Poverty, Social assistance and Social inclusion – developments in Estonia and Latvia

Agita Kaupuza

Family policy in Estonia and Latvia

A comparative review of state support to families with children

Fafo

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Project «Poverty, social assistance and social inclusion – Developments in Estonia and Latvia in a comparative perspective»

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Contents

Fafo's preface **4**

Abstract **5**

Family policy in Latvia and Estonia **5**
State financial support for families with children 12
Poverty of families with children 24
Reconciliation between work and family life 28

Conclusions **34**

Fafo's preface

This publication is one of a series of reports, working papers and student contributions from the project "Poverty, social assistance and social inclusion – developments in Estonia and Latvia".

The project is carried through in cooperation between Tartu University in Estonia, University of Latvia and Fafo in Norway. The Research Council of Norway has funded the project.

The cooperation between Fafo and Baltic research institutions dates back to the late 1980s and Tartu University has been a main partner since the early 1990s. The University of Latvia joined the cooperation in 2003. This cooperation has contained living conditions studies in 1994 and 1999 as well as studies of social policy developments. The current project started in 2003. Reports and papers from previous cooperation projects can be found on www.fafo.no.

The project contains 4 main issues:

- Poverty trends and structures of social exclusion
- Policy responses – understandings of poverty alleviation and social inclusion
- Social practice – the implementation and impact of policies
- Policy learning and possibilities for policy transfer

These four questions demand a multifaceted approach to methods and reporting, and are examined by a group of researchers in three countries. Consequently the reporting will be diverse and we try to let the reporting present the diversity of the project.

The project will be concluded in a seminar in Latvia in spring 2006. During the three years of research we have produced reports on poverty and social policy in Estonia and Latvia as well as comparative analyses containing also Norwegian perspectives. This student contribution is one of several contributions on the way.

I want to thank the whole team of researchers and student from the three countries that have been engaged in the work. The main contributors have been Dagmar Kutsar, Avo Trumm, Riina Kiik and Jüri Kõre from Estonia; Feliciana Rajevska, Linda Ziverte, Ilze Trapenciere and Zana Loza from Latvia; Tone Fløtten, Aadne Aasland and Liv Tørres from Norway.

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Arne Grønningsæter (project leader)

Abstract

This research examines the family policy implemented in Latvia and Estonia and its influence on the spheres concerning families with children: the financial situation and social exclusion of families with children, demographic situation and reconciliation between work and family life.

The chapter examines the family policy implemented in Latvia and Estonia, providing the comparative analysis of the family policy in the aforementioned countries after the restoration of independence. The state financial support for families with children in Latvia and Estonia is studied in the comparative review. Likewise the assessment of solutions regarding the prevention of social exclusion and poverty among families with children, as well as measures implemented for the promotion of reconciliation between work and family life is given.

Family policy in Latvia and Estonia

After the restoration of independence two post-communist republics with common past in social policy – Latvia and Estonia – had an opportunity to develop their social policy according to their own discretion. This chapter will reveal the development of family policy in Latvia and Estonia, both introducing to most important documents and priorities of this field, the transformation of family policy questions into political agenda items and most important political actors on "the family policy stage".

In **Latvia** until the mid-1990s there was not established common institutional basis for the family policy - it was implemented through the families' support system. In 1995 the law "On Social Assistance" involved local governments into rendering of social assistance services for the disadvantaged.[1] The development of various alternative care

[1] Požarnovs A. Latvijas sociālās drošības sistēmas reforma. No: Labklājības sistēmas reforma Latvijā – šodien un nākotnē. Rīga: Latvijas Republikas Labklājības Ministrija, Apvienoto Nāciju Attīstības Programma, 2002, 7.lpp.

forms for children without parental care began with setting the need to evolve person's social functioning skills as the priority of the social assistance. Circumstances, which hindered effective functioning of social system in 1990s, are alike to those found in 2004, namely, the lack of money and human resources. In 1998 relations between state and family were defined in the Constitution of the Republic of Latvia: "The State shall protect and support marriage, the family, the rights of parents and rights of the child. The State shall provide special support to disabled children, children left without parental care or who have suffered from violence." [2]

In the second half of the 1990s the main attention was paid to the establishment of social benefits' system for families with children. From 2001 "State Programme for Improvement of Children's Situation" (from 2003 – children and family) is elaborated annually accordingly to the "Protection of the Rights of the Child Law".[3] The aims of the elaborated programmes differ according to current events, for example: to set up day crisis centres,[4] to organize day work camps for children from low-income families and families at social risk,[5] to support the integration of disabled children in society,[6] to avert violence against children, to support children without parental care.[7]

The elevation of family policy questions to the political agenda has been very slow. Main motives of the parliament's election campaigns in 1993 and 1995 and further activities of political parties in the parliament were connected with economic reforms, state development, dealing with national questions, as well as integration into European institutional and market structures. Likewise, the electorate had very low party identity at that period. During the transition period the electorate took as the basis of their choice the

[2] The Constitution of the Republic of Latvia. Chapter 8, para 110. Source: www.saeima.lv (The Parliament of the Republic of Latvia (the Saeima)).
[3] "Protection of the Rights of the Child Law" (in force from 22.07.1998). Source: Information system of normative acts (NAIS).
[4] "State Programme for Improvement of Children's Situation for 2001." Source: www.mk.gov.lv (The Cabinet of Ministers of the Republic of Latvia).
[5] "State Programme for Improvement of Children's Situation for 2002." Source: www.mk.gov.lv (The Cabinet of Ministers of the Republic of Latvia).
[6] "State Programme for Improvement of Children's and Family Situation for 2003." Source: www.bm.gov.lv (Ministry for Children and Family Affairs of the Republic of Latvia).
[7] "State Programme for Improvement of Children's and Family Situation for 2004." Source: www.bm.gov.lv (Ministry for Children and Family Affairs of the Republic of Latvia).

short-term factors – unstable economic situation, characteristics, drawbacks or achievements of party leaders, which provoked protest voting, as well as voting for personalities instead of values and interests represented by political parties. Family policy questions producing long-term consequences were not on the agenda of political parties.

In 1998, when Andris Šķēle, leader of the right-wing political party "People's Party" *(Tautas partija)*, made use of the concept of "family" in the parliament's election campaign, family policy appeared on the political stage for the first time. This political party alongside with morality and state had put forward family as one of its basic values. In the foundation programme of the "People's Party" it is indicated, that the continuous transition period threatens the existence of nation, and therefore it is necessary to begin with creation of economic preconditions for family, which would serve as the symbol for the state's economic development and moral revival.[8] It is important to mention, that the pre-election programme of the "People's Party" was widely different from any other political party's programme, as it attempted to join concrete things important for the future of the state and people with the populist pre-election promises, which are easy to perceive. Previously political parties' pre-election programmes failed to find balance, being either populist or complicated and difficult to perceive for an ordinary voter. Similarly the "People's Party" represented itself with the formula perceivable by everyone – "2+3", - designating the aim of the political party to secure that in the eight years' period every family with both parents being employed could bring up and give education to three children.[9] Thereby the "People's Party" managed to join two topicalities important for every individual in the society – demographic situation and state's economic development.

The topicality of family policy questions and transformation into political agenda items is shown also by the declarations of the Cabinet of Ministers (the government). Beginning with the declaration of the government of Andris Šķēle approved in 1995 the issue of demographic situation was raised for further discussion through the declarations of the

[8] **"People's Party."** *Manifesto. Foundation Programme.* **Accepted on 02.05.1998.**
[9] **Ozoliņš A. Šķēle manifestējas.** *Diena*, **22.04.1998, 2.lpp.**

Cabinet of Ministers, denoting that "in order to improve demographic situation the state will perform a complex of sustained measures",[10] or promising "until 01.01.1998 to elaborate and begin to implement sustainable state programme for the improvement of demographic situation".[11] In 2002 the government of Einars Repše, representing the political party "New Era" *("Jaunais laiks")*, was approved. In the declaration of this government it was planned to define children and family as one of the state's priorities for the first time.[12] Only in the declaration worked out by the government of Indulis Emsis in 2004 the influence of concrete political party – "Latvia's First Party" *(Latvijas Pirmā partija)*, whose member is the Minister for Children and Family Affairs – is noticeable. The declaration comprises decision to strengthen Christian values in the whole society. Likewise for the first time there are included specific intentions: to perform measures in order to increase the role of father in family, to develop tax policy favourable for families with children, to increase the amount of benefits for families with children, as well as the amount of compensation for the maintenance from the state budget.[13] The declaration of the government of Aigars Kalvītis is the most favourable for families with children, promising in the policy implemented by the state to regard family as the state's basic value and identifying, that the priority of the state (not one of the state's priorities as stated previously) is family and children.[14]

On May 28, 2002 (before the elections of the Saeima (the parliament) of October 5, 2002) the Cabinet of Ministers accepted the concept "State Family Policy", which had been prepared for two years. This is the first and only document of such a kind, which includes measures directed to the improvement of situation not only for children, but also for family as the basic cell of society, recognizing, that there is no integrated state policy for family support. The concept, comprising the period of 10 – 20 years, envisages to

[10] Declaration of the Cabinet of Ministers. 21.12.1995. Source: www.mk.gov.lv (The Cabinet of Ministers of the Republic of Latvia).
[11] Declaration of the Cabinet of Ministers. 13.02.1997. Source: www.mk.gov.lv (The Cabinet of Ministers of the Republic of Latvia).
[12] Declaration of the Cabinet of Ministers. 07.11.2002. Source: www.mk.gov.lv (The Cabinet of Ministers of the Republic of Latvia).
[13] Declaration of the Cabinet of Ministers. 08.03.2004. Source: www.mk.gov.lv (The Cabinet of Ministers of the Republic of Latvia).
[14] Declaration of the Cabinet of Ministers. 01.12.2004. Source: www.mk.gov.lv (The Cabinet of Ministers of the Republic of Latvia).

increase the role of family and to preserve family-oriented values, promoting: **quality of family life, support in the implementation of parents' role and support in case of family break-up**. The concept can be evaluated positively, as it tries to find solutions for the main existing and anticipated tendencies in forms and structures of family found in European states. For example, the acknowledgement of necessity to introduce the system of credits for the provision of housing can be appreciated positively. In order to increase the role of father in family, it is planned to perform educational activities. One of the aims mentioned in the concept – to support the parent raising child after the family break-up through the provision of maintenance – is already accomplished with the foundation of the Maintenance Guarantee Fund in 2004.[15] At the same time some essential and still burning questions, mentioned in the concept, can not be found in the "Action Plan for the Implementation of "State Family Concept" for 2004 – 2013", accepted in the Cabinet of Ministers on 30.11.2004. Thus, for example, references about the aim to support parents' employment through enabling them to work part-time and about the necessity for the special allowance for children before the start of school year are missing.[16]

After the elections of the 8th Saeima, which took place in October 2002 there was established the position of **the Minister for Special Assignments for Children and Family Affairs**. This position was taken by Ainars Baštiks, a priest and member of the "Latvia's First Party" – a political party declaring itself as a centrist, conservative party basing on Christian world outlook. With the establishment of this position the issues concerning family and children are being solved more and more actively, making the state and society aware of family policy. On January 1, 2003 the former Centre for the Protection of Children's Rights was reorganized and **the Secretariat of the Minister for Special Assignments for Children and Family Affairs** was established. In 2004 the Secretariat of the Minister for Special Assignments for Children and Family Affairs was restructured into **the Ministry for Children and Family Affairs**.

