

CHANGES IN FAMILY POLICY IN LATVIA

LIGA ABOLINA, M.iur., Doctoral student in demography, Department of Public Administration, Demography and Socio-Economic Statistics, University of Latvia, e-mail: liga_abolina@hotmail.com,

PETERIS ZVIDRINS, Dr.habil.oec. (demogr.), Department of Public Administration, Demography and Socio-Economic Statistics, University of Latvia, e-mail: zvidrins@lanet.lv

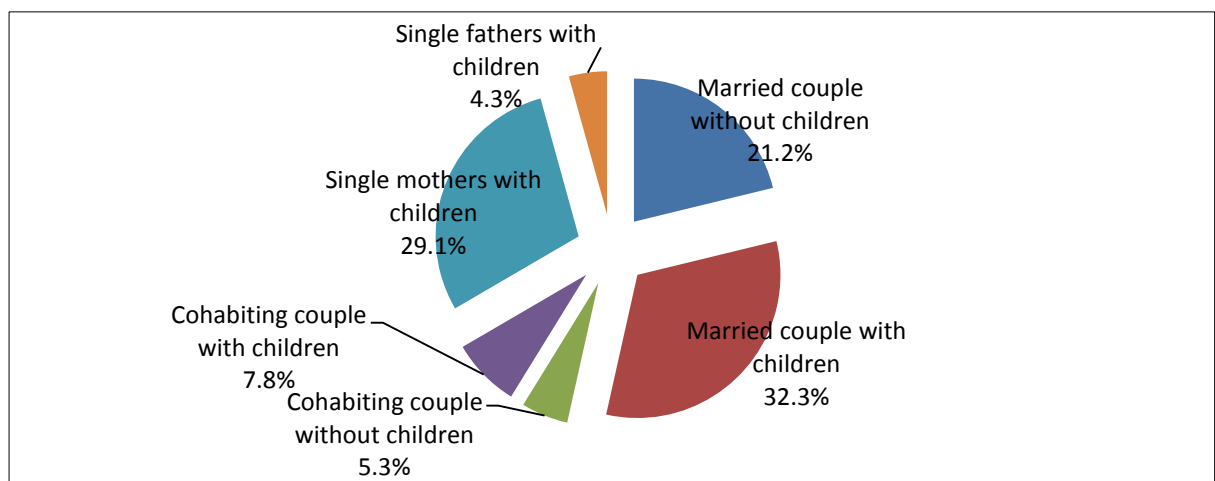
The purpose of this paper is to characterize the ongoing changes in family policy of Latvia. The research is based on national and international official statistical data which are drawn from the national databases of Central Statistical Bureau of Latvia, EUROSTAT, OECD, Ministry of Welfare and other governmental institutions.

At present, Latvia has one of the most rapidly growing economies among the European Union countries (Ministry of Economics of the Republic of Latvia, Report of Economic Development of Latvia, p.16). The situation today is quite different than five years ago, when Latvia experienced severe economic crisis, which in turn seriously affected wellbeing of the majority of families in Latvia.

Almost two decades after Latvia regained political independence, demographic policies, including family policy, remained passive. Some Latvian governments declared their intention to implement demographic recovery programs or elaborate pronatalist policy measures. However, the basic triangle “gender-labour-family” changed very slowly. Family policy issues have gained notable importance in recent years.

