustrated. Three forces from "horizontal" competition are the rivalry amongst existing competitors, threat of new entrants and threat of substitute products and services. Moreover two forces are from "vertical" competition, bargaining power of suppliers and bargaining power of buyers. If you don't calculate your costs than you don't know how much your business is worth. Therefore knowing costs before making the final decision is very important. Net Present Value (NPV) of a project or investment is the difference between the present value of benefits and present value of costs. NPV is expressed in terms of cash today. Therefore it simplifies the decision-making. As long as the costs are calculated correctly positive NPV increases the value of the firm and is good decision. Logic of NPV rule is to make an investment with the highest NPV and vice versa reject the project with negative NPV.

$NPV = PV(\text{benefits}) - PV(\text{costs})$
Present value, also known as present discounted value, is a future amount of money that

has been discounted to reflect its current value, as if it existed today.

Operating in shadowy business ventures can seriously harm your health. Therefore, it is important to start your business according to the law. European Commission has committed to reduce administrative burden for SMEs by 25%. In 2010, two years after SBA, Micro-enterprise Tax Law came in force. New legislation opened doors for a lot of motivated people whose financial situation prevented them from their entrepreneurial dreams. This policy is favorable to entrepreneurship and the situation in the market is improving. It is now possible to register limited liability Company with a share capital as small as 1 LVL. Additionally, according to Euro Adoption Law, since 9th of July share capital for new enterprises can be registered in Euro. The total cost of registering one company can be as low as 50 LVL(See info graph on the next page for reference).

Furthermore, according to the law of Value added tax, enterprises whose yearly turnover is under 35 000 LVL do not have to register in the VAT register. Due to the high threshold, administrative burden is low for new entrepreneurs. Moreover, the micro-enterprise tax rate is 9%, which includes personal income, social tax and business risk tax for micro-enterprises employees. Additionally, 9% tax rate covers corporate income tax if micro-enterprise falls under provisions detailed in section one of micro-enterprise tax law. Therefore it is a solution that has potential to encourage new business to emerge and sustain in a long run.

Some of the most successful businessman are university dropouts. But chances are you are not

going to be one of these people. Therefore, if you have not yet done so, wake up and think about what RGSL can offer you. As a matter of fact, let's think together here. First of all, you are getting world class education right at your doorstep. Secondly, you are joining a very successful alumni network that stretches worldwide. This year, a group of alumni together with our Law & Finance programme director, Waleed Gumaa, have launched the very first RGSL BUSINESS CLUB. It is a space to develop business skills and focus the attention to skills necessary to succeed in harsh business world. Students in this elite club will be exposed to real life situations with expert guidance and training. It is the perfect environment to develop your personal skills and prepare for your business career.

In conclusion, EU does support entrepreneurs and small business by providing policy that encourages new businesses to emerge. Moreover, special tax regimes are in place now to protect small businesses from the weight of administrative and tax burden. Furthermore, EU through different government institutions increases access to finance for new firms. Additionally, Michael Porter and his five forces industry analysis is considered to be one of the best tools to analyze business, therefore remember it for life. Moreover, NPV rule stipulates that investment is good only in the case NPV is positive. Finally, this article proves that, indeed, it is easy to start a new company and that you should be the leader of the future and participate in the process of adding value. Pay taxes! And remember: if there will be demand for, there will be supply.

Checklist for starting your micro-firm

Documents

Written descision on founding the company (1 copy, 1 page)

☐

Statutes of the company (3 copies, 1 page)

☐

Board notification of the legal adress (1 copy, 1 page)

☐

Proof of payment of publication in "Latvijas Viestnesis" (1 copy, 1 page)

☐

Proof of payment of state registration fee (1 copy, 1 page)

☐

Declaration of share capital payment (1 copy, 1 page)

☐

List of shareholders (1 copy, 1 page)

☐

Fees

Ticket for a bus

(0,50 LVL/0,85 EUR)

☐

Registration Fee

(15,00 LVL/25,54 EUR)

☐

Publication in "Latvijas Vēstnesis"

(10,00 LVL/17,04 EUR)

☐

Certification of a signature by Notary

(2,75 LVL/4,68 EUR)

☐

Certification of a signature by regular Notary

(15,00 LVL/25,54 EUR)

☐


Total

(43,25 LVL/73,64 EUR)

☐

How is freedom of speech protected in your country?