[15] Concept "State Family Policy." Source: www.bm.gov.lv (Ministry for Children and Family Affairs of the Republic of Latvia).
[16] "Action Plan for the Implementation of "State Family Concept" for 2004 – 2013." Source: www.bm.gov.lv (Ministry for Children and Family Affairs of the Republic of Latvia).

Family policy in **Estonia** comprises all the traditional supporting measures for families – financial support for families, social insurance, opportunities for parents to use parental leave, flexible working hours, provision with kindergartens, as well as offering of consultations. In Estonia the awareness that most successfully children's future can be shaped in the frame of family policy came earlier than in Latvia – "**The Concept of Children and Family Policy**" was adopted already in **2000**. The period in which the concept was drafted was shorter comparing with period Latvia had devoted to the drafting of the concept "**State Family Policy**". **The general objective** of the concept was to achieve in the long-term period that **life of families with children is of normal quality and they have an average welfare level**. The concept expresses the necessity to take into account the needs of families also in the implementation of state education, culture, employment, health, environment protection and housing policy. The state's participation in the family policy appears more active, if comparing to Latvia. In "The Concept of Children and Family Policy" it is stated that although the family will remain the major environment for child rearing and creating their value system, the state is not merely important.[17] The Latvian concept "State Family Policy" is comparatively restrained, promising, that with the implementation of this concept the most part of families will be able to take responsibility for the implementation of family functions by themselves, receiving optimal support from the state, local governments and society in case of necessity.

Unlike with Latvia, Estonia updated "The Concept of Children and Family Policy" in 2003, adding in new objectives. The main objective of family policy has become more ambitious – **to ensure the best possible quality of life for families with children**. Similarly, **the main tasks of family policy**, which are important not only for families in Estonia, but also in the European Union Member States, are put forward:

- **to improve the quality of life for families with children** (improving living conditions and availability of services, supporting families with children by means of state benefits and tax incentives);

[17] *The Concept of Children and Family Policy*. **Source**: www.riik.ee/pere/inglise.htm.

- **to ensure support for combining family and work life** (promoting employers' to provide family-friendly organisational culture and work order, supporting return to the labour market of parents who have been out of work because they have been raising children through the development of child care and educational establishments);
- **to support parents in child raising** (paying child care allowance depending on the number of children and their age, raising the awareness of society about the questions regarding families with children).[18]

In Estonia equally with Latvia the priority of the political parties' political agendas after the restoration of independence was economic issues, disregarding, that welfare of family is one of the main driving forces for the state's economic, political and social development.[19] In the parliament's election campaigns of 1992 and 1995 the main focus was on the economic and agricultural reforms, as well as issues of internal security. Before the parliament elections in 1999 for the first time the main focus of the election campaign was directed to socioeconomic questions.[20]

The main objectives and tasks, included in the basic documents of family policy in Latvia and Estonia – the concept "State Family Policy" elaborated in Latvia and "The Concept of Children and Family Policy" prepared in Estonia – allow to conclude, that in Estonia the planned measures are more up to dated and complex. In the case of Estonia it is planned to implement measures, which are relevant in Latvia as well, but due to various circumstances they are not included in the "Action Plan for the Implementation of "State Family Concept" for 2004 – 2013", for example, the necessity to support work and family life reconciliation, motivating employers' to provide family-friendly employment possibilities, to support families with children by means of tax incentives.

[18] *Concept of the Policy of the republic of Estonia on Children and Families.* **Source**: www.rahvastikuminister.ee **(Ministry of Population Affairs).**
[19] **Narusk A., Hansson L.** *Estonian Families in the 1990s: Winners and Losers.* **Tallinn: Estonian Academy Publishers, 1999, p. 247.**
[20] *Estonian National Electoral Committee.* **Source**: http://www.vvk.ee.

Both in Latvia and in Estonia the aim of family policy is to promote the quality of family life, and one of the measures for the achievement of this aim is the support for families with children through state benefits. The system of benefits for families with children in Latvia and Estonia is revealed in the following chapter.

State financial support for families with children

Unified social and family policy in the period of existence of the Soviet Union was implemented. Benefits for families with children were small and were not increased regularly; the state mainly supported single mothers and large families. The support to families was implemented through financial assistance for child care and educational establishments thus encouraging participation of women in the labour market. From 1944 until 1980 there was no possibility to take a child-care leave; a paid child-care leave was introduced in 1982, and the mother was able to use it until the child was one year old. The mother had a possibility to use unpaid child-care leave till the child reaches 18 months. When the demographic situation became worse, as from 1989 mothers gained an opportunity for the paid child-care leave until the child reaches 18 months, and unpaid – until the child is 3 years old.[21]

After the collapse of the USSR the former Soviet Union republics experienced changes – in the sphere of social security there was reorientation from the collective approach to individual. After the restoration of independence some of Soviet social policy elements and types of benefits for families with children were preserved. For example, the linkage between social security and employment, as well as the predomination of universal benefits (these benefits cover a large number of persons eligible to receive the specific benefit, but the amount of benefits is comparatively low) over means-tested benefits.

[21] Ainsaar M. „The Development of Children and Family Policy in Estonia from 1945 – 2000," *Yearbook of Population Research in Finland XXXVII*, 2001, pp. 23 - 41; Eglite P. „Development of the Gender Equality: The Case of Latvia," Paper presented at the Women's World 99: the 7th International, Interdisciplinary Congress on Women, 20 – 26 June, 1999. Troms, Norway; Poldma A. „Population-Related Policies in Estonia in the Context of Balto-scandia," *Revue Baltique* 10, 1997, pp. 239 – 257. In: Aidukaite J. *The Emergence of the Post-Socialist Welfare State. The Case of the Baltic States: Estonia, Latvia and Lithuania*. Stockholm: Södertörn högskola, 2004, pp. 76 - 77.

Likewise there are no big changes regarding maternity benefits, and in Estonia there is maintained single parent's child allowance.[22]

In **Estonia** and **Latvia** there are universal (for example, family state benefit in Latvia and child allowance in Estonia), category-targeted (for example, allowances for children in guardianship and in foster care), as well as means-tested benefits (for example, guaranteed minimum income benefit).

Studies carried out in the EU Member States give evidence, that the amount of benefits for families with children is important, but it is not the uppermost factor, which determines the choice of families in favour of children, because benefits do not compensate fully the foregone income from the paid employment. Important contributing factors are economic security, employment possibilities and family friendly environment.[23] The research performed by Gauthier and Hatzius, including 22 countries in the period from 1970 until 1990, indicates, that raising the amount of benefits for families with children by 25 per cent, the birth rate increases by 0.6 per cent in the short-term period, and by 4 per cent in the long-term period.[24]

The changes in the amount of benefits for families with children in **Latvia** carried out in 2005 were implemented with one aim – **to improve demographic situation**. The idea about at least three children in family propagated by the "People's Party" in 1998 has been revived by the member of this political party, the Prime Minister Aigars Kalvītis.[25] The necessity to stop the depopulation is considered as very important also by the

[22] **Aidukaite J.** *The Emergence of the Post-Socialist Welfare State. The Case of the Baltic States: Estonia, Latvia and Lithuania.* **Stockholm: Södertörn högskola, 2004, pp. 42, 44, 73, 77.**
[23] **Alber J., Fahey T.** *Perceptions of Living Conditions in an Enlarged Europe.* **Luxembourg: Office for Official Publications of the European Communities, 2004, p. 48. In: Hantrais L.** *Critical Analysis of Responses to Family Change: Adapting the EU Social Policy Agenda.* **Conference paper. „Families, Change and Social Policy in Europe," Irish Presidency Conference, Dublin, 13 – 14 May, 2004, p. 8.**
[24] **Gauthier A. H., Hatzius J. „Family Benefits and Fertility: an Econometric Analysis,"** *Population Studies,* **No 51, 1997, pp. 295 – 306. In: Fahey T., Spéder Z.** *Fertility and Family Issues in an Enlarged Europe.* **Luxembourg: Office for Publications of the European Communities, 2004, pp. 24 - 25.**
[25] **Svetoka S. Speciāliste: Lielāki bērna piedzimšanas pabalsti dzimstību būtiski nepalielinās.** *LETA,* **16.04.2005. Source: www.leta.lv (LETA).**

Minister for Children and Family Affairs Ainars Baštiks.[26] The concern is not without reason: if in 1990 there were born 37 918 children, then in 2002 - 20 044 children (for 17 914 fewer than born in 1990). After the permanent decrease the demographic situation began to ameliorate only in 2001, and in 2004 it can be characterized as stable (see Diagram 1 in the Appendix).[27] 5220 children are born in the first quarter of 2005, which is the best ratio during the last ten years.[28] In **Estonia**, if comparing with the situation in early 1980s, the birth rate has declined, but there is no such a radical decrease as in Latvia: in Estonia in 1990 there were born 22 304 children, but in 2002 - 13 001 (for 9303 fewer than born in 1990).[29] Likewise it is important to mention, that in Estonia and Latvia the number of children per woman is alike (see Diagram 2 in the Appendix).

Taking into consideration the demographic situation and concern of policy-makers, remarkable increase of the amount of **the childbirth allowance** on 01.10.2004 seems logical. This allowance is a lump sum payment for every child in the family, and it is allocated to one of the child's parents or to a person, who has affiliated or taken into custody a child until the age of one year.[30] As from 01.10.2004 the amount of the childbirth allowance is € 421.17 (LVL 296) for every child, which is born after this date.[31] The amendments in the legislation have introduced several important changes:

- the amount of childbirth allowance was increased for the first time since 01.10.1997. Previously the amount of the allowance was € 139.44 (LVL 98);
- before the adoption of these amendments the mothers, which during their pregnancy had begun medical care in the establishment of medical treatment until the 12th week of pregnancy and continued it the whole pregnancy, received a

[26] Trams T. Baštiks: valdība spers lielu soli cīņā pret tautas izmiršanu. Press release. *LETA*, 14.04.2005. Source: www.leta.lv (LETA).
[27] *Bērni Latvijā*. Statistisko datu krājums. Rīga: LR Centrālā statistikas pārvalde, 2004, 10.lpp.
[28] Šā gada pirmajā ceturksnī Latvijā bijis lielākais jaundzimušo skaits kopš 1995.gada. *LETA*, 28.04.2005. Source: www.leta.lv (LETA).
[29] *Eesti statistika aastaraamat 2004*. Tallinn: Statistikaamet, 2004, l. 40.
[30] "Law on State Social Benefits" (into effect as of 01.01.2003); Regulations of the Cabinet of Ministers of 08.03.2005 No 166 "Regulations Regarding the Procedures for the Granting and Payment of Childbirth Benefit" (into effect as of 16.03.2005). Source: NAIS.
[31] Regulations of the Cabinet of Ministers of 08.07.2003 No 381 "Regulations Regarding Amount of Childbirth Allowance, Review Procedures Thereof and the Procedures for the Granting and Payment of Benefit" (not in force). Source: NAIS.

double benefit € 278.88 (LVL 196), but since the end of 2004 the amount of the allowance is equal to all.