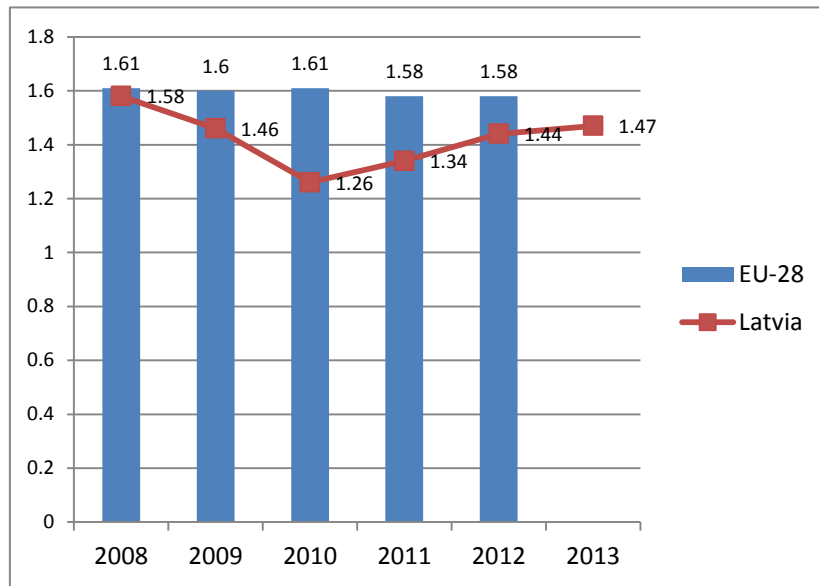
The Republic of Latvia, according to the Population Census in 2011, had 2.07 million inhabitants. Of these, 588 thousand families were counted in Latvia. During the previous Population Census in 2000, the number of families was 624 thousand. This led to the conclusion that the number of families during the past 10 years decreased by 6%. One of the aspects which was clarified during the Population Census in 2011 was composition of families in Latvia. In comparison with 2000 (Zvidrins, 2003, p.116), the number of married couples without children increased by almost 15%, but number of married couples with children decreased by 30%. At the same time the number of cohabiting couples with children increased more than twice – in 2000 there were 3.2% of cohabiting couples with children, but in 2011 – 7.8%. The number of single fathers increased from 3.4% to 4.3%, but number of single mothers still remained the same – 29.1%.

Figure 1. Composition of Families in Latvia in 2011



Source: Depiction of authors based on the Data of Population Census of 2011

Figure 2. Total fertility rate



Source: Central Statistical Bureau of Latvia, EUROSTAT databases

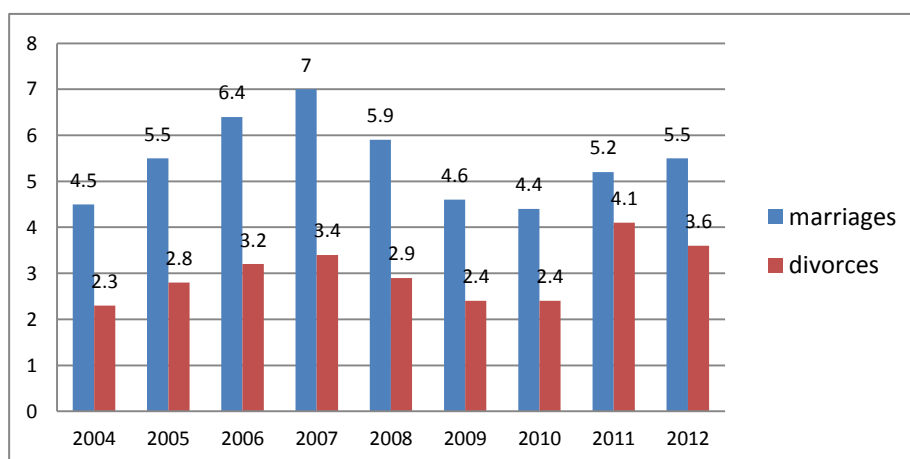
The total fertility rate in Latvia is lower than the average total fertility rate of the 28 countries of European Union. It should be emphasized that total fertility rate of Latvia increased from 1.11 in 1998 to 1.59 in 2008. In 2011, this indicator fell down to 1.34 and then up again in 2012-2013. The fertility decline in 2009-2011 was largely attributed to the economic crisis.

The family policy in Latvia has strongly approached to strengthen the traditional family as a concept (the main emphasis is on promoting traditionally married couples with children) thereby to increase level of nuptiality and decrease indices of divorce.

