

Promotion of Social Policies – An Investment in the Future

Canada – European Union – Baltic States – Nordic Countries

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This volume represents presentations, discussions and research papers in conjunction with the Forum for a Comparative Dialog- an Investment in the Future. The Forum was held in Riga at the University of Latvia on November 6-8, 2008 and was organised by the Centre for European and Transition Studies at the University of Latvia and Capilano University, Canada.

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This collection of studies provides information, opinions and research that should be of value to practitioners, policy makers at national and international levels, including those of Canada and EU institutions, academics and students specialising in Social policy issues.

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We thank Kristina Pauksens for organizational work for the Forum and English editing of some articles.

Our acknowledgement goes to all participants. Their knowledge and enthusiasm made the Forum an unforgettable experience.

April 2009

Alexandre Berlin, Eduard Lavalle, Tatjana Muravska

PREFACE

From November 6 to 8 2008, we had the privilege to come together as scholars, students, public servants, diplomats, service providers and representatives of NGO's. We came together to discuss Social policy in the Baltic States, the Nordic Countries, Canada and the European Union. The scope of our diversity, different places of origin, different life experience and professions enriched what we were able to share and what we able to take away.

We came together under the rubric of "The Promotion of Social Policies – An Investment in the Future". We came together to pool our experience and knowledge and benefit from sharing best practices, receiving information on innovative new developments, and increasing theoretical understanding.

We also worked to explore answers to some significant questions:

- How can substantial levels of social protection and development be balanced with economic growth and labour market needs?
- What are the priorities in social protection programs and what delivery modes are most effective, efficient and fair?
- Where there is conflict, how can it be resolved and through what mechanisms?

Our tasks were threefold.

First, we worked to understand the different architecture of policies and institutions which made up the Social policy environment in each of the comparators by focusing on each. An overview of the comparators gave us a shared basis to understand each other's systems, practices and issues. These opening interventions are at the beginning of this volume.

Second, we shared information on some of issues faced in each system and the practices and policies addressed. As the realm of Social policy is very broad, we focused on four areas of Social policy:

- Family support;
- Health insurance coverage;
- Pension coverage;
- Unemployment coverage.

So as not to exclude other issues, we featured sessions for presentations which did not speak to the four main areas in: "The Agora: frontline issues and practices in Social policy," which provided a stimulating programme of issues, strengthening the perception that all social policies are interconnected and society's health must be viewed as a whole.

Third, we tried to synthesize the information available to produce some general views on what could be shared among us. That summary also appears in this volume and while modest it is primarily a resource for expanding awareness of each other's Social policy environment rather than an attempt to engineer a common prescription.

Our objective was to focus on the importance of the social dimension in the development process of policies and exchange the practical experiences in Canada, the Baltic States and Nordic countries, as well as the European Union. We sought to raise awareness on Social policy issues, and values, common to the countries examined. We exchanged practical experiences in the Social policy realm and discussed Social policy achievements, problems, and current visions as well as the interrelations between the labour market, demography, social wellbeing and gender.



Latvijas Valsts prezidents

**Welcoming Remarks by the President of the Republic of Latvia Valdis Zatlers
The Forum for Comparative Dialogue Promotion of Social Policies –
an Investment in the Future
University of Latvia, Riga
November 6, 2008**

I would like to extend my very warm welcome to all of the participants of the Riga Social Policy Forum. In particular, I welcome our guests and friends from Canada, the Nordic countries, and our neighbouring countries of Lithuania and Estonia.

It is a great honour for Latvia to host this Forum, which is dedicated to various social policy issues and values held in common by our countries. The Forum brings together participants from countries in which there are well-established social policy networks, as well as delegates from the Baltic States. I am sure that this is the right way to achieve the best results for all of the participants in this event.

The subjects which will be examined at the Forum include family policy, health insurance and income security. I hope that the Forum will help our policymakers to come to the conclusions that are necessary to further enhance the social component in national policies, as well as to identify the best solutions to improve our country's social systems.

The discussion about social issues is especially timely under the present circumstances of economic turmoil. Policymakers must devote special attention to the need to maintain a commitment to corporate social responsibility at a time of decelerated economic growth so as to ensure long term sustainability.

I wish you an interesting and productive discussion during this Riga Social Policy Forum.

Valdis Zatlers

Valdis Zatlers
President of the Republic of Latvia

Part I

OPENING ADDRESSES

Marcis Auzins
Rector, University of Latvia

Your Excellencies, Ambassadors of Canada and Sweden, dear colleagues, dear guests. I am very happy to welcome all of you to the University of Latvia for the Forum, which I believe is very important not only for professionals, not only for you, who will be discussing important issues, but also for the Latvian public, and Latvian society in general. And at the very beginning I have an honour and a pleasure to read for you the Welcoming Address from by the President of the Republic of Latvia, Valdis Zatlers¹.

On behalf of the University of Latvia, again, I would like to welcome you to the University of Latvia. Today, this Forum will be held in this very special room for us, because it is the Small *Aula* [Hall]. And although it is called “Small,” for us it is not something small. It is very important, because, for many years at the beginning of the University of Latvia, it was the main hall of the university, the main room for all the important events of our university life. Even this podium, from which I am currently speaking, was designed by one of our first rectors, Professor Agins Laube, who was an architect by training. So, I am sure that, as I told you at the very beginning, you will be discussing very important issues which have been actively debated in Latvia during the last years. Probably the local participants, for example, know the interesting discussion and debate about some contradictions between social welfare states, which are a common understanding of Social policy in Europe, and the new idea about an open European Common Market. We had some case studies, which were an interaction of policy makers between Latvia and Sweden. Many of you remember some discussions about the Laval case on the global European scale, which was in some sense a contradiction between the social welfare state and an open market. Of course, on the local scale in Latvia, there are a lot of issues that are very important for our policy makers, for our Social policy theoreticians, like many people of the University are, and of course, for the general public. For our guests, maybe I can tell you a few words briefly about the University of Latvia. Currently it is the largest University not only in Latvia, but in all three Baltic States. On the world scale, it is not very large, we have 23,000 students currently, but for a small

¹ Please see above the Welcoming Address from the President of the Republic of Latvia.

country like Latvia it is really a large university. It is not only the largest university, but it is the only one “classical type” university in Latvia. It means that our special duties are to look after the Latvian language, about social policies, about humanities and social sciences in general. This is why we consider forums and a conference like yours not only one in line with many conferences, but as a very special event, and our special duty and our service to society in general. So I would like to wish you a very interesting Forum, many good speeches, and especially, I hope that during this Forum new collaboration will be established, which is very important for our University. We are trying to become more and more international, and all this cooperation and these joint projects are very important. I hope that not only discussions will happen during this Forum, but that new contacts will be established and that new projects will be started. So, I wish you a very successful Forum. Thank you.

Iveta Sulca

Head, the European Commission Representation in Latvia

Excellencies, Rector, dear organizers, distinguished participants. Social policy has traditionally been the policy domain of the state. Increasing awareness of the common goals and the common challenges has led to a growing role of the European Union. When I talk about the new challenges, I mean illegal migration risks, I mean climate change, I speak about the aging of European nations. Still, the powerful momentum of the twenty-seven European Union Member States, and the social traditions, mean the debate on whether we can really speak about the homogenous European social model. Also, our roots might be very diverse. Diversity is at the core of the European Union. The social reality stocktaking carried out by the European Commission last year showed that European societies are actually experiencing substantial changes, and these changes are in common. The similarities that we speak about are: the lack of efficient life-long learning, the mobility of the labour force, labour migration, demographic structures - they are very tangible, particularly in the Baltic States, as was demonstrated by the pan-Baltic Stakeholder Forum, which was organized by the three European Commission Representations with a provocative title "No Europe for Old Men." Is it true, or not? The process of change is very complex. New patterns of poverty and inequality are emerging. Values are changing, and societies are becoming increasingly multicultural. Reference to the Laval case clearly shows the challenge of a balance between economic flexibility and better social protection. Are we able to create environments that are capable of using the best opportunities offered by globalization? Or, will it be the challenge of the next generations? In a changing world, Social policy needs to adapt, for continuous delivery. According to the Lisbon Treaty, the European Union Social policy shall work for the sustainable development of Europe, according to the highly competitive social market economy, aiming at full employment and social progress. But, to achieve these goals, the fight against social exclusion and discrimination, the promotion of social protection, equality between the women and men, solidarity between the generations, and protection of the rights of the child, has to be enforced. To respond to these challenges, the European Union will increasingly, as well, be forced to look for the skilled labour force in the global world, and to adapt competitive migration policies.

Today the challenges facing the global financial system are on everybody's lips. They have proved that financial markets don't operate in an ivory tower. Financial commodities are part of the larger socio-economic nexus, and we need to be aware of the responsibilities that this entails. Socially responsible market economies, characterized by clear rules and ethical commitment, are the best way to preserve confidence in the market, and the market in the world.

To gain a better view of the own backyard, it can be helpful to step outside the traditional frameworks, to climb up and look from a broader perspective. Therefore I would like to congratulate the organizers, University of Latvia and Capilano University, in particular, as well as the co-organizers of this Forum, the Nordic Council of Ministers, the Soros Foundation, the Canadian Embassy and the Swedish Embassy, on letting this Forum be materialized. I wish you all success. Thank you.

R. Scott Heatherington Canadian Ambassador to the Baltic States

Labrīt. Es esmu Skots Heteringtons, Kanādas vēstnieks. Es dzīvoju Rīgā. Es strādāju Tallinā un Viļņā. Man paūk šī brīnišķīgā Universitātes Mazā aula. So, what I was trying to say in Latvian is that I live in Riga, I work in Tallinn and Vilnius, and I love this room. It's really beautiful. It's a pleasure to be here today. I'm looking over here at our friend who is looking after the equipment this morning, Sergei. I think he's about the third person that I met in Latvia, when I arrived on August 20th. So this is a small, very friendly place to live and work. And it's a pleasure to be an ambassador here. As my Swedish colleague was saying last night, we are like-minded countries, we are a like-minded group, I think, that is here today. Yesterday was a really momentous day. We saw an election of Barack Obama and I was over with the US Ambassador listening to the speeches of both Mr. McCain and Mr. Barack Obama and I felt so much energy and hope in the world. But at the same time, this morning I opened up the news and the BBC informed me that the stock market went down about 400 points. So, we are living through a very difficult era, for Social policy, and I think things like this morning help us in discussing this. Social policy isn't just about ideas, it's about actually taking those ideas and defending the interests of our nationals, and trying to find a way to enrich our societies, while at the same time, defending some of the most vulnerable people in the society. My Prime Minister, yesterday, said that the central responsibility of his new government was not only to ensure that Canadian businesses and families have the security they need, but the security they need to weather the global crisis. So, I think those are the sort of contextual remarks that I wanted to open with, in terms of what we are trying to do. I think that the people that are here today that have really made this work are people like Professor Eduard Lavalle, Professor Tatjana Muravska, and Dr. Alexandre Berlin, and I think they are to be commended for giving us this opportunity to come together and discuss Social policy ideas. It's also part of the Canadian policy to try to engage Europe both economically, and intellectually. We have long-standing cultural and economic ties, and we want to exchange ideas, and look at ways that we can serve our publics. I have been a civil servant for 36 years, and I've worked on Social policy. I'm not sure that I have finished learning on how you do this, and the challenges of taking ideas and having the dialogue with universities, with our publics, and trying to frame policies that actually work. It's very challenging and it makes you very humble, very, very humble. I also think that in terms of the next generation, we have to have this dialogue not just between academics, and government, but with the next generation of leaders. So, I'm glad that we are doing this in this setting, and we hope that on the Canadian side, some of the ideas from our Nordic partners and our partners here in the Baltics, we'll take ideas back. We hope we'll leave you with our experiences and our challenges in trying to deal with Social policy issues. One last thing I'd like to say in the Canadian context is that it's not just our federal government that engages in this dialogue, but also our partners in the provinces.