Akande Saheed Adeyemo
from Nigeria


 legal comparison is a new rubric of the LF magazine. We have designed this rubric as part of an effort to show just how international RGSL is. Since RGSL uses comparative approach to many of its courses, we decided to extrapolate this concept to specific legal questions. What we do here is to come up with a specific question about how a certain area of life or issue is legally regulated, and we ask this question to all of our international students. We then take their responses and present them to you on the pages of this magazine. With this, we achieve two objectives. First of all, we

engage our international students to explain the legal norms of their home countries. Secondly, we bring to you a wider understanding of the legal norms of different countries with regard to a wide variety of different areas. As our first question we wanted to take something universal, something which everybody can relate to in some way. In that regard freedom of speech seems to be the perfect topic to start with this time. And so, we asked our students, How is freedom of speech protected in your country?

Derrick Duah
from Ghana


Kyryl Tkachenko
from Ukraine

"In Nigeria it is stated constitutionally that there is freedom of speech and it is protected. Practically it has been impeached upon and the Court makes the corrections where necessary."

 **"IN UKRAINE THERE IS NO FREEDOM OF THE SPEECH. IF YOU SAY SOMETHING WRONG AND AGAINST THE SYSTEM, YOU ARE GOING TO BE KILLED OR IMPRISONED, LIKE MS. TIMOSHENKO WAS JUST RECENTLY."**

"Democracy is now growing in my country so as to freedom of speech there might be some lapses, but my country is doing well in improving that."

Paul Frommholz
from Germany

 **"IN GERMANY IT IS ESTABLISHED IN THE CONSTITUTION (ART.5 GG), THEREFORE, IT IS ALMOST IMPOSSIBLE TO CHANGE IT."**

Marie-Mouritzen Gjortler
From Denmark

Oscar Mino Peralta
From Spain

"Freedom of speech is protected by the Constitution (Chapter 8: Citizens Rights, section 77), but generally in society it is valued as a human right, as long as your opinion does not violate others, for example: Danes are known for our special sense of humor."

Vira Nostalchuk
from Ukraine

It would be a lie to say that there is no freedom of expression in Ukraine, to say that we have this right in full, without any restrictions – the same. To be able to present all the news in the true light, especially concerning politics, a channel or a newspaper in Ukraine has to have strong international support or to be sponsored by some influential tycoon. Each person who is brave enough to actively participate in civil society understands that there is some danger that someday he might be detained for some "incorrect" behaviour or expressions. At the same time these people can rely on the immediate reaction from the other representatives of NGOs, international organizations in Ukraine and abroad and this reaction in many cases is quite efficient. When some particular violation of rights is presented in public, the government usually does not dare to violate it further without any legal basis. But in general I would say that Ukrainians are quite talkative nation and to forbid them to express their opinion at all would be unreal."

Kenneth Kosita
from Zambia

"THE FREEDOM OF SPEECH IS PROTECTED THROUGH THE MINISTRY OF INFORMATION IN ITS MANDATE OF IMPLEMENTING THE ACTS AND POLICIES OF MEDIA REFORMS AND REGULATIONS. IT IS THE ACT OF PARLIAMENT (IT'S A CLAUSE WITHIN THE CONSTITUTION OF ZAMBIA), WHICH GIVES EVERY CITIZEN THE ACCESS TO THE BILL OF INFORMATION."

The right of speech is protected by the Spanish constitution, in a group of very limited articles (fundamental rights), which are extremely protected by law. This is the theory. The practice is obviously different. We are not as bad as other countries, but of course, if your speech is not that positive for the state as they want it to be, you may have problems to express yourself."

Anna Enstrom
from Sweden

"In Sweden, freedom of speech is protected in the Constitution "Yttrandefrihetsgrundlag" (1991:1469), and the country is regarded as one of the most free and democratic in the World. Over the past few years we've had a few court cases though, when the individual's freedom of speech clashes with the prohibition of incitement of hatred, but people are very seldom sentenced."

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