Latvia attempts to strengthen the traditional institution of family through various measures. For instance, the curriculum of educational institutions has been improved by putting more emphasis on the importance of the traditional family concept, pedagogues have been educated on importance of the marriage and its positive implications on families functionality. Additionally, it is planned to post various informative materials and educational programs for those who are about to register their marriage as well as about the possible legal consequences for the families (especially for their children) which are living together without being married.

Available statistics do not confirm that the level of concluded marriages clearly affects the fertility in Latvia. Analysing the demographic tendencies in European Union Member States, it seems impossible that even mutually coordinated measures towards strengthening the marriage institution into the state policy would have significant positive impact on fertility indicators. Therefore, it is crucial to realize that the realities of the present social structure and values are so that the state cannot facilitate increase of fertility only by strengthening conventional family institution but also needs to address properly other forms of families.

Figure 3. Dynamics of marriages and divorces (per 1000 population)



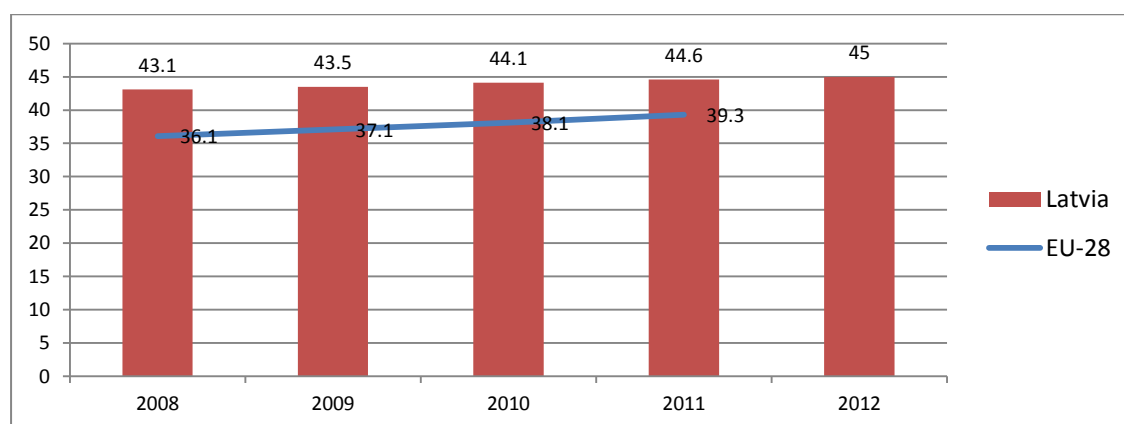
Source: Central Statistical Bureau of Latvia

During the past few years, the proportion of divorces per 1000 inhabitants has increased (see Figure 3 - the situation concerning marriage and divorce rates per 1000 population). It is also apparent that the registered number of marriages has constantly increased during progressing economic development, but starting from 2008 until 2011 there has been considerable decline due to economic recession. The same correlation can be seen concerning the changes in the rate of divorced marriages. The reason for this is probably the fact that every administrative act costs something and takes time. During the economic recession extra expenditures obviously did have secondary priority for most of the families since it is very difficult to afford.

Divorce rate in 2011 risen almost twice in Latvia although there is an explanation for this. The reason is based on the changes in legal background. On 1st of February 2011 the changes in Notariate Law were issued which stated that marriage can be also ended through sworn notary, although only if both parties have freely agreed on divorce. By that the bureaucratic procedures were simplified and made more attractive for the families which were about to get divorced. This has been clearly reflected by the statistics of 2011. Conversely, as noted by Pārsla Eglīte, leading researcher of Institute of Economics in Latvia (Eglīte, p.20), during the transition of one political system to another in Latvia some privileges that are specifically aimed for married couples (improvement of housing and living conditions depending on the square meters of dwelling space to the one family member etc.) were abolished. This was one of the most important factors for the young people to establish a family and to get own apartment.