And, the provinces are the generators of any ideas in our federation, as are the universities. So, there is a dynamic exchange within Canada on Social policy issues, and major disagreements. The Medicare came out of Saskatchewan, and the Quebec government has many, many interesting ideas on how to support families in terms of childcare. These discussions, and these issues, are designed to support families, and support an economy that sustains our nation. So, I think that we're always willing to talk about what's worked and what's not worked in Canada, and, we have had a generation of taking ideas from Sweden, and, trying to adapt those to the situation in Canada. And we want to continue that in our dialogue with partners here in Europe. So, thank you for inviting me, and welcome to my Canadian compatriots who are here in Latvia. Thank you.

Andris Aukmanis Representative of the Soros Foundation in Latvia

Excellencies, colleagues, ladies and gentlemen. It is a pleasure to welcome you to Riga and, I am proud that the Soros Foundation Latvia is a co-sponsor of this very important event. Important, because it offers an opportunity for much needed informed reflection on the development and implementation of social policies in Latvia, and in the Baltics. As we well know, the development of good policies does not necessarily lead to good implementation. And both are necessary for a brighter future. For this, three things are necessary: the political will of the political elite, a broader consensus among stakeholders and the general public, and a longer-term perspective. There is much to be done here, in this area, I believe, in all three of the Baltic States. Europe and Canada share common values: democracy, human rights, and the rule of law. For both, there is an implicit assumption that social rights are basic rights, and this is something on which we need greater focus here, in the Baltics. The Soros Foundation Latvia, is currently working on social inclusion issues, and therefore we value the opportunity for open discussion, and modeling of solutions offered by the Forum organizers. Social policies to be discussed in the Forum are key public policies, influencing individual lives. Baltic stakeholders, I believe, will gain much from the quality discussion and constructive approaches shared here. I wish you open minds, refreshing ideas, and stimulating dialogue, in the interest of promoting human welfare. Thank you.

FRAMEWORK AND OBJECTIVES OF THE FORUM

Eduard Lavalle
Professor, Capilano University

Good morning. Thank you all for being here. I am particularly pleased to see a number of students from Estonia, Latvia and Lithuania. As well, there are certainly some students from Canada, some who hold citizenship or have a cultural background in one of the Baltic States as well as Canada. I am very pleased to see you and I want to thank you all for coming here.

I have very little to say this morning that has not been said. I want first to make a correction. Capilano University, which is a recent university in Canada – an old college that’s become a university– is indeed the administrative headquarters of something called the EU Public Diplomacy Project in Canada, a sponsor of this Forum. And the reason I have to raise this with you is because, of course, it is not just Capilano University who is a Canadian sponsor of this Forum. Rather, it is a consortium of universities across Canada - some of our most distinguished universities – who have, in fact, created a proposal and received a grant from the European Commission. The Project partners are doing the work of promoting the transatlantic dialogue and the relationship between the EU and Canada. And so, this Forum is just a part of our work. And, Dr. Berlin, who some of you know, is a member of the Management Committee of the Public Diplomacy Project. Professor Joan DeBardeleben from Carleton University is here and she is also a member of the Management Committee. So, I want to say, on behalf of Capilano University and on behalf of all the universities associated with the EU Public Diplomacy Project in Canada, that we are very happy to see the fruition of our partnerships and the presence of so many distinguished people in attendance.

I want to acknowledge the hard work– by some at the table here, some in the audience, some listed on the program–to bring about this *Forum for Comparative Dialogue: the Promotion of Social Policies*.

Quite frankly, it’s a relief that it’s happening, because we spent a year working on this, and we look forward to seeing the actualization of what can be prouced. And what can be produced is not dependent on me standing up here and attempting yet another inspirational address. The actualization of this conference is with you, the participants. The people who are the presenters, the people who are to engage in the dialogue, and the people who will be asking the questions and answering the questions are the heart of this activity. That is our purpose. Our purpose is to engage in a real interaction, in a comparative framework.

I was asked to set out the objectives, and I am will translate them a little bit into something general and active. One of the things we hope will happen is that,

collectively, we'll engage in a process of exchange. We'll exchange knowledge, facts, experience and opinions. And we'll do this in a comparative framework, because in a comparative framework, we can learn from each others' experiences. We can learn from mistakes and we can learn from best practices. And, when you have something as diverse as a comparison of the three Baltic States, the Nordic States and Canada it is a challenge. For we are talking about a myriad of states and with regard to Canada when one talks about Social policy, one is not talking about a "state" policy—but a discussion of 13 social policies because of our federal system. When we consider these diverse experience we must be very careful, especially when using analogies, that we distinguish between false analogy and real analogy. It's exciting, when you have this comparative approach, to see what one can really use in one's milieu and what is really a product of the context in which it was developed. The other thing we can do, and I noticed this doing my small paper, is engage in self-examination— because when you are trying to reach others and explain to others and share with others one learns a little bit more about oneself. One must consider one's jargon, consider one's mindset, consider comes from the context in which one works, and I have to ask: how do I share my ideas with people who live in the Baltic States? How do I share this with my colleagues in the Nordic States? And, in fact, also ask how I share this with my other colleagues in Canada? . And the last comment –and I think it's so important at this time although almost a cliché– we can do some visioning, because we need visioning. When this conference was developed, we planned in a "growth period" for the economy. We couched most of our discussion about investment in Social policy as investment in the expanding future. We didn't talk about, perhaps, retrenchment, defence of social benefits, loss of incomes, coping,— those kinds of things. And as Ambassador Heatherington indicated to you, it's a different context now. And so, our investment in the future is partly to make sure that we have a future. And that as part of that future, defending Social policy is a very big factor.

At the end of the Forum, when we have finished our discussions (which should commence very shortly if I get off this podium) and we have our seminars and our exchanges, what we will have is not a list of recommendations. But, we'll have an account of what was said, what was presented, and what was done at this conference, which will be published, and can be mined for those things that might help each of the participants and people who aren't represented here in fulfilling the promise of increased development of Social policy as a dialogue, as a debate, and as a practice.

Tatjana Muravska
Jean Monnet Professor, University of Latvia

Excellencies, colleagues, ladies and gentlemen. Good morning, and welcome to the Forum for a Comparative dialogue.

All previous welcoming addresses, already stressed the importance of Social policy, the value of the Forum and of the dialogue among different countries on social policies. Let me please stress the following. We arranged the Forum at the University as this place with its spirit always encourages constructive as well as provocative discussions, exchange of views and experiences. I believe that now more than ever we must take and create every opportunity to initiate efficient and constructive discussions and thus to improve chances of turning around our national circumstances to achieve better prospects in different aspects of social policies, social protection and inclusion in our countries. Some analysts and politicians depict the role of the state in social protection as unsustainable or even counterproductive in the new global scenario. However, the risk of social exclusion remains. A possible answer to these new challenges is to associate closely the creation of more competitive economies and the struggle for social inclusion. Social policy is increasingly accepted in the European Union as being a productive factor. Building the sustained economic growth necessary for long-term employment creation in the Member States will require an unprecedented level of political, economic, and social cooperation among governments, business, and individuals throughout Europe.

The programme Committee was aware that the Forum will help in assessing the social models of different countries of European Union as well as Canada, and their implementation and provide recommendations to practitioners and policy makers in Social policy implementation. We also consider of high importance to involve young people in the Forum's discussions on issues of vital importance for all of us.

We call the Forum as "a dialogue" we would like this dialogue to be started now, going up to the very end of the Forum and beyond. Thank you.

Part II

FORUM OUTCOMES

EXECUTIVE SUMMARY

Berlin, Alexandre; Lavalle, Eduard; Muravska, Tatjana

The Forum, an initiative within the framework of the European Commission's EU Public Diplomacy Project -EU-Canada relations, was organized by the University of Latvia and Capilano University (Canada) on behalf of the participating Canadian universities associated with the Network for European Studies.

To produce harmonious development and progress, social and economic policies must be developed in a complementary manner. In practice, however, conflicts can arise between social and economic goals. This is reflected in the numerous dialogues and negotiations on how to satisfy the need for high levels of productivity and growth and also maximize social protection, inclusion and cohesion. While the economic development aspect and its various components are fully recognized, the social dimension is more diffuse and not always fully integrated into the development process. Understandably, often different interests promote economic growth and social development. However Social policy is increasingly accepted as a productive factor. Governments, employers, trade unions, and in civil society are engaging in discussions on this subject throughout the industrialized world.

Against this background the Forum was focused on sharing experiences, with regards to social policies in Canada and the EU, in particular, in the Baltic States – Latvia, Lithuania and Estonia – and with reference to the Nordic experience. It is generally acknowledged that the Canadian and Nordic approaches to Social policy are characterized by some significant differences. Thus, it is the premise of this Forum that it is of particular utility for the Baltic States to reflect on their own experience and choices against a backdrop of varied approaches taken in long established democratic polities.

Forum Programme and Participants

The Forum programme addressed the following key social issues:

- Family policy;
- Health Insurance coverage;
- Income security in transition – pensions, unemployment benefits and social welfare.

The discussions were structured in four panels with speakers from the Canada, the Baltic States, Nordic countries and the EU, followed by extensive interaction with the Forum participants.

Two introductory plenary sessions were devoted respectively to;

- an overview of social policies in the EU, Canada, the Baltic States and Nordic countries;
- a Canadian Round Table to present to the European audience a more in-depth view of Social policy design in Canada and its implementation, including legal issues as well as problem areas at both national and provincial levels.

Two Agora sessions devoted to Frontline Issues and Practices in Social Policies complemented the above programme. and in particular the Panel sessions. The Agora sessions explored topics such as:

- gender issues in the Social policy context, including the work-life imbalance;
- the impact of the important demographic changes taking place in the Baltic States and their social impact;
- the role of youth in Social policy and the risks of social exclusion of some population groups;
- the public health and social impact of the prison situation and important prison population in the Baltic States;
- the rapidly growing number of victims of human trafficking and the key role of social support for both victims and the fight against trafficking;
- the need to develop and enhance the role of civil society in social policies in particular in the Baltic States.