In order to continue the amelioration of demographic situation the Ministry of Welfare of the Republic of Latvia, responding to the initiative of the Prime Minister Aigars Kalvītis, has elaborated the project of the Regulations of the Cabinet of Ministers, planning to set supplementary payment to the childbirth allowance as from 2006. This supplementary payment would depend on the number of children in the family, namely, additional € 142.29 (LVL 100) for the first child, € 421.17 (LVL 296) for the second, € 842.34 (LVL 592) for the third and each subsequent child.[32] It should be mentioned, that previously the amount of allowance was increased in October 2004, and no researches have been carried out about the efficiency of the increase, which could be a basis for such a rapid increase in the amount of childbirth allowance. Both Deputy State secretary of the Ministry for Children and Family Affairs Inga Liepa, interviewed by the author of this research paper, and representatives of the faction of the political party "New Era" represented in the government are sceptical about such a decision, admitting, that the demographic situation in the state could be improved with tax credits and larger share of untaxed minimum for families with children instead of mechanic increase of the amount of the childbirth allowance intended by the government.[33] The scientist Pārsla Eglīte and the member of the board of the Association of Gender Equality of Latvia Kristīne Dupate also do not believe in the miracle after the increase of the amount of this allowance, considering, that the government should rather support economically active parents. They are also concerned, that such generous allowances would motivate mainly disadvantageous families.[34]

As in **Estonia** the improvement of demographic situation is not the main priority, the amount of **childbirth allowance** for the first child, twins or triplets is lower than in

[32] Ādamsone A. No nākamā gada maksās bērna piedzimšanas pabalsta piemaksas. *LETA*, 27.04.2005. Source: www.leta.lv (LETA).
[33] Timrota L. „Jaunais laiks" aicina atbalstīt ekonomiski aktīvās ģimenes." *LETA,* 22.04.2005. Source: www.leta.lv (LETA).
[34] Svetoka S. Speciāliste: Lielāki bērna piedzimšanas pabalsti dzimstību būtiski nepalielinās. *LETA*, 16.04.2005. Source: www.leta.lv (LETA).

Latvia - € 239.62 (EEK 3750) and has not been changed since 2000. The amount of the allowance for each subsequent child is lower - € 191.69 (EEK 3000).[35]

In Latvia with the changes in the principles of allocation of **the child care allowance** and in Estonia with the introduction of the new **parental benefit**, on the one hand, there are attempts to ameliorate the demographic situation on the whole, but, on the other hand, to support work and family life reconciliation and the choice of the employed women to have a child.

From 01.01.2005* the amount of **the child care allowance** in **Latvia** is based on the parents' previous earnings:

- if the person, which takes care of a child until the age of one year, is employed, the allowance is allocated in the amount of 70 per cent of the average monthly wage subject to insurance contributions (the minimum amount - € 79.68 (LVL 56), the maximum amount - € 557.77 (LVL 392) per month). If the person is unemployed, the amount of the allowance for children up to the age of one is € 71.14 (LVL 50) per month;
- if the person, which takes care of a child in the age from one to two years, is unemployed or is employed and works not more than 20 hours per week, she/he can receive the allowance in the amount of € 42.69 (LVL 30).

The supplementary payment in case of a multiple birth (for children until the age of one year - € 71.14 (LVL 50) and for children in the age from one to two years - € 42.69 (LVL 30) for each child per month) is allocated taking into account the aforementioned restrictions for the employment.[36]

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[35] *Social Sector in Figures 2003*. Tallinn: Ministry of Social Affairs of Estonia, 2003, p.19.

* The amount of this allowance, equally with the amount of childbirth allowance, has not been changed since 1998, when the amount of child care allowance for children up to the age of 1.5 was € 42.69 (LVL 30), and for children from 1.5 until 2 years – € 10.67 (LVL 7.5). It was stated by the Regulations of the Cabinet of Ministers of 26.05.1998 No 193 "Regulations Regarding Amount of Child Care Allowance" (not in force).

[36] "Law on State Social Benefits" (into effect as of 01.01.2003); Regulations of the Cabinet of Ministers of 07.12.2004 No 1003 "Regulations Regarding the Granting and Payment of Child Care Allowance and Supplement to the allowance for twins or more children born from the same act of delivery" (into effect as of 01.01.2005). Source: NAIS.

It is important to point to the disadvantage of this allowance – the principles of the allocation differ substantially from those planned during the elaboration of the respective legal act. It was intended to calculate the amount of the child care allowance from the person's average salary, from which social insurance contribution payments are made for the last 12 months before the childbirth.[37] But in the process of the elaboration of the Regulations of the Cabinet of Ministers on the procedures for the granting of the child care allowance this important remark is excluded due to the fault of civil servants. Therefore, for example, in case the mother has been employed previous 12 months before the childbirth, but has lost the job a day before the birth of her child, it is considered, that she is unemployed and she is allocated the minimum amount of the child care allowance.

The officials in Latvia admit, that elaborating new principles of the child care allowance in Latvia they have derived experience from **the parental benefit** introduced in **Estonia** on 01.01.2004. This benefit is introduced with the aim to help parents to cope with new expenses emerging with the birth of a child by paying benefit to the parent, which has taken parental leave. The amount of the benefit is based on parent's previous earnings. Mothers, who have paid social insurance contribution payments, receive the parental benefit after the end of the period they have received the maternity benefit. Fathers have the right to the parental benefit when the child has reached six months of age. Unemployed parents can receive the benefit for six months beginning from the childbirth. The maximum period the maternity and parental benefit is paid is 365 days, but the amendments to the Parental Benefit Act envisage from 01.01.2006 to extend the period of payment of parental benefit until the child reaches 15 months.[38] The maximum amount of the parental benefit is € 1120 (EEK 17 472) per month (three times the average salary in 2003), the minimum amount - € 141 (EEK 2 200), and the amount of the parental benefit

[37] Instruction of the Cabinet of Ministers of 30.08.2004 No 591 „On the Concept on the Increase of the Amount of Benefits for Families after Childbirth". Source: www.mk.gov.lv (The Cabinet of Ministers of the Republic of Latvia).

[38] Igaunijā pagarina bērna audzināšanas pabalsta izmaksāšanas periodu. *LETA*, 19.05.2005. Source: www.tvnet.lv (The Internet portal *TVNET*).

is reviewed annually in line with the increase of the average earnings.[39] It could be concluded, that in Estonia the minimum and maximum amount of the benefit is approximately two times higher than in Latvia.

In **Estonia** families with children in the age from one to three years have the right to receive **the childcare allowance** - € 38.34 (EEK 600). For every child in the age from three to eight years the family receives one half of the amount of the childcare allowance – € 19.17 (EEK 300). The child care benefit is not allocated simultaneously with the parental benefit.[40]

Although children in the age from one to two years in Latvia and Estonia receive approximately equal child care allowance, contrary to Latvia, where the parent of the child in the aforementioned age can receive the child care allowance only if the parent works part-time, Estonian legislators in 2000 decided to pay the childcare allowance even the parent of the child is employed full time.[41]

The family state benefit in **Latvia** and **the child allowance** in **Estonia** have similar aims and are of similar amount. In Estonia the child allowance is paid monthly for each child until she/he reaches the age of 16 (continuing to study in primary, secondary or professional educational establishments – until the age of 19),[42] in Latvia the family state benefit is paid until the child reaches the age of 15 (continuing to study – until the age of 20). The difference is, that in Latvia the amount of the benefit depends on the number of children in the family: the benefit for the first child is € 8.96 (LVL 6), for the second

[39] **Parental Benefit Act (into effect as of 01.01.2004.). Source: www.legaltext.ee (Estonian Legal Language Centre);** *Estonia Today. Family Benefits. Fact Sheet.* **Ministry of Foreign Affairs, April 2005. Source: www.vm.ee (Ministry of Foreign Affairs).**

[40] **State Family Benefits Act (into effect as of 01.01.2002). Source: www.legaltext.ee (Estonian Legal Language Centre); Leppik L., Kruuda R.** *Study on the Social Protection Systems in the 13 Applicant Countries. Estonia. Country Study.* **January 2003, p. 36.**

[41] *State Family Benefits Act* **(into effect as of 01.01.2002). Source: www.legaltext.ee (Estonian Legal Language Centre); Leppik L., Kruuda R.** *Study on the Social Protection Systems in the 13 Applicant Countries. Estonia. Country Study.* **January 2003, p. 36.**

[42] **State Family Benefits Act (into effect as of 01.01.2002). Source: www.legaltext.ee (Estonian Legal Language Centre).**

child – € 10.75 (LVL 7.20), for the third – € 14.33 (LVL 9.60) and the forth and every subsequent child – € 16.12 (LVL 10.80).* [43]

The universal family state benefit and child allowance are considered in the society as most ineffective, and at the same time these are the most expensive for the state, as they cover a huge number of recipients.[44] In Latvia the amount of the family state benefit has not been changed since 1998, when the principle, that the amount of the benefit decreases beginning from the 5th child in the family, was repealed.[45] Regardless of the increase of the amount of the benefit for € 2.49 (LVL 1.75) (for the first child), the scope of the recipients was limited, providing the rights to the benefit only for those children, who were born after the date the concrete legal act came into force. Thus, on the one hand, the amount of the family state benefit was increased; on the other hand, the money was saved up on the expense of children.[46]

The question about the increase of the amount of family state benefit has gained attention in the first half of 2005. It is planned to increase the amount of the benefit for the first child by € 2.85 (LVL 2) in 2006, increasing the amount of benefit for every subsequent child according to the rates determined previously.[47] The political party "Latvia's First Party', possibly, taking into consideration the Estonian experience to support families with three or more children, proposes for the time being to increase the amount of the family state benefit only for families with three of more children, thus anticipating the reduction of the poverty risk for one of the largest groups at risk of social exclusion (see

* For children born until 01.01.1988: for the first child – € 6.34 (LVL 4.25), for the second - € 7.61 (LVL 5.10), for the third - € 10.15 (LVL 6.80), for the fourth and every subsequent child - € 11.42 (LVL 7.65).

[43] "Law on State Social Benefits" (into effect as of 01.01.2003); Regulations of the Cabinet of Ministers of 26.07.2005 No 562 "Regulations Regarding Amount of Family State Benefit and Additional Payment to the Family State Benefit for a Disabled Child, Review Procedures Thereof and the Procedures for the Granting and Payment of Benefit" (into effect as of 01.07.2005). Source: NAIS.

[44] Aidukaite J. *The Emergence of the Post-Socialist Welfare State. The Case of the Baltic States: Estonia, Latvia and Lithuania*. Stockholm: Södertörn högskola, 2004, p. 178.

[45] *Economic Development of Latvia*. Riga: Ministry of Economics, June 2004, p. 64.

[46] Law "On Amendments to the Law "On State Social Assistance"" (not in force) Source: NAIS.

[47] Ādamsone A. Plāno palielināt ģimenes valsts pabalstu par katru bērnu. *LETA*, 11.05.2005. Source: www.leta.lv (LETA).

Table 4 p. 41), as it has already been accomplished in Estonia.[48] But the Ministry of Welfare of the Republic of Latvia and the Minister Dagnija Staķe, who is representing the political party "Latvian Farmers' Union" *(Latvijas Zemnieku savienība)*, rejects the proposal of the "Latvia's First Party", emphasizing, that it could negatively influence the state's objective to raise the birth rate.[49] These examples reflect the struggle between two political forces to gain the political power and publicity among voters.

In Estonia, as like as in Latvia, the amount of the child allowance has not been increased since 1997, but there have been implemented other important changes. Until 01.01.2004 the amount of the child allowance was based on the number of children in the family: for the first child it was € 9.58 EUR (EEK 150) and for each subsequent child - € 19.17 (EEK 300). But as from 2004 the amount of the allowance is equal for all children - € 19.17.[50] At the same time the principle that the amount of the allowance increases with every subsequent child is incorporated in **the allowance for families with 3 or more children** and in **the allowance for families with triplets**. The latter allowance is introduced in 01.01.2001 and is paid quarterly along with other benefits the family had the right to receive. Family with triplets receives € 9.58 (EEK 150) for each child.