Over the last decades, patterns of partnerships and living arrangements have changed significantly all around the Europe. Also the demographic processes have been undergoing essential changes. Likewise the family institution has been changed in its very basis. Among the young people, a modern family pattern, with family establishment not related to marriage as one of its essential cornerstones, has been gaining strength. As depicted in Figure 4, the number of children born out of wedlock was increased. Researcher believes that the influence of Nordic countries supported this tendency as well as the possibility to receive all kind of support for families with children regardless of marital status were relevant factors in Latvia.

Figure 4. Live birth outside the marriage (ratio in %)



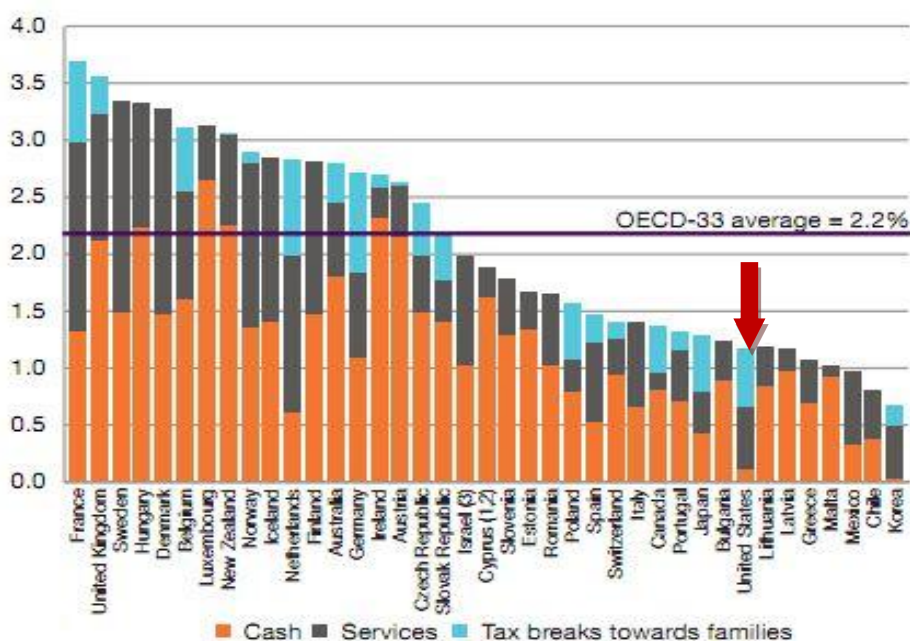
Source: Central Statistical Bureau of Latvia; EUROSTAT databases; OECD (2011) *The Future of Families to 2030*, OECD Publishing

However in order to achieve the intended policy outcomes, the family policy should be in very close connection with budgetary planning and should be harmonized with the priorities set by the state. Expenses spent by the state for family support (especially by combining different forms of support) have a positive influence to the indices of the fertility.

Data of the European system of integrated social protection statistics (ESSPROS) indicates that expenditures for children and family support in Latvia in 2011 constituted 1.1% of GDP (in 2000 it was 1.5%, in 2008 and 2009 – 1.4%, in 2010 – 1.5% of GDP). The Figure 5 very obviously demonstrates data of public financing for family policies in OECD countries in 2011.

Most expenditures for children and family support in Latvia consist of cash benefits and only partly services and tax breaks toward families. Apparently in Latvia the proportion of subsidized services is well below the average OECD level. For comparison - the EU expenditures of social security for children and family in 2000 consisted of 2.1% of GDP, in 2008 – 2.1% of GDP and in 2010 – in average of 2.3% of GDP (Central Statistical Bureau of Latvia, Children in Latvia 2013, p.70).