Over 120 participants attended from the three Baltic States (Estonia, Latvia and Lithuania), Canada, Nordic countries (Finland and Sweden) as well as Belgium, France, Georgia, Germany, Italy, Poland, the European Commission, and representatives from the Nordic Council of Ministers and the Soros Foundation.

The participants represented government institutions, civil society, academia as well as students in relevant disciplines.

Organization of the Forum

The President of Latvia, Dr. Valdis Zatlers, stressed the importance of the Forum for Latvia in a message addressed to the Forum.

The interest and importance of the Forum for all participating countries and in particular for the Baltic States is evident from the large number of participating and sponsoring organizations.

The Forum was organized by the University of Latvia and Capilano University (Canada) on behalf of the participating Canadian universities associated with the Network for European Studies and *The EU Public Diplomacy Project in Canada*.

The Local Organizing Committee located at the Centre for European and Transition Studies of the University of Latvia was headed by Professor Tatjana Muravska, assisted by Ms. Kristina Pauksens and staff members of the Centre.

Programme and Editorial Committee

- Dr. Jolanta Aidukaite, Sodertorns Hogskola (University College-, Stockholm, Sweden);
- Dr. Alexandre Berlin, (Honorary Director, European Commission, Paris, France – The EU Public Diplomacy Project in Canada);
- Professor Dr. Joan DeBardeleben, (Carleton University, Ottawa, Canada: Strategic Knowledge Cluster- Canada-Europe Transatlantic Dialogue).
- Dr. Maria Jepsen (Research Director, European Trade Union Institute – Research, Education and Health and Safety, Brussels – Belgium);
- Professor Dr. Eduard M. Lavalley (Capilano University, North Vancouver, Canada – The EU Public Diplomacy Project in Canada);
- Professor Dr. Teodoras Medaiskis (Advisor to the Minister, Ministry of Social Security and Labour, Republic of Lithuania, Vilnius, Lithuania);
- Ms. Daina Mezecka (Advisor, Nordic Council of Ministers’ Office in Latvia Riga, Latvia);
- Professor Dr. Tatjana Muravska (Jean Monet Professor & Director of the Centre for European & Transition Studies, University of Latvia, Riga, Latvia);
- Mr. Peep Muhls (CEO, Estonian Cooperation Assembly, Tallinn, Estonia);
- Mr. Thomas Townsend (Executive Head, Policy Research Initiative, Government of Canada – Ottawa, Canada).

Sponsors

In addition to the funding and support provided by the European Commission *EU Public Diplomacy Project in Canada* and the University of Latvia, the following organizations and institutions sponsored the Forum:

- European Commission’s Representations in Estonia, Latvia and Lithuania;
- Canadian Embassy to Estonia, Latvia and Lithuania;
- Nordic Council of Ministers’ Office in Latvia;
- the Swedish Embassy to Latvia;
- Soros Foundation in Latvia;
- Strategic Knowledge Cluster Canada-Europe Transatlantic Dialogue: Seeking Transnational Solutions to 21st Century Problems, Canada.

Forum Results

Based on the discussion which took place during the concluding session, the following general agreement of views has emerged:

- Quality as well as universal accessibility of social services is essential.
- Sustainability of all the components of Social policy is crucial.
- There is a need for a holistic approach to tackle the complex challenges faced by social policies and their implementation (health, aging population, poverty – in particular that of children, inequalities, gender balance, employment security, migration, etc.).
- The importance of the participation of the civil society, including of youth organizations, in the development and implementation of social policies, at all levels of government from the local to the national level, , was recognized, even if its de facto application varied considerably. The need to further enhance the development of civil society with active interest in the social field was agreed as an important priority.
- In Social policy there is the need to reach an adequate balance and an appropriate combination of individual rights and social solidarity, taking into account the necessary trade offs. The currently used social models should not be a constraint and best practices should be taken from all models. For example flexisecurity, unemployment protection and labour market needs must be adequately balanced in the context of social solidarity.
- Social policies must focus on social inclusion. Social policy initiatives need to devote special attention to the vulnerable, to the marginalized and to population groups with special needs. Identification of their needs and the sharing of innovative approaches is essential.
- The Open Method of Co-ordination (OMC) applied in the European Union has led to enhanced cooperation between social actors in the EU Member States. Such an approach might also be of value in Canada as a means to promote constructive and continuous dialogue between provinces as well as with the Federal government. In addition an exchange of experiences within the framework of the EU-Canada dialogue would be valuable. The similarity of social issues faced by the three Baltic States and the diversity of approaches used to solve them could be enhanced be a source of enrichment for all three Baltic States through an enhanced implementation of the OMC process between them.
- Social policies are continuously and significantly evolving in all the countries and regions participating in the Forum. The Forum discussions showed that models can be mixed and Social policy evolution is not an all or nothing proposition ; there are many paths to the same desired outcome.
- In the Baltic States there seems to be a tension between the move towards the privatization of the economy in general and the need for more state intervention in the social field.

- Social policies should be understood as an essential investment for the future and as an important support for the development of high-quality human capital; as such, they should be viewed as an essential component of economic development rather than as a drain on economic growth.
- Other policies at all levels of government may have an impact (both positive as well as negative) on social policies. There is a need to develop methodologies for assessing such impacts, similar to those developed for environmental impact assessments.
- There are close similarities in terms of the lack of child care facilities for young children between the Baltic States and most of the Canadian provinces – such deficiencies have been shown to have a significant negative impact on the participation in the labour market of women with young children; the Nordic approach may be of interest.
- The high numbers of persons in prisons in the Baltic States as compared with the Scandinavian countries (as well as the rest of the European Union and Canada) was noted. The need to reform the provision of health services in prisons as well as the general conditions in prisons was stressed to avoid a growing public health impact due to the high rate of infectious diseases (TB and HIV in particular) prevailing in prisons. Similarly the very negative social impact on the children of imprisoned mothers was stressed.
- The growing negative human, social and criminal impact of increased trafficking in persons, particularly that in the commercial sex trade, was noted for all the countries represented at the Forum. The availability of social support for the victims of human trafficking was shown to be essential not only for the victims but also to combat this traffic. In particular appropriate public policies are essential to facilitate the provision of such social support.
- Gender inequalities, work-life imbalance, were discussed in terms of labour market availability, social impact (including poverty), and impact on children. All these issues deserve further attention. The impact of gender inequalities in journalism, including the issue of the production of gender balanced news was presented as an example.
- Sharing of experiences has been a very valuable outcome of the Forum, and the continuation of the networking which was initiated should be encouraged; the connections established offer opportunities for further informal learning.

THE IMPLICATIONS OF THE FORUM FOR THE BALTIC STATES

Jolanta Aidukaite¹

The Forum offered a great opportunity to discuss urgent social problems in the three Baltic States and their possible solutions. Furthermore, it was a great possibility to learn from the Canadian and Nordic experiences in how Social policy can handle social problems. The situation in the Baltic States was presented by the leading experts. Several problems were identified and discussed:

1. When it comes to Social policy structures and the coverage of the population, the Baltic welfare state still shows more comprehensive solutions to social problems than residual ones. Nevertheless, when it comes to the social benefit levels, minimum salaries and the share of GDP spent on social protection, the Baltic welfare state shows disadvantages compared to the well-developed welfare states. The relatively lower levels of social benefits, even if they cover all those in need, do not contribute enough to ensure an adequate standard of living for their population, and hinder the successful poverty solutions as well as the expansion of their welfare programmes.
2. The state is the main agent in guaranteeing social protection in Estonia, Latvia and Lithuania. However, its role has diminished as compared to the Soviet period. The private initiatives with the implementation of the private pension insurance funds have been increasing in Baltics. Nowadays, the citizens in Estonia, Latvia and Lithuania have the possibility to choose between public or private providers of health care and education. The role of municipalities has been increasing in the Baltic States since 1991. They are mainly responsible for the development of social services. Individual responsibility for one's own welfare has increased considerably, in regard to the relatively low level of benefits and the availability of higher quality services provided by private actors. Nevertheless, at present the increasing private initiatives contribute towards increasing inequalities in access to adequate health care and education.
3. The relatively low benefit levels do not create enough incentives for people to be honest and declare their income for taxation. Even if the state plays a vital role in protecting its citizens from social risks, the market and the family are still two of the most important agents for guaranteeing an adequate standard of living for the population.

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4. The discussion among Baltic policy-makers today is centred around the question: how to divide social responsibilities among the state, municipalities, private providers (profit and non-profit), families and individuals to make the social protection system more flexible, economical and sustainable. In this respect the Canadian and Nordic practices provided a lot of alternative solutions to this question.
5. The share of GDP spent on social protection in the three Baltic States is among the lowest in Europe. Concerning per capita social protection expenditures, again the Baltic States are at the bottom as compared to the EU-15 or EU-25. Social expenditures on social protection tell a lot about the performance of a welfare state. Many previous studies demonstrated that countries which spend more on social protection have lower levels of inequalities and poverty, higher quality of social services and benefits, and consequently higher longevity of their populations and a higher standard of overall well-being. The examples of the Nordic countries as well as Canada prove the statements above.
6. At present, Estonia's, Latvia's and Lithuania's Social policy is shaped not only by economic constraints, but also the ageing of the population has put enormous pressure on the systems of social protection. The negative demographic development characterized by the shrinking and ageing population has deeply affected developments in pension insurance and family policy in the Baltic States.
7. Overall, given the reasons for its family policy, Estonia, Latvia and Lithuania looks quite akin to the social-democratic model with the overall ideological support of a dual-earner family model. Nevertheless, this conclusion should be treated with caution, since it is difficult to label these countries as having a dual-earner family policy. Services are still not developed enough and benefit levels are relatively lower, as compared to developed Western welfare states. The rather well developed legal social protection system for families with children does not replace the substantial loss of income during child-rearing years.
8. Although child care facilities were cut back (particularly in rural areas), Baltic women are doing rather well regarding employment. Their labour market participation rates are high as compared to Western standards. However, if in terms of the employment rate Baltic women might appear to be winners in the transition, their success does not necessarily stem from Social policy. For the well-developed kinship network in Baltic societies also may help high employment rates. The necessity of two incomes in the family quite often also forces women to return to the labour market as soon as possible after giving birth to a child. It should be also kept in mind that birth rates are very low in Baltic States, which tells us that, because of economic hardship, Baltic women often choose paid employment over giving birth to children.
9. Although, family policy seeks to increase gender equality, still more needs to be done in this area. It is possible to choose which of the parents may take

parental leave, although cases of the father taking parental leave are very rare in Estonia, Latvia and Lithuania. In fact, it is more rational for the mother to stay at home since men's wages are still higher than women's in the Baltic societies.