If Latvian legislators have been concentrating on the increase of the amount of the childbirth allowance and the child care allowance, then Estonian legislators have decided to increase the amount of allowances for large families. In 2005 the allowance is increased for families with four and five children - € 19.30 (EEK 300), - and for six and more - € 24 (EEK 375). In 2005 a new allowance is introduced – **the allowance for a parents raising 7 or more children**, granting € 154 (EEK 2400) for each children per month. Family raising triplets receives € 57.70 (EEK 900) four times a year.[51]

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[48] Eglītis J. LPP piedāvā alternatīvu variantu ģimenes pabalsta palielināšanai. *LETA*, 12.05.2005. Source: www.leta.lv (LETA).

[49] Ādamsone A. LM neatbalsta LPP piedāvāto alternatīvo variantu ģimenes valsts pabalsta palielināšanai. *LETA*, 18.05.2005. Source: www.leta.lv (LETA).

[50] *Social Sector in Figures 2003*. Tallinn: Ministry of Social Affairs of Estonia, 2003, p.19. *Estonia Today. Family Benefits. Fact Sheet*. Ministry of Foreign Affairs, April 2005. Source: www.vm.ee (Ministry of Foreign Affairs).

[51] Estonia Today. Family Benefits. Fact Sheet. Ministry of Foreign Affairs, April 2005. Source: www.vm.ee (Ministry of Foreign Affairs).

Comparing the system of benefits in Latvia and Estonia it can be concluded, that Latvia provides more support to guardians, foster families and to people, who have adopted a child, allocating **guardian's allowance for child's maintenance**,[52] **compensation for the fulfilment of guardian's duties**,[53] **allowance for the performance of the foster family duties**[54] and **adoption allowance**[55]. At the same time in Estonia there are only two allowances of such a kind, which are targeted on this target group – **the allowance for a child in guardianship or in foster care**[56] and **the adoption allowance**[57]. Likewise, the **independent life grant** can also be included into the aforementioned group of allowances. The independent life grant in the amount of € 383.39 (EEK 6 000) is paid for

[52] The allowance is granted to a person who is nominated as a guardian in accordance with the legal procedure. Allowance shall be granted for each child under the custody. The amount of the allowance is € 47.76 (LVL 32), but in certain circumstances the amount of allowance is diminished. The amount of the allowance has not been changed since 1997. The payment of the compensation is ended with the day the guardianship is ended. The allocation of the allowance is stated by: "Law on State Social Benefits" (into effect as of 01.01.2003); Regulations of the Cabinet of Ministers of 15.03.2005 No 183 "Regulations Regarding Procedures for the Granting and Payment of Guardian's Allowance for Child's Maintenance" (into effect as of 19.03.2005).

[53] The compensation is granted to a person who in accordance with the legal procedure is nominated as a guardian. The amount of the compensation - € 56.72 (LVL 38) – has not been changed since 1997. The compensation shall not be granted to direct relatives, if the established custody is based on a decision made by custody court (county court) due to working conditions of the parents that do not allow them to take care of a child. The payment of the compensation is ended with the day the guardianship is ended. The allocation of the compensation is stated by: "Law on State Social Benefits" (into effect as of 01.01.2003); Regulations of the Cabinet of Ministers of 15.03.2005 No 182 "Regulations Regarding Granting and Payment of Compensation for the Fulfilment of Guardian's Duties" (into effect as of 19.03.2005).

[54] The allowance is granted to a person or a family who has the status of foster-parent. The amount of the allowance is € 194.48 (LVL 70), and it has not been changed since 01.04.2004. In order to receive the allowance, foster-parents have to take care for a child for a period that is longer than a month. The allowance shall be granted to a foster-family regardless the number of fostered children. The allocation of the allowance is stated by: "Law on State Social Benefits" (into effect as of 01.01.2003); Regulations of the Cabinet of Ministers of 01.07.2003 No 365 "Regulations Regarding Amount of Allowance for the Performance of the Foster Family Duties, Review Procedures Thereof and the Procedures for the Granting and Payment of Allowance" (into effect as of 10.07.2003).

[55] On 30.03.2004 the normative act was adopted, stating that the adoptive parent has the right to receive an adoption allowance for every adopted child in the amount of € 1492.54 (LVL 1000). The allocation of the allowance is stated by: "Law on State Social Benefits" (into effect as of 01.01.2003); Regulations of the Cabinet of Ministers of 30.03.2004 No 193 "Regulations Regarding Amount of Adoption Allowance, Review Procedures Thereof and the Procedures for the Granting and Payment of Allowance" (into effect as of 06.04.2004). Source: NAIS.

[56] The allowance is paid for a child, who is deprived of parental care, and it is paid until the child reaches the age of 19. Since 2002 the amount of the allowance is € 57.51 (EEK 900). The allocation of the allowance is stated by: State Family Benefits Act (in force from 01.01.2002). Source: *Social Sector in Figures 2003*. Tallinn: Ministry of Social Affairs of Estonia, 2003, p. 20.

[57] An adoptive parent, in case the childbirth allowance has not been paid to the family for the same child earlier, has an opportunity to receive an allowance in the amount of € 191.69 (EEK 3 000). The allowance was introduced in 2002. The allocation of the allowance is stated by: State Family Benefits Act (into effect as of 01.01.2002). Source: *Social Sector in Figures 2003*. Tallinn: Ministry of Social Affairs of Estonia, 2003, p.19.

orphan wards and for children without parental care raised in the schools for children with special needs.[58]

Both in Latvia and Estonia there are provided benefits in case of the loss of breadwinner. In **Latvia** the person, who has lost one or both breadwinners and has not contracted a marriage, has the right to receive **the state social security benefit** - € 52.24 (LVL 35) per month - until she/he reaches the age of 18.[59] In **Estonia** in case of loosing a breadwinner **the survivor benefit** is granted to an expectant mother, a child up to the age of 18 (continuing studies – until the age of 24) or unemployed elder raising a child up to the age of three.[60]

In both countries there are various financial support measures for lone parent families. In **Latvia** successful is the idea borrowed from France - **the Maintenance Guarantee Fund** - affording financial support for family and at the same time fostering fathers' responsibility and participation in family life. If one of parents breaches the duty to pay maintenance to the child, it is paid through the Maintenance Guarantee Fund, and the parent has to repay subsequently this sum back in the Fund. The financial means paid by the Fund do not have limitation – the debtor can be required to discharge the money lifelong and from any incomes.[61]

[58] *Estonia Today. Family Benefits. Fact Sheet.* Ministry of Foreign Affairs, April 2005. Source: www.vm.ee (Ministry of Foreign Affairs).

[59] The benefit is also granted, if a person attends general or professional educational establishment and is not older than 20 or studies at day department (full time education) of any higher educational establishment and is not older than 24. The amount of the benefit has not been increased since 19.11.2003. From 1998 to 2003 the amount of the benefit was € 44.78 (LVL 30). The allocation of the benefit is stated by: "Law on State Social Benefits" (into effect as of 01.01.2003); Regulations of the Cabinet of Ministers of 29.07.2003 No 430 "Regulations Regarding the Amount of State Social Security Benefit and Funeral Benefit, Review Procedures Thereof and Procedures for the Granting and Payment of Benefits" (into effect as of 01.07.2003). Source: NAIS.

[60] The amount of the benefit depends on the number of family members, as well as on the years the deceased breadwinner had been employed and during which social insurance contribution payments were maid. Source: *Social Protection in Estonia*. Ministry of Social Affairs, www.sm.ee (Ministry of Social Affairs).

[61] The Maintenance Guarantee Fund, www.ugf.gov.lv.

Whereas **Estonia** has retained from the Soviet period **the single parent's child allowance**. If the mother raises the child until the age of 16, who is born out of wedlock, she has the right for the allowance in the amount of € 19.17 (EEK 300).[62]

The allowance, non-existing in Latvia, but still existent in Estonia, is the **allowance for the children of military conscripts** – € 47.92 (EEK 750) per month are granted to a child until she/he reaches the age of 16, if a child's parent is in the military service.[63]
In Latvia there are intense discussions about the necessity to establish the allowance before the start of school year, however for the time being such an allowance is granted only to indigent families, and the provision of this kind of allowance for each child of school age is only future. As the Deputy State secretary of the Ministry for Children and Family Affairs Inga Liepa has revealed in the discourse with the author of this research paper, the Ministry for Children and Family Affairs has intended to promote the establishment of such an allowance. Until now it was hindered because of the inability of ministries to reach the agreement. The necessity for such an allowance is mentioned in the state concept "State Family Policy", but the interministerial working group for the elaboration of the Action Plan for 2004 – 2013 of the aforementioned concept has merely planned to increase gradually the state financing for the purchase of teaching aids for primary schools (the planned financing for such an activity per pupil is € 5.26 (LVL 3.7) in 2006) instead of inclusion of concrete measures, justifying such a choice with the lack of financial resources and other, more important priorities.[64] It should be mentioned, that in Estonia each child up to the age of 16 is granted **the school allowance** - € 28.75 (EEK 450), though the amount of the allowance has not been changed since 1998.[65]

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[62] If continuing education, the allowance is granted up to the age of 19. The amount of the allowance has not been changed since 2000. Source: Leppik L., Kruuda R. *Study on the Social Protection Systems in the 13 Applicant Countries. Estonia. Country Study*. January 2003, p. 36. *Social Sector in Figures 2003*. Tallinn: Ministry of Social Affairs of Estonia, 2003, p.20.

[63] Continuing studies, the allowance is granted up to the age of 19. The amount of the allowance has not been changed since 2000. Source: *Social Sector in Figures 2003*. Tallinn: Ministry of Social Affairs of Estonia, 2003, p.20.

[64] "Action Plan for the Implementation of "State Family Concept" for 2004 – 2013." Source: www.bm.gov.lv (Ministry for Children and Family Affairs of the Republic of Latvia).

[65] *Social Protection in Estonia*. Ministry of Social Affairs. Source: www.sm.ee (Ministry of Social Affairs); *Social Sector in Figures 2003*. Tallinn: Ministry of Social Affairs of Estonia, 2003, p.20.

The results of studies prove that in the Member States of the EU the proportion of universal benefits is diminishing in favour of means-tested benefits.[66] In Latvia and Estonia the great part of benefits are universal. It is unlikely, that in the near future benefits for families with children in Latvia will be more oriented to indigent families. The amendments of legislation concerning benefits to families with children do not give evidence about such an orientation either. Likewise, doubtful about such a possibility is the representative of the Ministry for Children and Family Affairs Inga Liepa and the Chairman of the Custody Court of Ozolnieki amalgamated municipality Urzula Jēkabsone, drawing the attention to the fact, that the administration of benefits would be complicated and the benefits would not justify the expenses. Similarly the experts pointed out, that for the present it would be difficult to lay down concrete principle for grouping families with children, because families, which are not at the risk of social exclusion are low income families and need to be supported by the state.

Poverty of families with children

After the collapse of the USSR Latvia and Estonia started to implemented economic reforms, and due to the limited financial resources of the state budget it was not possible to increase the amount of allowances for families with children regularly, as well as to approximate them to the actual needs of families with children. Therefore the number of families in poverty and social exclusion increased.[67] The proportion Latvia and Estonia are spending on allowances for families with children from the gross domestic product (hereinafter – GDP) is quite low; for example in 2000 Latvia spent 1.5 per cent of GDP for the financial support for families with children, in 2001 the proportion decreased to 1.4 per cent. In Estonia the situation is better – for the allowances for families with children in 2000 the state allocated 2.2 per cent, but in 2001 – 2 per cent of GDP.[68]

[66] Gauthier A. H. „Trends in Policies for Family-friendly Societies." In: *The New Demographic Regime. Population Challenges and Policy Responses*. Eds. Macura M., MacDonald A. L., Haug W. New York and Geneva: United Nations, 2005, p. 98.
[67] Gauthier A. H. „Trends in Policies for Family-friendly Societies." In: *The New Demographic Regime. Population Challenges and Policy Responses*. Eds. Macura M., MacDonald A. L., Haug W. New York and Geneva: United Nations, 2005, p. 96.
[68] European Social Statistics. Social Protection. Expenditure and receipts. Data 1994 – 2002. *Eurostat*, 2005, p.79.