Figure 5. Expenses for families with children (% of GDP)

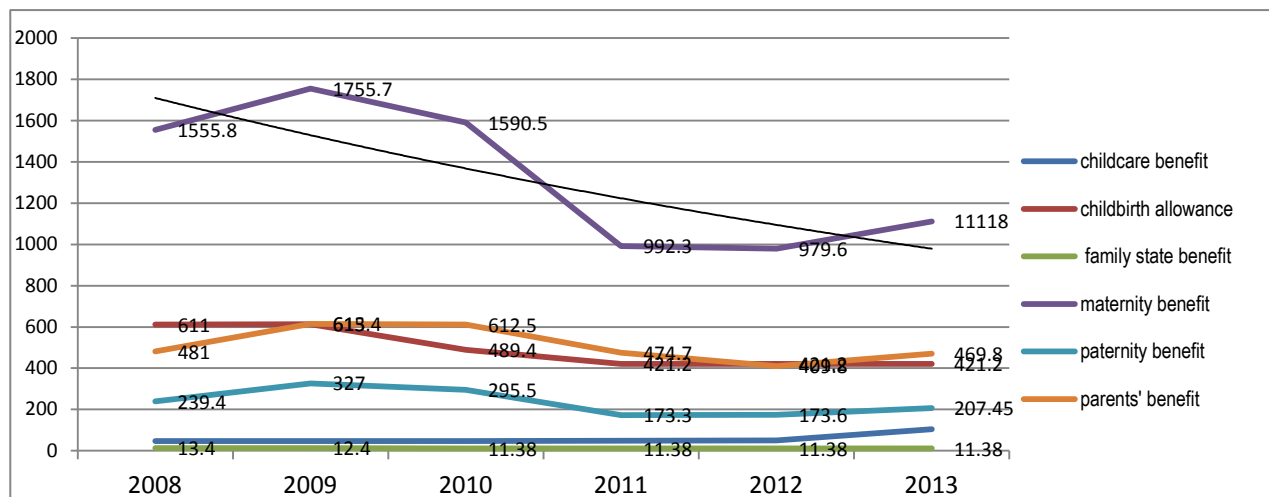


Source: OECD database; Ministry of Welfare of Latvia

Data correlation has been made between the total fertility rate and public spending on families (in %) by OECD (Sobotka, p.10). The results confirmed that those European countries with lower spending for childcare services (below 1 percent of their GDP) have lower total fertility rates and vice-versa – countries with higher spending for childcare services (at or above 1 percent of their GDP) have demonstrated higher fertility rates. This analysis clearly indicates that there exists a close connection between fertility and socio-economic situation especially public expenditures for families and predictability of support measures for families.

As the main part of public expenditures for families in Latvia is spent for cash benefits, the next figure reflects dynamics of family related benefits.

Figure 6. Dynamics of family related benefits (in euro)



Source: Calculation of authors based on data of State Social Insurance Agency of Latvia

As a result of the recent economic crisis, some negative measures had been introduced in respect to families. Changes occurred to family state benefit (it was temporary reduced for the second or subsequent child), maternity, paternal and parents' benefits were reduced by limitation of the maximum amount and decreased in the number of people eligible to parents' benefits and some other steps were taken to reduce expenses of the state budget. It was originally intended to eliminate these restrictions in 2012, but the period of restrictions was extended until 2014. During the last five years, as illustrated in Figure 6, maternity benefit in Latvia was affected by the largest decline in the terms of average amount of expenditures. During the crisis the ceilings referred to the amount of benefits were established and as the result it reflected not only the decline of the birth rate but also to the total % of GDP spent by state for family support policy.

The coverage of childcare services is one of the most important family support measures. It is still important to provide children with childcare services as widely as possible. The European Union, in 2002, set the targets to improve the provision of childcare services – Barcelona objectives. They state that childcare should be provided for 90% of children between three years old and the mandatory school age, and for 33% of children under three (European Commission, 2013, p.4). In Figures 7 and 8 it is obvious that Latvia slowly improves its indicators concerning the Barcelona objectives but, unfortunately, does not fulfil them yet as well as the most part of European countries.

A number of improvements concerning amount and terms of subsidies for families are foreseen, which should have a positive impact on fertility. In 2013, the Government of Latvia commenced the support programme for those parents whose children did not gain admission to municipal kindergartens. Accordingly in 2013 – 2014 the part of subsidized services in Latvia increased due to the state support for the child-care and free school-meal (for grade 1 and 2).