10. In order to increase gender equality on the labour market, it is very important to provide parents with various services that can help them participate in paid employment, e.g., an increase in work-training/retraining programs and longer, more flexible opening hours for kindergartens.
11. Unemployment was a serious problem in the Baltic societies during the first years of independence. Today the unemployment rate in Estonia, Latvia and Lithuania is comparative low and amounts only to around 4 %, while the EU average is 7 percent. Accession into the EU has lowered the level of unemployment. Some of the labour force migrated to the richer EU countries to look for a job. This created a labour shortage in the country and remarkably reduced unemployment. At the same time, with the inflow of investments from the EU, more jobs were created in the service, financial and construction sectors. The implementation of active labour market policies may have also lowered the unemployment rate, as has the introduction of unemployment insurance. Nevertheless, the unemployment might increase again due to the global financial crises.
12. The Forum pointed out the high youth unemployment rate in the Baltic States, something that is related to the low quality of training in vocational schools. The Russian-speaking minorities, who have low local-language skills, are also over-represented among the unemployed in Estonia and Latvia. The need for the implementation of active labour market strategies to cope with unemployment is still obvious in the three countries. The Baltic States are also suffering from regional unemployment. The implementation of the EU structural funds can hopefully help to solve problems related to regional disparities in unemployment.
13. Although, unemployment was rather high during the first years of independence in Estonia, Latvia and Lithuanian, unemployment benefits were and still remain modest. Moreover, the duration of entitlements to support are short compared with the practices in several EU members.
14. Several problems still persist in Estonia's, Latvia's and Lithuania's health care, including the rising cost of medicines, and the low wages of physicians and nurses. Mistreatment of patients is also a common complaint in Latvia and Lithuania. These problems create constant dissatisfaction with health care. The poor financing of health care does not allow all the problems to be solved effectively.
15. The three Baltic societies can be labeled as highly educated. However, the share of individuals with only basic or unfinished basic education is increasing, as is the dropout rate of students from schools. These are problems to be addressed in the reform of the education system in a future.

16. Although wealth and wages have been steadily increasing in the Baltic countries, certain groups of the population still remain in poverty. Living conditions have deteriorated particularly for those with low education, the unemployed, single parents, elderly, and families with three and more children. Young people living alone or working-age singles are also at the highest risk of poverty. This speaks volumes about the inefficiency of labour and social policies. This also shows that salaries are still low in the Baltic States and it is difficult to survive on a low wage alone. The income inequality in the Baltic States is among highest in the EU. The relatively high-income inequality and poverty in the Baltic societies indicates that the Social policy system is not able to cope with social problems effectively.

To sum up:

The current system of social protection in the Baltic States is shaped by several factors, including: path dependency (legacy of the past), the political background (prevailing right-wing governance), influence from the economy and the impact of Europeanization (lessons learned from Nordic welfare traditions and political guidelines from the European Union) and globalization (advice and guidelines of such supranational agencies as the World Bank and the International Monetary Fund) (Aidukaite, 2004; Trumm, 2006; Trumm and Ainsaar, 2007). Thus, the Baltic welfare state is balancing between the 'old' ideas of universalism and solidarity inherited from the Communist period and the 'new' ideas stemming from the free market economy and neo-liberal ideology. The Forum offered an opportunity to learn from the neo-liberal tradition of Social policy that Canada represents and from the social-democratic tradition to organize welfare state exemplified by the Nordic countries, which were also vividly discussed in the Forum. Canadian and Nordic examples have demonstrated how Social policy is handled in the countries having well-developed civil societies and long democratic traditions in solving social problems. A weak civil society as well as low trade union membership hinders the expansion of social policies and does nothing to promote the development of social rights in the Baltic States.

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CANADIAN SOCIAL POLICY IN COMPARATIVE PERSPECTIVE WITH THE BALTIC AND NORDIC COUNTRIES: HOW HAVE ELEPHANTS' NEIGHBOURS DEVELOPED THEIR SOCIAL POLICIES?

Florence Larocque¹

Canada and the Baltic States have both developed their social policies in the shadow of a great power, namely the United States and Russia. The will to distinguish themselves from the latter brought them to, respectively, develop some universal measures and liberalize their social policies. This paper compares their respective social policies (with some insights from Scandinavian countries), in order to underline some strengths of the Canadian model (like its universal health care coverage, and its success to fight senior poverty), some of its weaknesses (like restricted unemployment benefits, and parental leaves and daycare systems outside of Québec), and possible initiatives to be looked at (like birth grants).

Canada and the three Baltic States (Estonia, Latvia, and Lithuania) clearly evolved in very different geographical, historical, economic, sociological, and political contexts. Canada is a large federal country, and a member of the G8. The Baltic countries were part of the USSR until it collapsed and have been EU members since 2004. Despite their distinct contexts, Canada and the Baltic States share at least one political characteristic: they “sleep with an elephant”, whether the United States or Russia/ ex-USSR. It is interesting to study the way Canada (since the Second World War) and the Baltic States (since the early 1990s) have evolved in this parallel context. It is especially true from a Social policy perspective, since there is an established relationship between Social policy and nation-building. How have elephants' neighbours developed their social policies? How have Canada and the Baltic countries defined their national identity through their social policies?

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In Canada, developing some universal measures (like health care coverage) was a mean to distinguish itself from the United States. As Antonia Maioni explains:

“When Canadians are asked what sets them apart from Americans, a substantial number invariably mention the health care system as a distinctive feature of the Canadian identity (National Forum on Health, 1997). Most Canadians consider health care, in common parlance, a right of citizenship. Even though health care is a provincial responsibility, the presence of the Canada Health Act reinforces the symbolic link between being “Canadian” and being a recipient of health care services. [...] In particular, the emphasis on universal coverage, equal access and portable benefits have come to define the citizenship dimensions of health provision in Canada” (Maioni, 2002).

In the Baltics, under the USSR, “Social policy was anchored by an overarching employment guarantee, but also by a strong commitment to education and training, universal health care and pensions, and family allowances” (Haggard and Kaufman, 2008: 4). However, the low quality of (some) services offered and the non-admission of unemployment (among others) also characterised that era. Therefore, when the Baltic States became independent, they undertook (neo)liberal reforms of the theoretically universal communist Social policy programs.

On November 6-8th, 2008, the *Forum for Comparative Dialogue. Promotion of Social Policies: An Investment in the Future* was held in Riga (Latvia) and brought together scholars and experts from various fields and different countries. Its main objective was to facilitate exchanges on practical experiences and social policies between Canada, the three Baltic States, and (to some extent) the Nordic (Scandinavian) countries. Based on the presentations made at this Forum and on some additional research, this paper seeks to identify peculiarities, strengths, and weaknesses of Canadian Social policy, as well as possible vehicles for improvement informed by the comparison with Baltic (and Nordic) Social policy. This comparison can be relevant, not only to better characterise the Canadian Social policy model, but also to evaluate specific programs (health care, unemployment benefits and pensions, and family policy), and to assess the broader mature welfare state it has become with the years. These various aspects of the comparison will be discussed hereafter, from a Canadian perspective.

Canada and the Baltics: two hybrids

At the outset, it should be noted that the Canadian welfare state clearly distinguishes itself from the Nordic and Baltic ones. Progressively created after the Second World War and through provincial-federal relations, it now has universal programs in a few areas (Nordic-similar), but it remains first and foremost a liberal welfare state regime, perhaps with a footnote (therefore, to some extent, comparable to the Baltic States). From a comparative perspective, the Canadian Social policy model distinguishes itself from others, both in its fundamentals (as a liberal welfare state), in their implications (which are not only theoretical), and in its operationalization (as a federal state).

Classification as a liberal welfare state

Esping-Andersen's well-known typology identifying three welfare state regimes (social-democratic, corporatist/conservative, and liberal) has helped understanding of the different possible patterns for welfare state development, and notably how Nordic Social policy distinguishes itself from others. The Nordic states clearly stand out with a high level of decommodification², based on generous benefits and extensive public services. However, the fact that Esping-Andersen's typology does not encompass all national realities has also been noted by a few authors, especially for South European and Antipodes (Australia and New Zealand) countries (Arts and Gelissen, 2002: 142-147). The Baltic States have also, in the 1990s, been identified as exceptions, and by Esping-Andersen himself who, "in 1996 [...] rejected the possibility of using his regime types for a comparative analysis of the Eastern European countries since they were 'a virtual laboratory of experimentation'" (Szelewa and Polakowski, 2008: 117, referring to Esping-Andersen, 1996: 267).

More recently, following Social policy development in the Baltics in the 1990s and 2000s, some authors have studied the Baltic welfare states in light of Esping-Andersen's typology. Despite the opinions of Baltic experts that "the Scandinavian model had some impact on Social policy development in the Baltic countries", especially in Estonia (Aidukaite, 2003: 413-415), authors agree that Baltic welfare states are rather similar to the liberal welfare state regime. However, there is no consensus on whether they are part of this regime or form a regime *per se*. Some consider that the Central European corporatist influence has had an important impact on the development of the Baltic social security models, but that throughout the 1990s and the turn of the century, they established themselves as liberal welfare state regimes (Paas et al., 2004: 61-62). Other authors argue that Baltic welfare states, precisely because of their corporatist and liberal influences, are part of the post-socialist (or post-communist) welfare regime or form a unique regime: the neoliberal welfare state (Böhnke, 2008: 136; Aidukaite, 2004: 41-42; 2008).

Analysing the Canadian case in light of the Baltic and Nordic welfare states gives us a different and new perspective on the implications of its Social policy model. As in the Baltic States, a bidirectional trajectory in the development of the Canadian welfare state has been noted by Canadian authors. However, contrary to the Baltic States, its characterization as a liberal welfare regime is well acknowledged, even if it is seen as an "impure" one (Haddow, 2008: 229; Haddow and Klassen, 2006: 37-38; Myles and Pierson, 1997), and if its complementary influence is more Nordic rather than corporatist (examples of universal measures in Canadian Social policy include health coverage, as well as specific measures like Old Age Security). According to Rianne Mahon, the Canadian model may be situated near to Scandinavian countries in the design of some programs, but because expenditures stay low, its classification as a liberal regime remains clear (Mahon, 2008a).

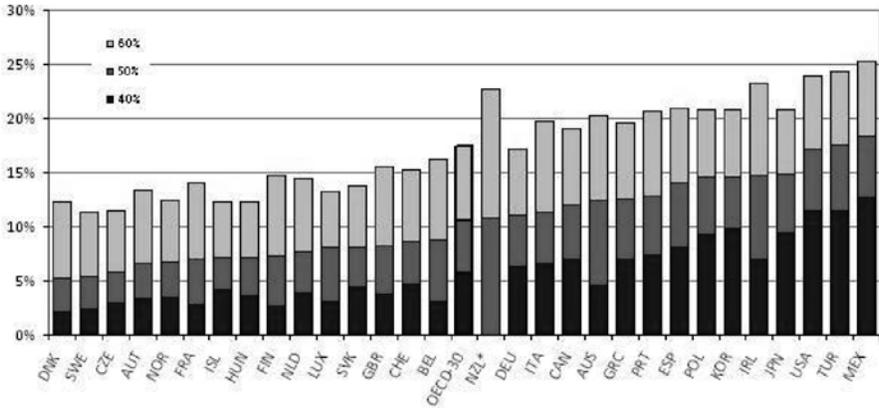
² The degree of decommodification can be defined as: "the degree to which a (social) service is rendered as a matter of right, and the degree to which a person can maintain a livelihood without reliance on the market" (Arts and Gelissen, 2002: 141).