Table 3. *Allowances for families with children in Estonia and Latvia, 1994 - 2002 (% from GDP)*

State	1994	1995	1996	1997	1998	1999	2000	2001	2002
Latvia							1,5	1,4	
Estonia				1,6	1,7	1,7	2,2	2	
EU-15	2,1	2,1	2,3	2,3	2,2	2,2	2,1	2,1	2,2

Source: European Social Statistics. Social Protection. Expenditure and Receipts. Data 1994 – 2002. *Eurostat*, 2005, p.79; Trumm A. *Poverty in Estonia: Overview of Main Trends and Patterns of Poverty in the Years 1996 – 2002.* Report for the project „Poverty, Social Assistance and Social Inclusion – Developments in Estonia and Latvia in a Comparative Perspective." Tartu: University of Tartu, 2004, p. 31.

In **Latvia** before the restoration of independence the groups at highest risk of social exclusion were: **large families**, **single-parent families** and **one-earner families**. After the restoration of independence this list is expanded also with other groups, and at risk of poverty and social exclusion there are not only children from large families.[69] Nevertheless, large families and single-parent families are still in danger to get into poverty.

Table 4. *At risk of poverty rate by household type in Latvia, 2002 – 2003 (%)*[*]

Type of household	2002	2003
2 adults	15	14
2 adults + 1 child	14	13
2 adults + 2 children	19	13
2 adults + 3 or more children	22	32
Single parent + children	35	35
All households	16	16

Source: Indicators of general social and economic progress. Source: www.csb.lv/Satr/nabadz.cfm (Central Statistical Bureau of Latvia).

Likewise one of the groups at risk of social exclusion are **women after the maternity leave**, because during the maternity leave their qualification and skills are becoming out-of-date and the employers are concerned, that child raising would diminish their productivity at work. Besides, the risk to be among unemployed after the maternity leave

[69] Gasmane F. *Pārejas periodu 10 gadu sociālā realitāte.* No: *Labklājības sistēmas reforma Latvijā – šodien un nākotnē.* Rīga: Latvijas Republikas Labklājības Ministrija, Apvienoto Nāciju Attīstības Programma, 2002, 62.lpp.

[*] Measure of poverty risk: the proportion of individuals living in households where equivalised income is below the threshold of 60% of the national equivalised median income is taken as an indicator of relative poverty.

is strengthened by the fact, that in rural areas the transport infrastructure is underdeveloped.[70]

The data from the surveys indicate, that, if raising a child up to the age of 2, the living standard of family decreases. The research carried out in 2002 signifies that 25.6% respondents cannot afford more children in the family, because they consider, that their financial means are insufficient.[71] The data show, that the lowest incomes are in the households with children, for example, in 2002 the married couple without children had € 186.52 (LVL 108.74) per person a month, the married couple with children had € 129.1 (LVL 75.74) per person a month, and the family of one adult with one or more children - € 93.26 (LVL 54.37).[72]

The poverty of family diminishes the opportunities of a child to get education, increases the threats to become unemployed and tend to violate the law. For the child, who is from an indigent family, there is a stronger probability that he will continue to live in poverty after he has grown up. The data of the research indicate that the childhood spent in poverty reduces the potential earnings for 30 per cent at an average, when the child grows up.[73]

In order to combat poverty and social exclusion Latvia has intended to promote employment and integrate the socially excluded persons into the labour market. In the "Latvian National Action Plan for Reduction of Poverty and Social Exclusion (2004 – 2006)" the long term objective regarding the eradication of social exclusion among children is the strengthening of family solidarity and the protection of children's rights by establishing favourable economic environment for family development. For the achievement of these aims it is planned to improve the financial support for families with children, to reduce the tax burden by increasing the untaxed minimum for parents having

[70] **LU FSI 2003.gada pētījums „Sociālās atstumtības varbūtība un tās iemesli bezdarba riska apdraudētajām iedzīvotāju grupām." In:** *Joint Memorandum on Social Inclusion of Latvia.* **Brussels, 18 December 2003, p. 13.**

[71] *Pētījums par bērna kopšanas pabalstu, tā efektivitāti un vēlamajiem izmaksas periodiem.* **Latvijas Universitāte. No:** *Sociālās politikas pētījumu rezultāti 2002.gadā.* **Rīga: Labklājības ministrija, 2003, 10. - 11.lpp.**

[72] *Joint Memorandum on Social Inclusion of Latvia.* **Brussels, 18 December 2003, p. 50.**

[73] **Sejersdal Christensen K.** *Poverty Politics and Children.* **ISSA, Reports presented at the 27th General Assembly of the ISSA. In: Bite I., Zagorskis V.** *Study on the Social Protection Systems in the 13 Applicant Countries. Latvia. Country Study.* **January 2003, p. 17.**

children in the maintenance, as well as to encourage women after the maternity leave to return to the labour market. It is important to note, that the necessity to support participation of individuals in the labour market through the provision of social benefits is mentioned in the recommendation of the European Commission.[74]

One of the successfully implemented measures for the improvement of financial situation of one of the groups at social exclusion – single parents – is the Maintenance Guarantee Fund, from which the maintenance is allocated to approximately 9000 children.[75]

In Estonia, in the same way as in other EU Member States, the main groups at risk of social exclusion are **single parent families** and **large families**. Children, whose parents are employed and taking care of several children, are also at risk of poverty and social exclusion.[76] In the research carried out in 2002 it is concluded, that 37 per cent of families with three or more children and 35 per cent of single parent families were poor.[77]

Table 5. At risk of poverty rate by household type in Estonia, 1996 – 2002 (%)

Type of household	1996	1997	1998	1999	2000	2001	2002
2 adults	-	12,7	14,7	14,7	11,8	13,6	14,6
2 adults + 1 child	18,4	16,2	13,4	14,5	13,1	15,7	12,9
2 adults + 2 children	16,7	12,7	13,7	16,7	16,6	15,7	15,1
2 adults + 3 or more children	25,4	28,8	23,6	24,3	23,1	20,3	20,6
Single parent + children	36,9	30,2	27,1	28,4	37,2	29,1	35,3
All households	19,9	18,5	19,4	16,7	18,3	18,2	17,9

Source: *Joint Memorandum on Social Inclusion of Estonia*. **Brussels, 18 December 2003, pp. 52 – 53.**

Since 2001 the poverty rate has decreased mainly in large families. This can be explained by the fact, that since 2001 families with three or more children are granted supplementary allowances. However single parent families are still at risk of poverty.

[74] *Report on Social Inclusion 2005.* **An Analysis of the National Action Plans on Social Inclusion (2004 – 2006) submitted by the 10 new Member States. European Commission, February 2005, pp. 93, 135.**

[75] **Libeka M. Ainars Baštiks: Pret alimentu nemaksātājiem ierosinātas vairākas krimināllietas.** *Latvijas Avīze*, **21.04.2005. Source:** www.la.lv.

[76] **Trumm A.** *Structural Shifts in Providing Social Assistance: Response to Changing Living Conditions in Estonia*. **Fafo-paper 2002:1, Fafo Institute for Applied Social Science, 2002, p. 13.**

[77] *Joint Memorandum on Social Inclusion of Estonia*. **Brussels, 18 December 2003, p. 9.**

In contradiction to Latvia, one of the most urgent objectives of the Joint Memorandum on Social Inclusion of Estonia is to prevent the risk of social exclusion to large families and single parent families, as 20 per cent of children in Estonia are living in the aforementioned families. It is planned to ameliorate the situation through the family benefits system, different measures (for example, by establishing an institution, which would function on the principles alike with the Maintenance Guarantee Fund in Latvia; to provide free day-care, free meals and study materials in primary schools for children from poor families) as well as the promotion of employment.[78]

Reconciliation between work and family life

The fact that more and more women are employed and that the gender equality is a burning question has facilitated the efforts in the old EU Member States to facilitate reconciliation between work and family life. In the former Soviet Union republics, if comparing to old EU Member States, the employment among women has traditionally been higher.[79] For example, in 2001 55.8 per cent from all employed in Latvia and 50.6 per cent from all employed in Estonia were women. This number has even grown in 2002 – respectively 57 per cent in Latvia and 51.4 per cent in Estonia.[80]

Table 6. Employment rates in 2003 for women and men by the number of children under 12 (%)

State	Women aged 20 to 49			Men aged 20 to 49		
	1 child	2 children	3 children	1 child	2 children	3 children
Latvia	69,5	61,6	**50,6**	89,3	91,8	89,1
Estonia	66,1	59,8	39,1	91,5	90,9	89,4

Source: Employment rates lower and part-time rates higher for women with children. News release. *Eurostat*, 2005, April 12, http://europa.eu.int/comm/eurostat.

The data present evidence that in Latvia the number of children in the family has a stronger impact on the employment of women than in Estonia. The differences are particularly expressive, if there are three children in the family. The possible explanation for such a situation could be the fact, that the state does not provide sufficient

[78] *Joint Memorandum on Social Inclusion of Estonia. Brussels.* 18 December 2003, pp. 27, 47.
[79] Gauthier A. H. „Trends in Policies for Family-friendly Societies." In: *The New Demographic Regime. Population Challenges and Policy Responses.* Eds. Macura M., MacDonald A. L., Haug W. New York and Geneva: United Nations, 2005, p. 99.
[80] *Joint Memorandum* on *Social Inclusion of Latvia*. Brussels, 18 December 2003, p. 41. *Eesti statistika aastaraamat 2004*. Tallinn: Statistikaamet, 2004, l. 195.

possibilities to reconcile work and family life, for example, the possibility to work part-time is limited, the number of kindergartens does not satisfy the demand.

There are implemented various measures in order to promote reconciliation of work and family life. The support for parents in employment is provided through the maternity and paternity benefit. In Latvia and Estonia **the maternity benefit** in the amount of 100 per cent from the average insurance contribution wages of an insured person. In **Latvia** the maternity benefit is granted for 112 calendar days: for 56 days during the pregnancy leave and for 56 days during the post-natal leave.* The maximum amount of the benefit is € 77.55 (LVL 54.50) per day.[81] In **Estonia** the period of the payment of the maternity benefit is longer than in Latvia – until 01.10.2002 the benefit was paid for 126 days, but at present the benefit is paid for 140 days*.[82]

In Latvia and Estonia fathers have the right to receive **the paternity benefit**, responding to the reference, included in the Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 to promote the Member States to grant the rights for a childcare leave for working fathers, retaining their rights for employment.[83] In **Latvia** since 2004 the paternity benefit is granted to father of a newborn child, who has made compulsory social insurance contribution payments. The aim of the benefit is to increase the participation of father in the childcare, allocating the paid leave of 10 calendar days,

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* The benefit is calculated, taking into consideration the revenues of the period of six previous months (12 months if the person is self-employed). In 2002 the average amount of the maternity allowance per day was € 7.40 (LVL 4.96). A woman, whose medical care in view of her pregnancy has been started at an out–patient clinic by the 12th week of pregnancy and has been continued during the whole period of pregnancy, is granted a 14 days long additional leave that is added to the pregnancy leave. If the woman has had complications during the pregnancy, delivery or post-natal period as well as in the event of two or more children, an additional 14 days long leave is added to the post-natal leave.