The support programme includes financial support for employment of babysitters and partly covers expenses of non-state kindergartens. Also the programme aims to improve the possibility to combine work and family life. Accordingly, if the market for family support services improves, several social and political goals could be reached simultaneously – a better reconciliation of family and professional life, the reduction of family and child poverty and creation of legal employment in sector of family services (Abolina, 2014, p.11). This is particularly important to promote female employment and encourage legal employment of family services. This is important because Latvia ranks third by people at risk of poverty or social exclusion among 28 countries of European Union, in 2012.

Figure 7. Childcare from 3 years to minimum mandatory school age (% over the population of each age group)

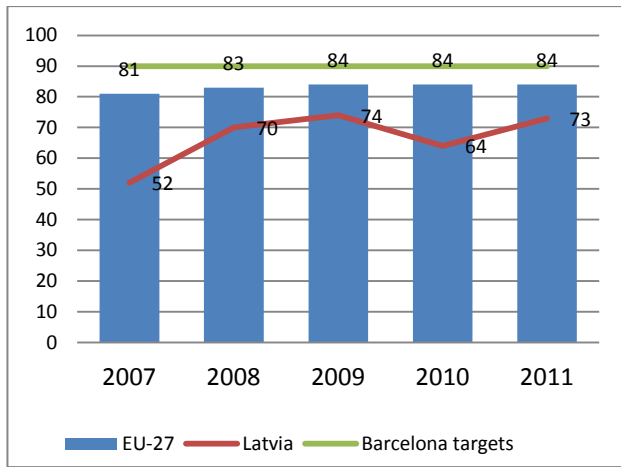
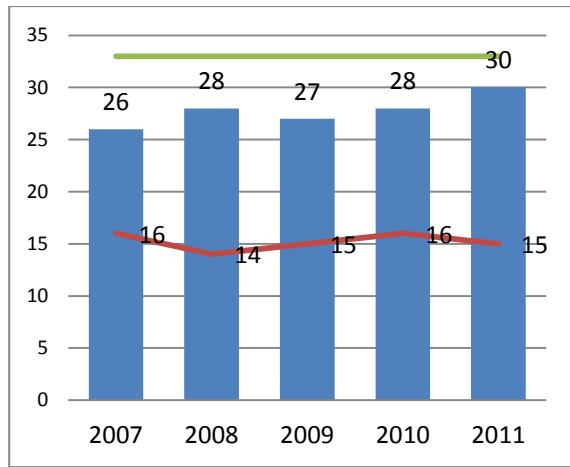


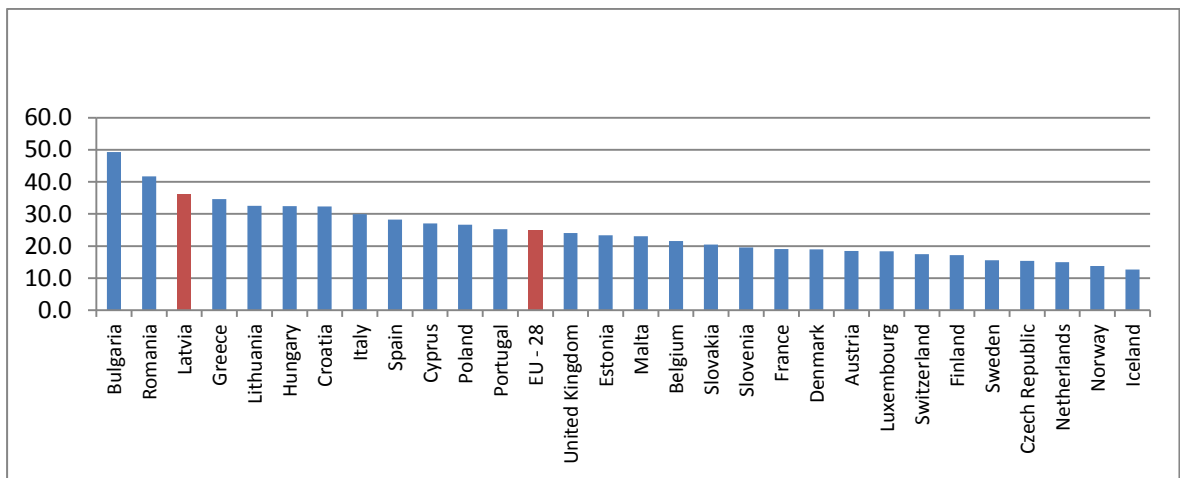
Figure 8. Childcare less than 3 years of age (% over the population of each age group)



Source: Depiction of authors based on data of Central Statistical Bureau of Latvia and EUROSTAT.