Canadian model and its consequences

The liberal framework (with a footnote) of the Canadian model has had concrete consequences in terms of poverty levels and political mobilization around social policies.

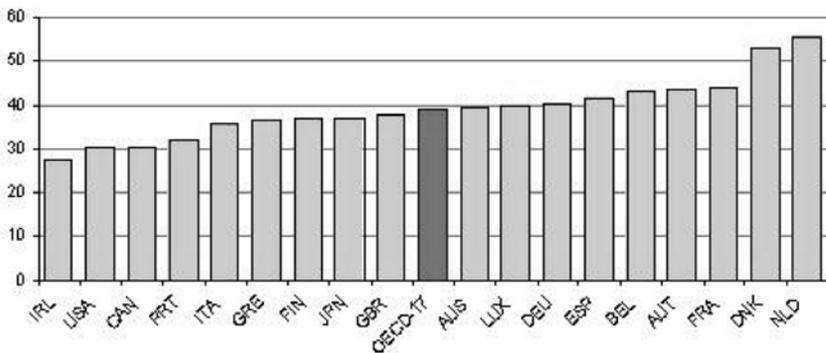
Poverty levels. On the one hand, Canadian high poverty levels are coherent with its liberal welfare state. The October 2008 OECD report *Growing Unequal? Income Distribution and Poverty in OECD Countries* shows that Canada has a higher Gini coefficient (i.e. is more unequal), higher poverty rates, and lower exit rates from poverty than the OECD average. This is a clear contrast with the situation of inequality and poverty in the Nordic countries, which distinguish themselves with low Gini coefficient and low poverty rates (Lightman, 2008b; and see figures 1 and 2).

Figure 1: Relative poverty rates (40, 50, and 60% of median income) for different income thresholds, mid-2000s



Source : OECD, 2008: 127.

Figure 2: Exit rates (in percentage) from income poverty (50% of the median), early 2000s



Source : OECD, 2008: 164.

In Canada, there is also a “polarisation of incomes and work time”, with a “growth of non-standard jobs (now 1/3)” and 21% of working Canadians with a low-paid job (compared to 7% in Finland and 13% in Germany) (Mahon, 2008a). Moreover, aboriginal poverty remains a major issue, with “one in four First Nations children [living] in poverty” and “more than half of First Nations people [being] not employed” (PSAC, 2008).

It should be noted that the Canadian poverty and employment figures are consistent with a liberal welfare state regime, but also distinguish the Canadian welfare state from the American one, where poverty and inequality are higher (for example, in the United States, the relative poverty rate in the mid-2000s is approximately 5% higher than in Canada), and from the Baltic States (which are among the EU-27 countries with the highest deprivation, poverty indicators, and income inequality) (OECD, 2008: 127; Aidukaite, 2008).

Political mobilization. On the other hand, the welfare state regime has clear implications concerning political mobilization. As the paradox of redistribution stated by Korpi and Palme suggests, benefits designed only for the poor will be “poor benefits”; therefore, to avoid this and give legitimacy to welfare institutions, it is necessary to “include the middle class in the benefit systems, not only as tax payers” (quoted from Palme, 2008; referring also to Korpi and Palme 1998).

Canada’s health care system can be seen as an example of a universal (not liberal) measure that encourages political mobilization. In fact, this tax-based system, through which everyone is covered, is undeniably supported by the population: “Of all of Canada’s social policies [the health care system] is the most prized, and is central to Canadians views of what is necessary for a high quality of life” (Conference Board of Canada, quoted by Townsend, 2008a).

Although the Canadian health care system is not perfect, it definitely shows the potential of universal measures, including in liberal welfare state regimes. It should also be noted that health care is mainly under provincial jurisdiction, therefore also underlining another fundamental feature of Canadian Social policy: the federal-provincial-territorial dynamic.

Multi-level governance

Studying Social policy in Canada needs to take into account the federal-provincial-territorial dimension, which is central to its development, its financial support and its implementation³. On one hand, “much of the Social policy domain rests in the provinces”; on the other hand, the “federal government still has a role”, namely through taxation and transfers (Townsend, 2008c). The distribution of resources between the two orders of government has direct consequences for Social policy (the drastic federal cuts of the 1990s are a clear example of this), and the provincial jurisdiction on Social policy implies interprovincial differences and specificities. Québec’s

³ Canadian territories are part of this dynamic; but because they have very small populations and governments, they constitute particular cases and will not be dealt with in this paper.

employment standards, universal child care system and antipoverty framework, as well as Newfoundland and Labrador and Ontario poverty actions plans are great examples of how federalism allows sub-national experimentation (sometimes heading towards the Nordic model) in provincial politics (Mahon, 2008a; 2008b; Lightman, 2008a; Noël, 2008a; Townsend, 2008b).

The comparison of the Canadian federal state with the EU-Nordic/Baltic States dimension is, of course, not of the same nature. But it is nevertheless enlightening for the Canadian case. In Europe, even if Social policy is fundamentally under the responsibility of the member states, the potential of the European Union to catalyze energy is perceived as important and multidimensional, translating into various actions: “to set and reach common objectives [...], to raise awareness and build strong knowledge base, to share experiences and practices, to support local, regional, national action, and to set a legal framework” (Lerais, 2008a). The European Union has also put in place the Open Method of Coordination on social inclusion and social protection⁴, pursuing the objective of favouring learning from one member state to another. Of course, the EU Social policy has different implications in each country. In the Baltic States, Jolanta Aidukaite states that the “European integration no doubt helps hold Estonian, Latvian and Lithuanian social policies to solidarity and a more universal character” (Aidukaite, 2008). The Nordic countries, which have more developed and generous social policies, are more suspicious about the EU’s social dimension (Kvist, 2007: 196; Saari and Kangas, 2007: 153).

In Canada, provinces have also different points of view concerning the role of the federal government in Social policy. However, contrary to member states of the European Union, provinces do not have extensive exchanges among themselves on their own policies and practices (Saint-Martin, 2004: 39-40). There are though important differences between the provincial approaches in various areas of Social policy, as will be noted hereafter in some aspects of health care, unemployment benefits, and family policy.

Health care

Since the 1990s, the Baltic States have reformed their “Soviet health care systems, characterized by centralized planning, inefficiency, hospital overcapacity, a poor quality of health care and universal access” (Bankauskaite and O’Connor, 2008: 156). The total number of practitioners did not improve since 1992, but there has been a focus and a significant progress in primary health care, with the number of general

⁴ The Open Method of Coordination on social inclusion is a soft mode of governance that was created in Lisbon in 2000 (and expanded to cover also social protection in 2005). Based on common European objectives agreed by the member states, it has concretized itself with the production of national plans/ strategic reports by the member states and their evaluation by the Commission. It has also established common indicators and favoured exchanges of best practices between member states. In sum, the Open Method of Coordination “is a mutual feedback process of planning, monitoring, examination, comparison and adjustment of national (and subnational) policies, all of this on the basis of common objectives agreed for the EU as a whole” (Marlier et al., 2007: 22).

practitioners per 100 000 inhabitants increasing in the three countries from 1993 to 2004 (and more drastically in Latvia, which had a clear lack there of in 1993, and therefore had partly caught up on the two other Baltic countries in 2004) and with the identification of family medicine as a priority in Estonia and Lithuania. As for the percentage of GDP spent on health by the governments, despite its increase in Latvia (which once again was the latecomer in 1992), it was around 4% (3,6 to 4,5) in the three Baltic countries in 2004 (Bankauskaite and O'Connor, 2008: 157-159, 162; Joksts, 2008; and see tables 1 and 2).

Table 1: Number of general practioners and physicians per 100 000 inhabitants in the Baltic States and EU15, in 1992/1993 and 2004

	Number of general practioners per 100 000 inhabitants		Number of physicians per 100 000 inhabitants	
	1993	2004	1992	2004
Estonia	45,8	65,1	326,4	320,9
Latvia	1,9	53,2	360,2	311,2
Lithuania	39,6	82,96	392,8	390,0
EU15	103,7	102,6	307,2	335,6

Source: Bankauskaite and O'Connor, 2008: 158-159, referring to WHO/ Europe, HFA Database, June 2007.

Table 2: Public health expenditure as percentage of GDP in the Baltic States, in 1992 and 2004

	Public health expenditure as % of GDP	
	1992	2004
Estonia	4,5	4,0
Latvia	2,8	3,6
Lithuania	4,2	4,5

Source: Bankauskaite and O'Connor, 2008: 162, referring to WHO/ Europe, HFA Database, June 2007.

In sum, the reform of health care systems in the Baltics has focused on efficiency and quality, and apparently on equity, although the results on the latter are less clear (Habicht and Kunst, 2005; Kahur, 2008; Dobravolskas, 2008).

The public expenditure invested in the Canadian health care system (as well as in the Nordic systems) represents a significantly higher percentage of GDP than in the Baltic States. As able 3 shows, in 2006, the percentage of GDP spent on health by Canadian governments was up to 7,0% (corresponding to around 70% of the total health expenditure in the country).

Table 3: Public health expenditure as percentage of GDP in Canada and some EU15 countries, in 2006

	Public health expenditure as % of GDP, 2006
France	8,9
Germany	8,1
Austria	7,7
Sweden	7,5
Norway	7,3
Portugal	7,2
Canada	7,0
Finland	6,2
Spain	6,0

Source: CIHI, 2008: 50.

Of course, a high amount of money spent in health does not necessarily translate into accessible services. As for the Canadian system, one of its strength is nevertheless its accessibility, which is guaranteed by a universal coverage. However, this universal access has its weaknesses, the main one being long wait times. In some cases, these wait times can undermine the universal access, because of an available (but still marginal) parallel private system where wait times are disparately shorter, creating unequal access related to resources⁵. Also, drug coverage needs to be considered apart and adds a footnote to the universal accessibility of the health care system. Residents in Québec, Ontario, Manitoba, Saskatchewan, and British Columbia have almost all “some form of coverage” (but only in Québec do 100% residents rely on non-catastrophic plans, through the instauration of a public/private prescription drug program in 1997, now free for all social assistant beneficiaries and low-income seniors). In the Atlantic provinces and Alberta, 70 to 80 % of residents have drug coverage (Kapur and Basu, 2005; Québec, 2007: 28).

Besides, because the population believes in the honesty and transparency of the system (payoffs and bribes don’t seem to occur), there is the possibility for relying on existing social solidarity to address weaknesses that remain. As Armine Yalnizyan concluded her analysis: “the transcendent message from the Canadian experience is resonant everywhere: the more a nation can share risk, the more a nation can turn access to health care into a universal right rather than a strictly market transaction, the better are its population health outcomes. That is a lesson worth heeding” (Yalnizyan, 2006: v).

⁵ Indeed, in the *Chaoulli c. Québec* case, the Supreme Court indirectly recognised that a prolonged wait time could compromise access and invalidated Québec’s prohibition of private insurance for medical services offered by the public system. However, the response of the Québec government to this decision did not open up the whole health care system to private insurance: it clearly limited its scope.