[81] Law "On Maternity and Sickness Insurance" (into effect as of 01.01.1997); Regulations of the Cabinet of Ministers of 28.07.1998 No 270 "On Procedure for Calculating the Average Insurance Contribution Wages and Procedure for Granting, Calculating and Paying State Social Insurance Benefits" (into effect as of 01.08.1998). Source: NAIS. *Estonia Today. Family Benefits. Fact Sheet.* Ministry of Foreign Affairs, April 2005. Source: www.vm.ee (Ministry of Foreign Affairs).

* In case there have been some problems or several children have been born, there are given extra 14 days.

[82] *Social Sector in Figures 2003*. Tallinn: Ministry of Social Affairs of Estonia, 2003, p.48.

[83] Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions (Text with EEA relevance). Source: www.ttc.lv (TTC).

which is assigned within a 2 months period after the childbirth. The paternity benefit is granted in the amount of 80 per cent of the person's average social insurance contribution payment salary.[84] In **Estonia** father is assigned a leave of 14 days.[85] The data show that in Latvia 22 per cent of the fathers of newborn or 4521 new parents have chosen to use this opportunity provided by the state and to take the paternity benefit in 2002.[86] Also in 2005 the tendencies are alike: in January the maternity benefit was provided to 2017 individuals, but the paternity benefit - 5 times fewer (to 350 fathers); in April the maternity benefit was granted to 2199 persons, but the paternity benefit – 4 times fewer (to 488 fathers).[87]

In **Latvia** the issue of the child care allowance and the fact that its amount depends on parents' previous earnings has raised heated discussions. Besides, in order to receive the allowance, the parent is not allowed to work, but raising the child in the age from one to two years the parent is allowed to work part-time. The elaborators of the legislation have taken into consideration only one of the reasons of the decrease of birth rate – financial. The Director of the Benefits Unit of the Ministry of Welfare Ināra Baranovska in the interview for the national newspaper *Diena* (15.10.2004) as the reason for interdiction to the receiver of the child care benefit to work has mentioned the high level of children's traumatism and mortality. Although it is given, that in 2003 82 children in the age up to one year were injured, this number is not compared, for example, with the number of children who have got traumas in the age from one to two years – the period, when parents are allowed to work. Thus the given statistical data does not prove that children in the age of up to one year suffer from traumas most frequently.[88] The scientist Pārsla Eglīte has noticed in the principles of granting the child care allowance contradictory

[84] "Labour Law" (into effect as of 01.06.2002); Law "On Maternity and Sickness Insurance" (into effect as of 01.01.1997); Regulations of the Cabinet of Ministers of 28.07.1998 No 270 "On Procedure for Calculating the Average Insurance Contribution Wages and Procedure for Granting, Calculating and Paying State Social Insurance Benefits" (into effect as of 01.08.1998). Source: NAIS.

[85] *Estonia Today. Family Benefits. Fact Sheet.* Ministry of Foreign Affairs, April 2005. Source: www.vm.ee (Ministry of Foreign Affairs).

[86] Rāfelde L., Lielķikute Z. Paternitātes pabalstu pagājušajā gadā saņēmuši vairāk nekā 4500 tēvi. Press release. *LETA*, 28.01.2005. Source: www.leta.lv (LETA).

[87] Ādamsone A. Arvien biežāk jaunie tēvi izmanto iespēju saņemt paternitātes pabalstu. *LETA*, 13.04.2005. Source: www.leta.lv (LETA).

[88] Kalniņa E. SO „Latvijas Dzimumu līdztiesības apvienība" viedoklis par likumprojektu „Grozījumi Valsts sociālo pabalstu likumā". Press release. *LETA*, 20.10.2004. Source: www.leta.lv (LETA).

aims of social policy: on the one hand, the amount of the allowance depends on the earnings of parents; on the other hand, the parents are prohibited to work.[89] The experience of Estonia indicates, that the introduction of the parental benefit has not caused the "demographic boom" – in 2004 there were born 14 055 children – for 857 more than in 2003.[90]

The Latvian legislators by increasing the amount of the child care allowance have not yet envisaged, what will happen with children, whose parents will have to return to work after the child has reached one year or to continue to take care of a child receiving € 42.69 (LVL 30) per month. Interviews in the journal for parents "Mans Mazais" with several mothers, who already have a child or children and a stable work, has revealed concern about this issue. For example, the accountant of the Latvian National Opera, mother of 9 and 4 years old children, reveals, that she would like to have a third child: "(..) nevertheless the new amount of the child care allowance does not encourages us to take this step. The question about what will we do, when the child will be one year old, flashes through the mind."[91] Unsolved is the question about the possibility to work part-time, the idea about the child-minders' service is still just in the stage of an idea, but in kindergartens children can go mainly from two years. The only concrete references in the "Action Plan for the Implementation of "State Family Concept" for 2004 – 2013" regarding the activities for the reconciliation of work and family life are connected with plans to ameliorate annually the infrastructure of 10 kindergartens starting from 2005 and to establish a unified information system in local governments, containing information about the available services of child-minders.

There are concerns in the society about the issue, if the restrictions included in the principles of granting the child care allowance, could reduce the professional skills of women, as these are mainly mothers who are using the child care leave. The data from the opinion survey of October 2004 confirms the aforementioned trend – 67 per cent of

[89] Svetoka S. Speciāliste: Lielāki bērna piedzimšanas pabalsti dzimstību būtiski nepalielinās. *LETA*, 16.04.2005. Source: www.leta.lv (LETA).
[90] Eglīte S. Mēneša jautājums: vai palielinātais bērna kopšanas pabalsts tevi rosina izlemt dzemdēt vēl vienu bērniņu? *Mans Mazais*, 2005, marts, 14. - 15.lpp.
[91] Ibid, pp. 14 - 15.

the respondents are thinking, that the women have to take care about housekeeping, but 30.7 per cent consider, that it is not advisable to place the child raising on men's charge.[92] The statistical data show that women's average monthly wage is lower than men's, for example, in 2003 men's the average monthly gross wage was € 276 (LVL 194), but women's - € 230 (LVL 162).[93] The decrease of women's professional qualification could only make this split deeper. The Director of the professional master's programme of the Stockholm School of Economics in Riga, the mother of a child of 1.5 years, reveals another important aspect, which is not taken into consideration while elaborating conditions of the allocation of child care allowance: "The politicians should understand, that in the state, which has already attained high human development indicators, more and more people are working not only because of the necessity to ensure their basic needs, but in order to fulfil themselves professionally (..). The time some of family members could have spent developing actively her/his career, for example, working temporarily abroad or obtaining further education, is devoted to family. For that reason this individual does not attain the level of welfare he could have reached, if she/he was not completely or partially excluded from the labour market."[94]

The Minister of Welfare Dagnija Staķe in her publication in the newspaper *Diena* devoted to the theme of reconciliation between work and family life lists the measures ensured by the state; nevertheless, some of them have to be treated as contradictory. For example, on the one hand, the "Labour Law" provides the right for parents, whose child is in the age of up to 1.5 years, to take the additional break for the breastfeeding; on the other hand, the principle of the allocation of the child care allowance states, that the allowance is granted only if the parent of a child of up to one year of age is not working. Likewise D. Staķe draws the attention of parents on the possibility to divide the child care leave, so that both parents could use it, thus avoiding the situation, that some of the parents could lose her/his professional skills.[95] This case shows inconsistency of Latvian

[92] Dupate K., Putniņa A. Bērnu kopšanas pabalstu politika – ar vienu roku dod, ar otru ņem. *Diena*, 11.04.2005., 2.lpp.
[93] *Latvijas statistikas gadagrāmata 2004*. Rīga: LR Centrālā statistikas pārvalde, 2004, 60.lpp.
[94] Eglīte S. Mēneša jautājums: vai palielinātais bērna kopšanas pabalsts tevi rosina izlemt dzemdēt vēl vienu bērniņu? *Mans Mazais*, 2005, marts, 14. - 15.lpp.
[95] Staķe D. Ģimenei draudzīga darba dzīve. *Diena*, 13.05.2005., 2.lpp.

legislation and inattentiveness of civil servants: the "Labour Law" envisages that the employee can use the child care leave until the child is 8 years old. At the same time Regulations of the Cabinet of Ministers of 07.12.2004 No 1003 "Regulations Regarding the Granting and Payment of Child Care Allowance and Supplement to the Allowance for Twins or More Children Born from the Same Act of Delivery" states the procedure on granting the allowance to person raising the child in the age from one to two years, thus prohibiting to use the opportunity provided in the "Labour Law" - to take the child care leave during the period the child reaches the age of 8.

In Latvia there are also positive examples of reconciliation of work and family life, for example, in the framework of "State Programme for Improvement of Children's Situation" there are established 9 play development centres, where parents can leave their children for up to 4 hours, paying symbolic fee – € 0.71 (LVL 0.50). In 2005 it is planned to establish 10 new centres, the projects will be financed by the state, local government and the submitter of the project.[96]
Though in the "Programme for the Implementation of Gender Equality for 2005 – 2006" there is only a plan to establish new kindergartens and alternative child care forms (child-minders' service, day groups, kindergartens in the workplace etc.),[97] some enterprises have already found an opportunity to support parents with children. For example, the company *IT Alise* provides the mothers of newborn an opportunity to work part-time and adjust work schedule to family life. However, the state does not provide support for such activities of entrepreneurs: "It seemed for us peculiarly, that the state does not tax the allowances in case of death of the employee's relative, but if the enterprise grants allowance in case of childbirth, there are no any privileges," member of the board of the company *LEC* points up for the newspaper *Diena*.[98]

At the same time one of the main objectives of the family policy in the "The Concept of Children and Family Policy" of **Estonia** is the necessity **to provide support for**

[96] Rūjienā – bērnu rotaļu centrs. *Mans Mazais*, 2005, maijs, 4.lpp.
[97] "Programme for the Implementation of Gender Equality for 2005 – 2006" (informative part). Source: www.lm.gov.lv (Ministry of Welfare of the Republic of Latvia).
[98] Jančevska K. Lai dzimst! *Lietišķā Diena*. Laikraksta *Diena* pielikums, 16.05.2005., 6.lpp.

combining work and family life: enabling part-time or flexible schedule work for parents, providing both parents with an equal opportunity to reconcile between work and family life; to promote development of children day centres and educational establishments (day care centres, playschools, extended day groups in school and hobby circles) or the provision of services of child-minders or housekeepers; offering support for employers, who promote family-friendly organisational culture and work order; supporting return to the labour market of parents after the child care leave, providing educational and retraining opportunities in co-operation with employers and trade unions.[99]

Conclusions

The researcher Gauthier concludes, that the main driving force, which has encouraged the governments to start implementing measures in the sphere of family policy, for the most part is connected with concerns about the decline in birth rate. The researches indicate that just the provision of financial means will not increase the birth rate. Rather, the problems are caused by the limited social and economic activity of women. The researcher Kaufmann suggests the legislators, who are intended to ameliorate the demographic situation, to promote reconciliation between work and family life.[100] Although in many Member States of the European Union the birth rate is lower than the mortality rate, for the family policy priorities they have chosen mainly the issues like prevention of child poverty and reconciliation between work and family life.[101]

During the last ten years the family policies of the European states are presenting evidence of significant changes. The states are working on the promotion of reconciliation between work and family life by motivating parents to be economically active, at the same time providing them opportunities to spend a certain period at home and to take care of their children retaining their work place, for example, by granting

[99] *Concept of the Policy of the republic of Estonia on Children and Families.* **Source**: www.rahvastikuminister.ee **(Ministry of Population Affairs).**

[100] **Daly M.** *Unmet Needs and Risks: The Significance of Changing Family Life for Social Policy in Europe/EU.* **Conference paper. „Families, Change and Social Policy in Europe," Irish Presidency Conference, Dublin, 13 – 14 May, 2004, p. 10.**

[101] **Gauthier A. H. „Trends in Policies for Family-friendly Societies." In:** *The New Demographic Regime. Population Challenges and Policy Responses.* **Eds. Macura M., MacDonald A. L., Haug W. New York and Geneva: United Nations, 2005, p. 97.**

maternity and paternity benefit and child care allowance. More and more fathers are encouraged to take care of their children. The promotion of reconciliation between work and family life is largely facilitated by the EU policy and measures. Similarly the attention is paid to the necessity to support families with children not only by the means of social benefits, but also through different services, thus reducing expenditure on the child care and child raising.[102]

Although the old and new EU Member States are facing similar problems, they are representing different opinions about the priorities of family policy. The citizens in the old EU Member States have put forward for the priorities of family policy the promotion of employment possibilities, reconciliation between work and family life and flexible working hours. The inhabitants of the new EU Member States are considering that the priorities in the family policy are the increase of the amount of social benefits for families with children and reduction of expenses regarding child care.[103]

The differences in the public opinion and with this also in the importance of the issue and its opportunities to gain the political agenda standing are seen in Latvia and Estonia. The direction of family policies in the aforementioned countries is different, which is determined by the family policy model, traditions, as well as the importance of the concrete issue in the society.