Nearly 38 % of incomplete families with at least one child and 33 % of families with at least three children were below the poverty line in Latvia. These are most vulnerable types of families affected by poverty. Therefore the government should send clear signals towards population that the already established family support system is predictable and the society can rely on it.

Figure 9. People at risk of poverty or social exclusion in 2012



Source: Central Statistical Bureau of Latvia; EUROSTAT databases

In order to continue to maintain a certain level of support for families some structural changes were made when Latvia faced the crisis. The number of ministers in the Cabinet of Ministers was reduced, including the Ministry for Children and Family Affairs (established in May, 2004), which was liquidated on 1st of July, 2009 and the functions were re-allocated among the Ministry of Welfare, Ministry of Education and Sciences and Ministry of Justice. The level of support for families was decreased as well. Nevertheless the mandate of demographic issues was strengthened when the Council on Demographic Affairs, chaired by Prime Minister, was established on April 2011.

Until then the Council on Demographic and Family Affairs worked on lower – at ministerial level, led by Minister for children, family and integration affairs and later – by Minister of welfare. Establishment of the higher level council was a sign that the need for promptly action to improve demographic situation in Latvia is urgent issue.

The Latvian government set up the aim to increase the fertility during 2011 – 2017, the period when State Family Policy Guidelines are driving. These guidelines are based on family life approach and distinguish five lines of effort:

1. Marriage, formation of family
2. Planning of family life
3. Birth of child
4. Parenting and child-care
5. Achievement of maturity and starting the independent life (Ministry of Welfare of the Republic of Latvia, Family Policy Guidelines for time period 2011 – 2017, p. 6).

After approval of the guidelines by the Latvian government, the Ministry of Welfare elaborated action plan for 2011 – 2014 to implement Family State policy Guidelines and encourage the formation of families, their stability and wellbeing, contribute to fertility, as well as strengthen marriage as the best form of family and improve value of marriage within the society.

However, it is essential to emphasize that first of all the family policy should be in very close connection with budgetary planning and should be harmonized with the priorities set by the state. Expenses spent by the state for family support (especially by combining different forms of support) have a positive influence to the indices of the fertility. The government should send clear signals towards population that the already established family support system is predictable and the society can rely on it.

Conclusions

The family policy in Latvia has strongly approached to strengthen the traditional family as a concept. However the number of families during past 10 years has decreased by 6% and composition and structure of families significantly changed.

In Latvia proportion of subsidized services is low. The main part of public expenditures for families in Latvia is spent for cash benefits. It would be necessary to increase the child care services which will subsequently increase subsidized part of state expenses for children and families.

In this respect Latvia is far from Barcelona objectives and intentions of interchangeable governments in the timeframe of 2010 – 2014 to increase state funding for child-care services have not been implemented. This issue should be of utmost importance for upcoming governments if they really want to increase the fertility rate. In contemporary social environment the families cannot really function without state support and be competitive at the same time. Increase of social benefits and predictable social security is one of preconditions for increase of fertility rate.

Latvia ranks the third in the EU by people at risk of poverty or social exclusion. Especially it concerns the incomplete families with at least one child and large families (3 and more children). In order to decrease children and family poverty it would be crucial to provide special additional support to family state benefits. If the State wants to be prosperous and growing – children should be the main and most important segment of investments. This conclusion should be made as one of drivers for future investments in political strives of the Republic of Latvia.

Key words: family policy, fertility rate, economic crisis, family support services.

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