Unemployment benefits and pensions

The comparison of the Canadian case with the Nordic and Baltic countries highlights the fact (that may sometimes be forgotten in Canada) that benefits and pensions can effectively combat poverty. In fact, the Scandinavian generous benefits are an important factor explaining the low poverty rates they encounter, while the social security systems developed in the Baltic States following their independence concentrate on relieving extreme poverty (therefore being less effective in addressing poverty overall, where rates remain high) (Paas et al., 2004: 46-49).

The low-level of benefits in the Baltics needs, however, to be read in light of their national contexts. After a communist era during which unemployment was invisible, Estonia, Latvia, and Lithuania have created social security systems where previously there were none (for details, see Aidukaite, 2006a: 267). In 2003, the OECD estimated that, although “some increases could [...] be justified, [...] the relatively uneven income distribution in the Baltic States’ employed populations and the role of the informal economy [makes it] appropriate to keep social assistance benefits at a modest level, while seeking to target them on the most needy households” (OECD, 2003: 133-134).

The post-communist Social policy development in the Baltics can nevertheless be linked to a broader perception of poverty, that is common in the Anglo-Saxon countries. According to Jolanta Aidukaite:

“In the Baltic countries, the perception of poverty seems to be similar to those seen in the United Kingdom and United States. It can therefore be concluded that up to the present time, support for the idea of the equal social worth of all citizens is low in the three Baltic countries, in particular, in Estonia and Lithuania. It is difficult to deny that such an attitude in society might affect the development of social security by pushing it in a less universal direction in these countries” (Aidukaite, 2003: 20).

Similarly, in Canada, even though some universal benefits exist, the idea of merit (deservingness) is still important in social security. And the distinction between “deserving/ non-deserving poor” certainly underlines the great difference observed between unemployment benefits (unemployed being often categorized as “non-deserving poor”) and pensions (senior pertaining to the “deserving poor” category).

Unemployment benefits

The fact that unemployment benefits fight or limit poverty is not contested. Even in countries where unemployment benefits are generous, their reduction has an impact on poverty rates. In Finland, for instance, the lowering of benefits for “those who no longer entitled to earnings-related benefits or do not fulfil the conditions in the first place” correlates with an “increase of poverty among the unemployed (especially among the long-term unemployed)” (Kauhanen, 2008). The Finnish government itself recognizes: “The increase in relative poverty and social exclusion

is connected not only with unemployment but also with the relatively low level of fixed benefits (e.g., labour-market subsidy) and last-resort (housing benefit and social assistance) benefits” (Finland, 2006: 5).

Even prior to the aim of fighting poverty, unemployment benefits are important as a mean to provide security in the labour market. As Frédéric Lerais said, even though “there are two ways to protect people in the labour market by strict rule of ‘hiring and firing’ or by generous unemployment benefits [...], the feeling of security in the labour market is positively correlated with unemployment benefits but not with strict employment protection law” (Lerais, 2008b). A clear example of security guaranteed by unemployment benefits is the Danish flex-security model.

Taking these two roles of unemployment benefits into account, weaknesses of the Canadian (un)employment insurance and social assistance complex stand out.. Neither does the employment insurance coverage guarantee security nor does it limit poverty, in particular since its re-design in the 1990s:

“The eligibility for benefits became more stringent: the number of working hours required to qualify for unemployment benefits in the areas with unemployment higher than 13 percent increased from 180 to 420 hours and in the areas with unemployment lower than 13 percent increased from 300 to 700 hours. For those claimants, called repeaters, who collected more than 20 weeks of unemployment benefits in the previous five years, benefits were reduced by 1 percent for each additional 20 weeks of past benefit use. Newcomers who have been out of the labour market for two years are required at least 910 working hours to be eligible. The total maximum duration of benefits was shortened by two-thirds, while maximum benefits dropped from \$448 to \$413 per week” (Habibov and Fan, 2007: 8).

Due to the tightening of eligibility, the proportion of contributors to the system who qualified for receiving benefits was only up to 44% nationally in 2007, and as low as 24% in Alberta and 29% in Ontario (Battle, Torjman and Mendelson, 2008: 3). Long-term unemployed, casual/ self-employed workers, and most part-time workers are excluded. As the unemployment insurance was re-designed during the 1990s, the purpose was clearly not to take into account the needs of the changing working life, notably the increase of atypical work. The latter nevertheless interacts with the unemployment insurance scheme. According to Marja Kauhanen, one way to adapt this scheme to atypical work is to have unemployment insurance for atypical workers, through which “partial unemployment” would be sustained by “partial unemployment benefits” (Kauhanen, 2008).

On the other hand, social assistance in Canada (on which, among others, long-term unemployed rely) is under the jurisdiction of the provinces and not supported by transfers from Ottawa since 1995, when the Canadian Assistance Plan (created in 1966) was abolished. The 1995 withdrawal of the federal government coincided with the restructuring of social assistance conditions from one province to another: in Ontario, rates were cut of 22% (and have not since been restored) and the eligibility was limited; in Québec, changes included additional penalties for young people not participating in the new employability-enhancing measures but the overall rates were

not cut (except for their non-indexation); in British Columbia, there has been both restriction in benefits and addition of incentives enhancing employability; in Alberta, benefits have undergone drastic cuts (for example: 19% for single employables); etc. (Lightman, 2008a; Haddow and Klassen, 2006: 201-238). Overall, social assistance has been cut and/or limited, with the objective of “making work pay”. The comparative perspective with the Scandinavian countries and the interprovincial comparison on recent developments and available data however show that higher level of benefits can correspond to, respectively, higher exit rates of poverty (OECD, 2008: 164), and higher rates of employment reintegration, when these benefits are “integrated and consistent” (Noël, 2008b).

Pensions

Like social assistance, the pension system in Canada has been developed as a milestone of the post-war welfare state. But its evolution has been quite different. The development of a pension system started with the creation of Old Age Security in 1951, a universal benefit (that stayed universal throughout the years, although it became taxable). In 1965, a means-tested benefit for low-income seniors (Guaranteed Income Supplement) and compulsory contributive earnings-related public plans (Canada Pension Plan and Québec Pension Plan/ *Régime des rentes du Québec*) were added. Contrary to social assistance rates, benefits from Old Age Security, the Guaranteed Income Supplement and the public plans are all annually indexed to the cost of living. And, finally, Registered Retirement Savings Plans (RRSPs, introduced in 1957) and employer-sponsored pension plans added other options, as they offer significant tax advantages (Lightman, 2008a; Townsend, 2008c). The Canadian pensions system is a great example of a “liberal welfare mix”, in which universal rights, assistance, and insurance coexist. And this system has had interesting results on senior poverty, which has been dramatically reduced:

“[...] the decline in low-income rates among elderly households from 35 to just over 5 percent was dramatic [...]. Until the late seventies, low-income rates among the Canadian elderly were higher than in most affluent democracies, including the United States. Yet by the 1990s, low income rates among Canadian seniors were among the lowest observed anywhere. As has been shown elsewhere (Myles 2000), it was during the 1980s that Canadian pension reforms of the 1960s began to exert their full effect. Specifically, by the late 1970s, more and more retirees had qualified for benefits under the Canada and Quebec Pension plans, the result of legislation introduced in 1965, and this has greatly hastened the change in low-income rates of the elderly” (Picot and Myles, 2005: 11).

The reduction of senior poverty in Canada from the late 70s to the end of the 90s is especially noteworthy as its intensity is unique, when compared to other countries. Canada started in the late 1970s with one of the worst senior poverty rate (higher than the American one) to reach senior poverty rates significantly lower than the ones in Finland, Sweden, Belgium and Germany (see table 4).

Table 4: Relative low-income rates (50% of median family income) of elders from the late 70s to the end of the 90s

	Late 70s	Mid-80s	Mid-90s	Most recent
United States	27,3	23,5	20,6	24,7
Canada	34,7	10,8	4,9	5,4
United Kingdom	21,6	7,0	15,1	20,9
Germany	17,6	10,3	7,0	11,6
Netherlands	n.a.	0,3	6,4	3,2
Belgium	n.a.	10,9	12,1	11,7
Finland	n.a.	11,9	5,6	8,5
Sweden	13,9	7,2	2,7	7,7

Source: Picot and Myles, 2005: 12.

This does not mean that all challenges of senior poverty have been met in Canada, as very recent increases have shown. According to Ernie Lightman, these are mainly due to the fact that the “cost of living for seniors (drugs, housing, etc.) rose faster than their incomes” and to “problems for senior, unattached women without private pensions, RRSPs, etc.” (Lightman, 2008a). However, despite these increases, senior poverty remains at around 4% in the mid-2000s, therefore lower than in the Scandinavian countries (8-13%) and the OECD average (13%) (OECD, 2008: 140).

Family policies

In great contrast with low senior poverty rates in Canada stand the high child poverty levels, estimated at 15-16% by the OECD in the 2000s (while at around 2 to 4% in the Scandinavian countries since the late 1970s) (OECD, 2008: 154; and see table 5). Moreover, child poverty is not on a diminishing trend in Canada, having stood at around 15% for the last thirty years (see table 5).

Table 5: Relative low-income rates (50% of median family income) of all children from the late 70s to the end of the 90s

	Late 70s	Mid-80s	Mid-90s	Most recent
United States	20,4	25,1	24,5	21,9
Canada	14,4	14,9	15,4	15,7
United Kingdom	9,0	12,5	13,9	15,4
Germany	3,4	6,4	10,6	6,8
Netherlands	n.a.	2,7	8,1	n.a.
Belgium	n.a.	4,0	4,6	7,7
Finland	n.a.	2,8	2,0	2,8
Sweden	2,4	3,5	2,6	4,2

Source: Picot and Myles, 2005: 12.

Taking this data into account, analysing Canadian family policies in a comparative perspective is potentially very revealing. Three aspects will be dealt with here: parental leaves, daycare systems, and income support, with a special note on birth/school grants.

Parental leaves

The variety of parental leaves measures, in Europe, creates a complex picture. On one hand, these measures are a way to reduce child/ family poverty. This has, for example, been clearly noted in Lithuania by Jolanta Aidukaite: “The conclusion drawn here is that the main reason behind Lithuania’s family policy in 2002 was to reduce poverty among children, particularly among poor families” (Aidukaite, 2006b: 11). On the other hand, they definitely keep mothers out of work longer than they would otherwise. Therefore, there are possible consequences for their career (Jepsen, 2008; Evans, 2007: 124). The latter is particularly observed in countries offering long parental leaves, as in Finland. Finnish mothers often stay home until their child is 2-3 years old, which has a “negative impact on their re-entry on the labour market” and on their “career and income” (Miettinen, 2008). This is, furthermore, a gender equality issue, as only 3-5% of fathers use parental leave schemes in Finland (even if the impact on the family income would not be that significant). This underlines the fact that: “Improving family policy can also have consequences that are not wished for” (Miettinen, 2008).