In **Latvia** the transformation of family policy issues into the political agenda has been very slow. For the first time the family policy appeared on the political stage in 1998, when Andris Šķēle, the leader of the right-wing political party "People's Party", employed the issue of demographic situation in order to increase the positive publicity of the political party during the election campaign by making this question urgent and thus addressing nearly every individual in the society. These activities were even more successful, because he closely connected the demographic issue with the issue of the state's economic development. After the victory of the "People's Party" in the parliament's elections of 1998 and during the period of next four years regardless of the decline in the demographic situation the family policy issues did not become part of the

[102] **Daly M., Clavero S.** *Contemporary Family Policy. A Comparative Review of Ireland, France, Germany, Sweden and the U.K.* **Dublin: The Institute of Public Administration, 2002, pp. 5 - 6.**

[103] **Foundation findings place family policies back on the agenda. Source: www.eurofound.eu.int/newsroom/archive_newsletter/2004/jun04/newsletter.htm (European Foundation for the Improvement of Living and Working Conditions).**

political agenda. The most important event of this period was the approval of the concept "State Family Policy" in May 2002, defining rather vague **family policy priorities** – to increase the role of family and to maintain family-oriented values promoting the quality of family life and providing support for the implementation of parents' duties.

The elections of the 8th Saeima in 2002 have initiated rapid and positive turn in the development of family policy: this time the issue of family policy was employed in the election campaign of another political party. The new political actor on the family policy stage was the "Latvia's First Party" – a centrist, conservative party, basing on Christian world outlook. After this political party has attained representation in the Saeima, there was established the Secretariat of the Minister for Special Assignments for Children and Family Affairs, and the position of the Minister for Children and Family Affairs was given to the member of the "Latvia's First Party", the priest Ainars Baštiks. It should not added, that the issues regarding the state social benefits to families with children are mainly in the competence of the Ministry of Welfare.

In **Estonia** the understanding, that the future of child can be best developed in the framework of family, arose earlier than in Latvia - "The Concept of Children and Family Policy" was adopted in 2002, and it was updated in 2003. Unlike with the Latvian "State Family Concept", the Estonian "The Concept of Children and Family Policy" comprises more comprehensive and updated measures for the provision of family life quality, among them – the promotion of reconciliation between work and family life by motivating employers to provide family-friendly employment possibilities and to support families with children by means of tax incentives, which is very important also in the case of Latvia.

The family policy model in Latvia and Estonia combines the characteristics of the market oriented and traditional family support family policy models. In Latvia the traditional family support policy model dominates with the characteristics like benefits for under-aged children, as well as the connection between benefits and the participation of parents into the labour market. This direction is largely determined by the fact, that the aforementioned model exists mainly in the countries, where the confessional political parties are holding the political power, and in Latvia the Minister for Children and Family Affairs is the member of the "Latvia's First Party" Ainars Baštiks. The fact that

he is still actively serving in the parish and is performing ceremonies of marriage, explains his support to the traditional family and influences the selection of measures performed by the Ministry for Children and Family Affairs in the sphere of family policy. Thus, for example, the initiative of the Maintenance Guarantee Fund is taken from France, where the traditional family support model of family policy exists.

The family policy in Estonia is characterized by the features of the market oriented model of family policy - the objective to prevent child poverty. At the same time there can also be observed endeavours to support working women, which is more characteristic for the traditional family support model of family policy.

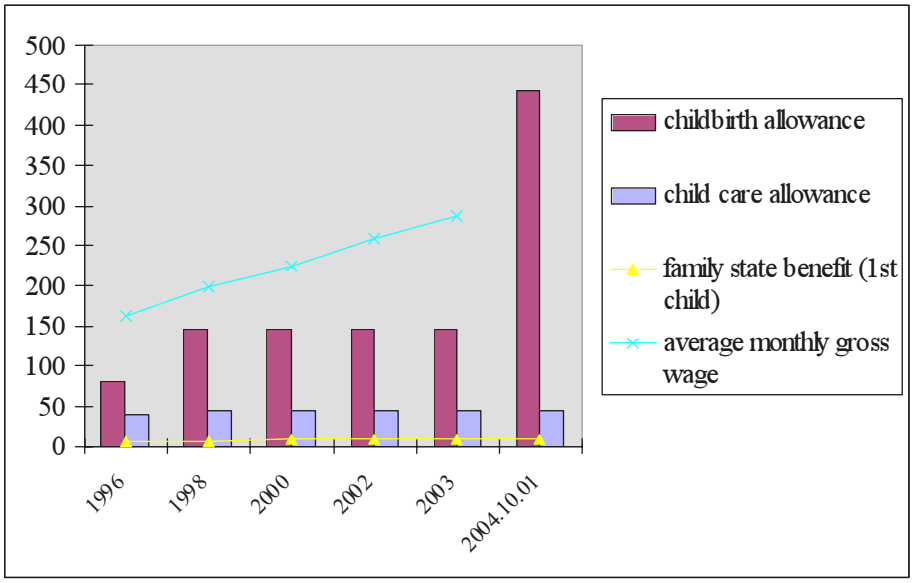
In the family policy implemented in both states – Latvia and Estonia – there are contradictions between the measures implemented and the results. On the one hand, the state implementing the family policy involves actively in the family life, but, on the other hand, the benefits of relatively low amount do not provide significant financial support for the budgets of families with children.

Both in Latvia and Estonia the system of state social benefits for families with children is relatively similar. Thus, for example, there can be observed the influence of the Estonian family policy in the Latvian family policy – in 2004 when elaborating new principles for the child care allowance Latvian officials have taken for basis the principles of the parental benefit in Estonia (it should be mentioned, that the amount of parental benefit is twice as much as the amount of child care allowance). Regarding the receivers of the benefits for families with children both countries have chosen different priorities. In Latvia, where one of the priorities of governmental agenda is the amelioration of demographic situation and efforts to succeed the formation of large families, since 2004 the financial support is provided especially for families with children up to the age of one. Children living outside their biological families are also receiving particular financial support through allowances for guardians and foster families, as well as generous adoption allowance. Estonia is also providing support for families with newborn children. Likewise, the state support is offered to large families and single parent families, which, comparing to other households, are subjected to risk of poverty most of all.

Comparing with Estonia, Latvia spends less financial resources of GDP for the financial support for families with children than Estonia; for example, in 2001 Latvia spent 1.5 per cent of GDP for the financial support for families with children, but Estonia - 2 per cent of GDP.[104] Differences in the financing of benefits for families with children are confirmed also by the results of opinion polls carried out in Estonia and Latvia. Although in both states individuals are unanimous, that the amount of family benefits is not sufficient, in Estonia, contrary to Latvia, the respondents are considering that the state benefits are improving the financial situation of families.[105]

Common problem in Latvia and Estonia is the fact that the real value of benefits for families with children is diminishing in the course of time – they are not increased according to the increase of prices, wages and inflation (see Diagram 1).

Diagram 1. *Family benefits and average monthly gross wage in Latvia (1996 – 2004, EUR)*



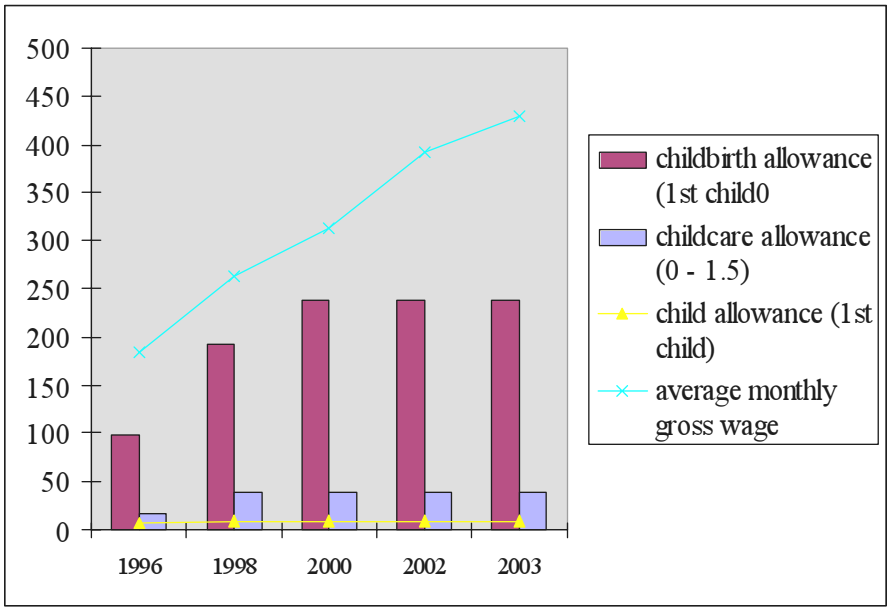
Source: Latvijas Statistikas gadagrāmata 2004. Rīga: LR Centrālā statistikas pārvalde, 2004, 59.lpp.; *Bērni Latvijā*. Statistisko datu krājums. Rīga: LR Centrālā statistikas pārvalde, 2004, 42.lpp; Regulations of the Cabinet of Ministers of 19.12.1995 No 384 "Regulations Regarding the Procedures for the Granting and Payment of Family State Benefit, Childbirth Allowance and Child Care Allowance" (not in force).

[104] European Social Statistics. Social Protection. Expenditure and Receipts. Data 1994 – 2002. *Eurostat*, 2005, p.79; Trumm A. *Poverty in Estonia: Overview of Main Trends and Patterns of Poverty in the Years 1996 – 2002*. Report for the project „Poverty, Social Assistance and Social Inclusion – Developments in Estonia and Latvia in a Comparative Perspective." Tartu: University of Tartu, 2004, p. 31.

[105] Aidukaite J. *The Emergence of the Post-Socialist Welfare State. The Case of the Baltic States: Estonia, Latvia and Lithuania*. Stockholm: Södertörn högskola, 2004, p. 47.