In Canada, the federal government distinguished itself from other liberal welfare states as it extended paid parental leaves significantly in 2001 (Evans, 2007: 119-120). Fathers as well as mothers were encouraged to take them; their duration was extended to 35 weeks; the 2-week waiting period was abolished for the second parent; and the qualification for part-time workers was made easier (Mahon, 2008b). The principal weaknesses of the policy are the low rate of earnings replacement (55%), the exclusion of the self-employed from the program, and the relatively low (although increasing) percentage of fathers claiming a parental leave (Mahon, 2008b; Evans, 2007: 123, 127).

It should be noted that the situation in the province of Québec differs from the rest of Canada. In fact, the policy developed in Québec partly responds to weaknesses of the federal policy and gives an encouraging note on the possibility of improving the Canadian system. The *Régime québécois d'assurance parentale* (RQAP), effective since 2006, extends the maternity leave benefit, eliminates the 2-week waiting period for the first parent, offers a 5-week paternity benefit, raises the rate of remuneration to 75% (to a maximum of \$57,000) for the first seven weeks, and includes the self-employed (with an annual earnings of \$2,000). As a consequence of these changes, the eligibility of women has increased (77% as compared to 62% in the rest of Canada) and higher claiming fathers’ rates have also been observed (56% as compared to 10% in the rest of Canada) (Mahon, 2008b).

Daycare system

According to Evans, it is “important that Canada’s system of paid parental leave receives attention”, and it is so especially considering the “losses on the childcare front”. She also notes: “The failure to begin to build a national childcare programme is extremely unfortunate. A recent OECD (2004) report was highly critical of Canada (other than Québec) for its ‘patchwork’ of childcare services that often provided nothing beyond ‘babysitting’” (Evans, 2007: 127). With the Conservatives being elected in 2006, the new liberal childcare program was in fact terminated, and replaced by a taxable Universal Child Care Benefit (UCCB) of \$100 monthly for children under 6 and “modest incentives to business to create spaces” (Mahon, 2008b; see also Townsend, 2008c). Because of its nature, the single male-breadwinner families that are relatively well-off benefit the most of the UCCB, which is more similar to a family allowance than to a childcare credit (Mahon, 2008a).

As with parental leaves, Québec distinguishes itself from the other Canadian provinces with its childcare policy. A “5\$ a day” universal childcare program was introduced for pre-school children in 1997 (now 7\$ a day), and out-of-school hours for older children are cared for through the school system (Mahon, 2008b). The system has contributed to increase the labour market participation of mothers (Boulay, 2007). However, this program is not perfect and its main weaknesses are the lack of availability of spaces (more than half of the children under five years old had no access to it), its high costs, and the fact that it favours high-income family in which parents have conventional work schedules (Lefebvre and Merrigan, 2003: 49; Lefebvre, 2004).

The weaknesses of the Québec (and Canada) system stand out when compared to the Finnish daycare system, through which “all families have the right to take their place”. The municipalities, who manage the program, have to offer a space within a few weeks. Moreover, the price for the service is determined according to family income, and stands from 0 to 220 Euros per month (Miettinen, 2008).

Income support

Income-related childcare costs, as in Finland, are a way to support financially low-income families. Of course, income support for families is broader, and includes a range of family allowances and benefits: some universal, some means-tested. The three Baltic States have instituted several of these (see Aidukaite, 2006b: 5), as Canada and the Nordic countries did.

In Canada, there are strong interprovincial differences on family income support. Once again, as for other family policies, Québec stands out. Comparing the impact that the 2008 income support would have on two specific families (a couple with two children and a family income of \$75,000, on one hand, and a single parent with one child and a family income of \$50,000, on the other hand) in each province shows clearly that Québec has chosen to give a stronger support for its families (see table 6). Moreover, adding the income tax dimension (which is higher in Québec) and childcare fees to the picture only confirms the stronger income support given to families by the Québec government compared to other provincial governments. The

2008 available income of these two specific families would be higher in Québec than in any other Canadian province (Godbout and St-Cerny, 2008: 188, 193).

Table 6: Interprovincial comparison of income support taking or not into account childcare fee measures⁶

	Couple with two children and a family income of \$75,000 (2008)		Single parent with one child and a family income of \$50,000 (2008)	
	<i>Income support without taking into account childcare fee measures</i>	<i>Income support taking into account net childcare fees</i>	<i>Income support without taking into account childcare fee measures</i>	<i>Income support taking into account net childcare fees</i>
Newfoundland and Labrador	\$1685	\$(5567)	\$3267	\$120
Prince Edward Island	\$1967	\$(5119)	\$3555	\$428
Nova Scotia	\$1952	\$(5220)	\$3388	\$328
New Brunswick	\$1741	\$(5323)	\$3532	\$500
Québec	\$3640	\$2433	\$4699	\$4045
Ontario	\$1740	\$(5434)	\$3256	\$54
Manitoba	\$2129	\$(4839)	\$3601	\$431
Saskatchewan	\$2356	\$(4618)	\$3794	\$637
Alberta	\$1602	\$(5473)	\$4541	\$1233
British Columbia	\$1741	\$(5529)	\$3223	\$(188)
Canadian average	\$2055	\$(4469)	\$3686	\$759
Canadian average without Québec	\$1879	\$(5235)	\$3573	\$394

Source: Godbout and St-Cerny, 2008: 187, 192.

Comparing the Québec case with other countries also reveals its peculiarities. Analysing the 2007 income situation of two specific families (on one hand, a couple with two children and a family income equivalent to 167% of average income and, on the other hand, a single parent with two children and a family income equivalent to 67% of average income) in some G8 and the Scandinavian countries shows that it is in Québec that the income support is the strongest, with respectively 7,4% and 48,5% of the family after-tax income received in income support (Godbout and St-Cerny, 2008: 198, 201). When also taking into account childcare fees and income taxes, it is still in Québec that the two families keep more of their work income. As shown in table 7, the proportion of work income taken by tax income and social contributions, taking into account allowances, benefits, and childcare fee, is lower in Québec than in the countries it is compared with. Moreover, for the single parent with two children and a family income equivalent to 67% of average income, only

⁶ The right hand column for each family shows income support taking into account net child care fees, namely: gross child care fees, the federal Universal Child Care Benefit, and fiscal measures for child care fees (for more details, see Godbout and St-Cerny, 2008: 184-187, 190-193).

in Québec does the work income show a net increase as a result of the different family measures: the available income is almost 20% higher than the work income (see table 7).

Table 7: Proportion of work income taken by tax income and social contributions, taking into account allowances, benefits, and childcare fee

	Couple with two children and a family income equivalent to 167% of average income (2007)	Single parent with two children and a family income equivalent to 67% of average income (2007)
United States	34,4%	6,5%
UK	47,9%	20,5%
Japan	28,3%	24,0%
France	30,8%	22,0%
Germany	40,0%	27,0%
Norway	31,1%	4,4%
Finland	28,6%	12,6%
Sweden	26,7%	17,4%
Denmark	40,8%	20,6%
Québec	21,5%	-19,6%

Source: Godbout and St-Cerny, 2008: 199, 202.

The Québec case clearly illustrates how important income support is in family policy, since it can make a significant difference in a family's available incomes.

Birth and school grants

In the three Baltic countries, family income support includes an aspect that actually doesn't exist in Canada: "a birth grant" (Zalimienne, 2008; Eglite, 2008; Pieters, 2003: 54, 89, 113; Aidukaite, 2006b: 5). A birth grant is a lump sum given to parents for every child born. Its amount varies from a country to another and, in Latvia, the grant is "doubled for mothers who have undergone continuous medical examinations commencing before the 12th week of pregnancy" (Pieters, 2003: 89). This grant clearly recognises the fact that the birth of a child implies various one-time start-up expenses. Moreover, Estonia acknowledges the one-time financial needs related to children starting school and therefore offers a lump sum for children to start their schooling (Aidukaite, 2006b: 5).

In Canada, no such policy actually acknowledges nor sustains these specific expenses. A "baby bonus" program was instituted in Québec in 1989, but abolished in 1997. Its impact on fertility rates is contested: various authors reach opposite conclusions (Partenariat Familles..., 2005: 40). In the 2007 provincial electoral campaign, the *Action Démocratique du Québec* partially brought back the idea and proposed a \$5000 bonus for the birth of a third child and the following ones (Action démocratique du Québec, 2007: 9). In the 2008 provincial electoral campaign, the *Parti Québécois* came back with a proposal for all new births, compromising to "offer a better support at the time of birth" (translating into a one-time payment). In the

same vain, it also made a commitment to “introduce an allocation sustaining first school entry” (Parti Québécois, 2008). Neither the *Action démocratique du Québec* nor the *Parti Québécois* came to power in Québec since they have made these proposals, but the introduction of these measures in their electoral platforms is a recognition of the one-time expenses that parents have to assume at the birth and school entry.

Globally, family policy (including income support for families) is clearly an area where the province of Québec distinguishes itself from the rest of Canada, especially since the mid-1990s. However, it is only recently that one consequence of Québec family policy can be observed on low-income family rates, that have been reduced more consistently in Québec than, for example, in Ontario (Noël, 2008b).

Lessons from and for a mature welfare state

Precisely because it takes time to clearly observe the consequences of new social policies, the Canadian welfare state (and the Nordic ones), which is more mature, can be evaluated more reliably than the Baltic welfare states. In Estonia, Latvia, and Lithuania, Social policy reforms have taken place in the 1990s and are yet to be consolidated. Therefore, their consequences remain to be evaluated.

In Canada, as it has already been noted, the general poverty figures are related to a liberal welfare regime. Moreover, the drastic reduction of senior poverty (from the late 70s to recent years) can clearly be attributed to policy developed and targeted at senior people. Therefore, the Canadian case is coherent with the global trend noted in industrial societies, in which: “more generous benefits for sickness and pensions are associated with large reductions in absolute poverty” (Scruggs and Allan, 2006: 901). But (Canadian) Social policy does not impact only on poverty levels: among others, its relation with health and economic growth is worth analysing.

Welfare regime and health indicators

On an individual basis, researchers have come to the conclusion that “there is little doubt that poverty leads to ill health” (Phipps, 2003: 13). As Shelley Phipps reported: “in a recent review of the literature, Benzeval and Judge provide evidence from 16 studies using eight different data sets from four different countries. [...] In summing up their review, the authors conclude: ‘All of the studies that include measures of income level find that it is significantly related to health outcomes’.” (Phipps, 2003: 13) However, the impact of Social policy on health indicators is also relevant when looked at from a global perspective, as some others have done.

Based on data from 19 wealthy countries, Haejoo Chung and Carles Muntaner came to the conclusion that: “even after adjusting for GDP per capita and intracountry correlations, welfare state regime type indicators were highly significant predictors of health indicators” (Chung and Muntaner, 2007: 336). Besides, although both Canada and the United states are liberal welfare regimes, they noted the clear distinction between their health indicators, especially since Canada instituted its universal health care coverage:

“The life expectancy of all Americans has been lower than that of all Canadians since the beginning of the 20th century. Until the 1970s this disparity was the result of the low life expectancy of African Americans. Since then, the life expectancy of white Americans has not been improved as much as that of all Canadians’. The divergence after the 1970s coincides very closely with the adoption of universal health care coverage in Canada.” (Chung and Muntaner, 2007: 337; quoting from Kunitz and Pesis-Katz, 2005: 5).