For example, in Latvia from 1997 to 2003 the amount of family state benefit was increased by € 2.62 (LVL 1.75), but the average monthly wage increased by € 107.47 (LVL 72), and it was € 286.57 (LVL 192). In Estonia during the same period of time the child care allowance for the first child had been increased by € 9.59, but the average monthly wage increased by € 201.28 (see Diagram 2).[106]

Diagram 2. *Family benefits and average monthly gross wage in Estonia (1996 – 2003, EUR)*



Source: *Social Sector in Figures 2003*. **Tallinn: Ministry of Social Affairs of Estonia, 2003, l. 19; Eesti statistika aastaraamat 2004. Tallinn: Statistikaamet, 2004, l. 214.**

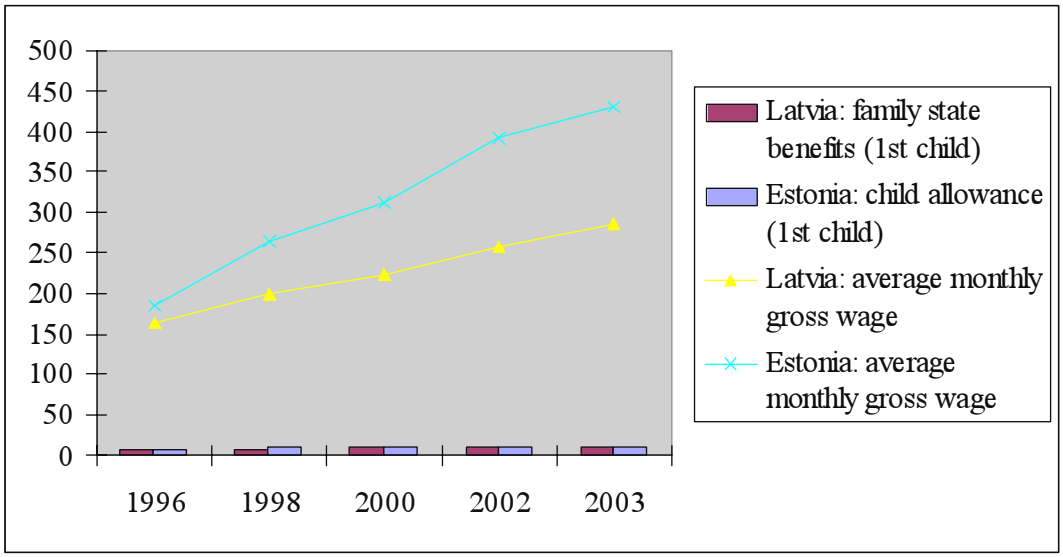
The family state benefit in Latvia and child allowance in Estonia is acknowledged as the least effective of all allowances for families with children. On the one hand, the state is providing the most part of financial resources for these comparing to other benefits for families with children, and for the indigent families the aforementioned benefits are providing essential financial support. On the other hand, the dynamics of the amount of these benefits can not be comparable to the increase of the average monthly wage, and is providing inconsiderable contribution to the family budget (see Diagram 3).[107]

[106] **Study examines impact of minimum wage on labour market. Source: www.eiro.eurofound.eu.int/2004/01/inbrief/ee0401101n.html (European industrial relations observatory on-line).** *Social Sector in Figures 2003*. **Tallinn: Ministry of Social Affairs of Estonia, 2003, p.19.**

[107] **Aidukaite J.** *The Emergence of the Post-Socialist Welfare State. The Case of the Baltic States: Estonia, Latvia and Lithuania*. **Stockholm: Södertörn högskola, 2004, p. 48.**

In Latvia positive changes regarding the increase of the amount of benefits for families with children have been implemented only since 2004, when the amount of childbirth allowance and the child care allowance was increased considerably. Until this the amount of the most part of benefits for families with children had not been increased since 1997 and 1998. In 2004 the discussion about the necessity to prevent the demographic crisis commenced again. On the one hand, there was a reason to worry, because in the period from 1990 to 2002 the birth rate decreased two times: if in 1990 there were born 37 918 children, then in 2002 – for 17 914 fewer or 20 044.[108]

Diagram 3. *Family state benefit in Latvia and child allowance in Estonia vs average monthly gross wage (1996 – 2003, EUR)*



Source: Latvijas Statistikas gadagrāmata 2004. Rīga: LR Centrālā statistikas pārvalde, 2004, 59.lpp.; Eesti statistika aastaraamat 2004. Tallinn: Statistikaamet, 2004, l. 214.

Although after the continued recession the demographic situation has begun to ameliorate in 2001 and stabilized gradually, however from all the family policy issues only the demographic issue was elevated to the political agenda. In the family policy of Latvia there are also other important questions, for example, the reconciliation between work and family life, the prevention of social exclusion and poverty of single parent families and large families, but they have not been actively solved. It can be concluded, that the choice in favour of demographic questions has been done because of the fact, that the

[108] *Bērni Latvijā*. **Statistisko datu krājums. Rīga: LR Centrālā statistikas pārvalde, 2004, 10.lpp.**

solution of other family policy questions is longer and will exceed the electoral cycle. Likewise, the majority of the society supports the solution of demographic questions. Thus it can be presumed, that the political actors have caught the truth discovered by Andris Šķēle in 1998 – that the electorate is formed by individuals, and the individuals are forming families. The "People's Party" used the family as a symbol – a logo - thus attracting the attention of the society to this political party and speaking to each voter individually, because every individual is a part of society. Hence, using the favourable climate – elections – and the moment, that every citizen was worried about the future perspectives of the Latvian society – demographic situation, - A. Šķēle, which in this case could be identified as a policy entrepreneur, used the unclosed political window in order to succeed the positive publicity of the "People's Party" and to gain victory in the parliament's elections. As after the elections of the 7th Saeima there was no one to use the unclosed political window of opportunity, the next time the political window for family policy issues opened was in the preelection period of the 8th Saeima. This time the opportunity was used by the "Latvia's First Party", which addressed the one's conscience with social advertisements like Šķēle did it with the logo of family. After the elections of the 8th Saeima the political window was used by the new policy entrepreneur – the representative of the "Latvia's First Party", the Minister for Children and Family Affairs and the priest A. Baštiks. The objectives of his activities were not connected only with the enhancing of the publicity of political party, but also with the willingness to promote the consolidation of tradition family and spread of Christian values in the society. The measures regarding the increase of the amount of childbirth allowance and child care allowance implemented in 2004 are giving evidence, that the politicians have appreciated the advantage of dealing with demographic issues, because the increase of the amount of benefits for families with children would be supported by the majority of electors. Besides, it is possible to apply the argumentation, which was used previously and had won the positive response from the society.

The year 2005 is important with the possibility to observe the political struggle among the "Latvia's First Party" (in this case the most visible political actor is A. Baštiks), "People's Party" (A. Kalvītis) and "Latvian Farmers' Union" (D. Staķe) for the positive

publicity in the sphere of family policy. In 2005 it is planned to increase the amount of two benefits for families with children: childbirth allowance and family state benefit. The initiative of the increase of the amount of the childbirth allowance belongs to the Prime Minister A. Kalvītis, which has been brought forward in spite of the fact that the amount of the aforementioned allowance has been increased on 01.10.2004, as well as disregarding objections of experts and officials. It can be concluded, that Kalvītis chooses to take advantage of the favourable mood in the society and the predictable positive appreciation from the society in order to secure the support from the electors.

Regarding the increase of the amount of the family state benefit there is a struggle between "Latvia's First Party" represented by A. Baštiks and "Latvian Farmers' Union" represented by the Minister of Welfare D. Staķe. In this case it is possible to draw consequences that A. Baštiks, possibly taking into consideration the experience of Estonia to support large families, is suggesting for the time being to increase the amount of family state benefit only for families with three or more children, thus envisaging to solve the question of the prevention of poverty for one of the largest groups at risk of social exclusion – large families. D. Staķe in her turn is denying this proposal, underlying, that it could influence negatively the state's objective – to increase the birth rate – so, the demographic issue is again elevated to the political agenda.

In **Estonia** many benefits for families has not been increased since 1998, too. But there have been carried out important changes in the principles of allocation of benefits, as well as there are established new kinds of benefits for families with children. Thus it can be presumed, that the attention of the Estonian society is directed to wider spectrum of family policy issues, although in Estonia the birth rate is alike with Latvia and has declined comparing with early 1980s. In Estonia the issue of the prevention of social exclusion for the one of the largest groups at social risk – large families - has been actively solved. For example, in 2001 there was established the allowance for families with 3 or more children and the allowance for families with triplets. Likewise, in 2005 there was established the allowance for parents raising 7 or more children. It is important

to mention, that since 2001 the poverty level in Estonia has mostly decreased among large families.

If comparing to Latvia, Estonia is implementing more active measures for the promotion of reconciliation between work and family life. For example, in 2000 the Estonian legislators have decided to grant childcare allowance also to parents working full time, contrary to Latvia, where the parent of the child in the age from one to two years can receive the child care allowance only if working part-time. The data show, that comparing to Estonia, in Latvia the number of children in family is more influencing the involvement of women into labour market.

Similarly, one of the main family policy objectives mentioned in "The Concept of Children and Family Policy" is the necessity to promote reconciliation between work and family life promoting the opportunities for both parents to reconcile work and family life by succeeding the development of day care centres and educational establishments for children (day care centres, play groups, extended day groups in school and hobby circles) or the provision of services of child-minders or housekeepers, as well as providing state support to employers promoting the family-friendly work order.

Examining family policy in Latvia and Estonia it can be concluded, that the issues, which have become a permanent part of the political agenda has been the ones concerning the interests, needs and future of every member of the society. In Latvia the legislators concentrating on the solution of the demographic questions, have left the question about the connection between demographic situation and economic stability and employment of parents in the background. The issue of demographic situation is chosen as attractive enough and appealing the attention of the society, thus creating publicity for those politicians who are discussing the concrete issue. The increase of the amount of benefits accompanied with slogans: "The demographic situation in the state is tragic – we are dieing out since 1991. Therefore there is no more important objective for us as to stop the dieing-out of our nation (..)," sets hopes on the positive solution of the situation through the increase of the amount of benefits: "The government has understood the importance

of the situation (..) The Prime Minister Aigars Kalvītis has declared, that the government is planning to increase substantially the amount of the childbirth allowance (..)."[109] At the same time in other European countries, where the demographic situation is also provoking concerns, during the last ten years other issues have become a permanent part of the political agenda, comprising the issues of demographic situation indirectly, namely, reconciliation between work and family life and prevention of social exclusion among children. Thus the hypothesis of this research - the family policy issues are gaining political agenda standing, when they are supported by the majority of the society – has been proved.

In order to implement successful family policy in Latvia, it would be advisable for the Ministry for Children and Family Affairs to continue the analysis and implementation of the best practice examples. Likewise, the implementation of the idea of the Minister of Children and Family Affairs Ainars Baštiks to increase the untaxed minimum accordingly to the number of children in the family would bring the positive result.[110] Similarly, it is necessary to provide financial resources to establish the practice of France – to carry out public opinion polls and researches before and after the introduction of some innovations in order to be informed about the interests and needs of the society, the efficiency of the measures implemented and afterwards to make adjustments if necessary. In the sphere of the reconciliation of work and family life it would be essential to involve employers' more actively motivating them by tax credits.

[109] Trams T. Baštiks: valdība spers lielu soli cīņā pret tautas izmiršanu. Press release. *LETA*, 14.04.2005. Source: www.leta.lv (LETA).
[110] Libeka M. Ainars Baštiks: Pret alimentu nemaksātājiem ierosinātas vairākas krimināllietas. *Latvijas Avīze*, 21.04.2005. Source: www.la.lv.

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