The Canadian case shows clearly the impact Social policy can have not only on poverty, but also directly on the health of the population.

Redistribution and economic growth

Along other lines, in Canada and elsewhere, it has often been believed that “social welfare harms economic prosperity” (Midgley, 1999: 7) or that there needs to be a “trade-off between growth and equality” (Pontusson, 2005: 1). However, some studies have shown that “there is no necessary trade-off between economic efficiency and achievement of welfare goals” (Headey et al., 2000: 151; see also Pontusson, 2005) and moreover that: “controlling for the size or generosity of the state lowers the coefficient for economic growth” (Scruggs and Allan, 2006: 901).

The evolution of Canadian Social policy has followed this trend as it has undergone a change in paradigm, from a welfare state to a social investment state. Similarly to other liberal welfare regimes where it first emerged in the late 1990s, Canada developed the concept of social investment, that focuses on the future, on equality of opportunity, and on human capital investments (Jenson and Saint-Martin, 2006; Saint-Martin, 2000; Townsend, 2008b). Social investment implies a complementarity (rather than an opposition) between economic development and social policies.

Conclusion

In sum, the comparison of Canadian Social policy with Baltic (and Nordic) social policies and the evaluation of the more mature Canadian welfare state underline some of the strengths of the Canadian model (like its fundamental universal health care coverage, and its success to fight senior poverty), some of its weaknesses (like restricted unemployment benefits, as well as parental leaves and daycare system outside of Québec), and possible initiatives to be looked at (like birth grants). However, distinctions between welfare states do not imply that challenges are necessarily different. The current economic crisis is a great example of a common challenge, for all welfare states. And the way chosen by each government to address it will definitely be determinant in the framing of Social policy, for now and for the future.

For Canada and the Baltics, it will be interesting to see whether or not their Social policy development, throughout and after the crisis, will follow the trend previously created with their nation-building welfare state. Will Canada protect and develop universal social measures? Will the Baltics favour stronger (neo)liberal social policies?

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SUMMARY OF DISCUSSIONS: FORUM FOR COMPARATIVE DIALOGUE: THE PROMOTION OF SOCIAL POLICIES – AN INVESTMENT IN THE FUTURE

Kristina Pauksens

Overview of Social Policies

The Forum's introductory panel was intended to give a broad overview of the current situation with regards to social policies, from the point of view of representatives from the EU, Canada, the Baltic States and the Nordic Countries. Presenters chose to introduce their regions in various thought provoking ways.

The introductory presentation from the EU focused on "well being" in the 27 EU member states, emphasizing the need to look beyond growth and jobs. Happiness indicators, based on the question, "How are you today?" have shown that 87% of surveyed Europeans described themselves as happy – with the Nordic states nonetheless ranking higher in terms of happiness compared to other member states, including the Baltic States. The speaker also discussed current phenomena of note in the EU, including the changing model of the family, the impact of globalization, and the implications of a rapidly aging population. "Flexicurity" – the concept that Europe's labour market must change to accommodate the current demographic situation, through flexible and secure contracts between employers and employees, a social security system which accommodates both income support and working, and lifelong learning – was promoted as a possible solution to Europe's current challenges.

The Canadian presentation illuminated the current demographic and Social policy situation in Canada, introducing Canada as a part of a "Northern Neighbourhood," a geographically large, sparsely populated space shared with the Nordic countries and Baltic States. Canada was described as a country characterized by a un urban population (80% of the population live in cities), an aging population with an extremely low rate of elder poverty, and a social welfare model that borrows heavily from Nordic models, which are often seen as an ideal. However, Canadian policy also lies between Anglo-Saxon and Continental European models. Canada's decentralized political system was explained, in an overview that presented health care as a provincial responsibility, social insurance as a federal responsibility, and the transfer of federal money to the provinces, who then in turn have the greater share of revenue and expenditures, as a significant phenomenon that is important for international observers to keep in mind. The speaker outlined Canada's three-pillar pension system,

its family welfare system, its tax-funded basic universal health care system, and its system of employment insurance (ie: *unemployment insurance*), which is described as generous, but of short duration, and, not accessible to 50% of Canadians, who do not qualify.

The specialist on the Baltic States opened with a description of the Baltic States as a group of nations with high levels of poverty, ranking among the lowest in Europe, in terms of social protection. All three Baltic States – Lithuania, Latvia and Estonia – were characterized as states which have an extremely prominent “shadow economy,” consisting of 30-40 percent of the economy as a whole, combined with an extremely low minimum wage, of less than 200 euros per month, which has driven great numbers of citizens to migrate to Great Britain and Ireland, in search of higher wages. On the other hand, the Baltic States enjoy unemployment rates which are very low, and extremely high rates of female employment, compared to the EU averages. The Social policy model of the Baltic countries was described as conservative and neo-liberal, like the USA. These countries’ wariness to accept a more socialistic welfare model was attributed to the fact that the Baltic States were incorporated into the USSR, and subjected to the Soviet Social policy model, where there was 100% employment, and where the state was obligated to provide all citizens with a job, a home, and medical care. Many Baltic people hold dearly to the deeply rooted idea of a social protection system that is universal. The result has been a complicated process of destroying the Soviet socio-political system and replacing it with a system that reflects the current political situation. The speaker also gave a brief outline of today’s Social policy systems, in the Baltic States, which are characterized by three-pillar pension systems, and two-pillar public and private health care systems.

The final speaker in this panel, representing the Nordic countries, described a current situation of crisis in the Nordic countries, which has resulted in clear winners and losers. He suggested that now is the time for “constructive destruction,” whereby old forms of social security should be replaced by new ones. The Nordic Model is described as having been shaped by five factors: the rise of universalism, the 1930’s Depression and population crisis, the idea of “social citizenship,” male and female participation in the labour market, and earnings related social insurance. This model has generally resulted in a number of pros; there is a high incentive to go to work, there is a low incidence of individuals who are trapped in poverty, there is a high level of employment, and a high percentage of female participation in the labour force. Most crucially, there are very low instances of both child and elder poverty. Rather than a “Robin Hood Model” (take from the rich and give to the poor), the Nordic countries share a model where benefits are also given to the rich, and to the middle class. The aim is not to create a society where everyone is equal. However, this model is described as having been complicated by a new phenomenon – the aging population. It is imperative that the number of taxpayers rises, to meet the demands of the expensive social welfare system – and in order to do this, the Nordic countries must create conditions where people want to continue working beyond retirement age, and thus continue being taxed.

In the question period, the discussion focused on the inclusion of immigrants and national minorities in social protection. One audience member inquired on the impact of multiculturalism, which spurred considerable discussions. It was described by one panel member as imperative that the perception in Europe that migrants are “stealing jobs” from the natives be corrected. A Canadian pointed out that the inaccessibility of social protection is a greater problem for new immigrants, than for more established members of the population in Canada. It was also mentioned that, in Sweden, likewise, there has a traditional disadvantage facing ethnic Finns, a minority group who have historically been excluded from some benefits of the welfare state. The Baltic States are described as a micro-region facing more outflow migration than inflow, with the greatest numbers of migrants arriving from Kazakhstan, the Ukraine and Byelorussia. The Baltic States have had to work hard to include the Roma population in social benefits, as well as members of the Russian minority who did not undergo the process of acquiring Latvian citizenship. Non-citizens living within the borders of the Baltic States still qualify for full social rights, but they nevertheless have a lower life expectancy and worse health conditions than ethnic Balts, according to the speaker. It is considered that this is a problem which is currently being addressed, and which will resolve itself in the future. The impact of the EU and open methods of coordination upon its member states was also discussed, as was the influence of the giant neighbour, the USA, upon Canadian policies. One participant also remarked that, instead of immigrating to the UK and Ireland, Latvian migrants seeking employment should consider coming to Sweden.

The Canada Round Table

The Canada Round Table consisted of a series of presentations, followed by a discussion period, in which Canada’s Social policy experiences were described and discussed. Early on, it was highlighted that, in Canada, Social policy is primarily the responsibility of the provinces and territories, which have to negotiate with the federal government. One speaker addressed the fact that, in Canada, there is a very cumbersome system, which makes it difficult for the provinces and the federal government to come to a universal conclusion about human rights. This was illustrated with a case study from the Supreme Court of Canada, involving the question: Does the state have an obligation to maintain a basic life, with dignity, for all citizens? The Supreme Court of Canada is the highest court in Canada, and its moral precedents are a serious matter in Canada.

Another speaker presented a history of Canadian Social policy, from the “Golden Age” of Liberalism, to the present. This speaker emphasized that Canadian Social policy, both historically and presently, differs greatly not only from American policy, but also from the Scandinavian countries’ policies. She characterized Canadian policy as “inclusive liberalism,” where the individual is enabled to develop his or her capabilities, but is in the end personally responsible for taking advantage of opportunities; where a balanced budget and non-inflationary growth are goals; where social investment is directed toward children and youth; and where both males and females must work. However, she pointed out, this policy also works under the assumption that markets

and families play the dominant role in the economy, supplemented by the state, as Canada, unlike the Scandinavian countries, is committed to maintaining a market economy where the emphasis is on the individual.

Another key theme on the Canada panel was inequality and poverty – surprisingly, Canada has a higher level of both, compared to the OECD average. The speaker on this topic focused on answering the questions: Who is poor in Canada? Who needs the most help? In Canada, 6% of seniors, and 15% of children live below the poverty level. Thus, according to the presenter, senior poverty has been well addressed in Canada, and is not a big problem, but child poverty is an embarrassment – an even more so, single parent family poverty. It was also stated that Canada has done a very poor job at helping disabled people and First Nations people, who on average die twenty years younger than the rest of Canadians, and for whom the government of Canada does not have adequate data.

A key Social policy problem in Canada is that those in the greatest need receive from the government only passive income support – a cheque, but no support, and no job training – leading to cycles of poverty which few can escape, especially in Toronto, where rent is very expensive. One speaker explained how the richest 20% of Canadians hold almost 50% of all income, whereas the bottom 20% hold only 4% - an inequality gap which has increased over the past 50 years. He also explained in more detail the previously mentioned relationship between the provinces and the federal government, explaining that, although the federal government should by definition be outside the Social policy arena, it in fact has a major role as “funder,” as it is in charge of the tax system – and therefore, there is very little that the provinces can actually do with the monetary transfers from above, because they are often inadequate.

During question period, it was brought up, as a suggestion, that the federal government of Canada should create a mandate regarding the money transferred to the provinces, for example, mandating that a province must spend an allotted amount of money on child care, and not on other provincial expenses, such as the Olympics, in the case of British Columbia. It was also brought up that, in Ontario, the municipalities have been given a too limited role in Social policy making. Finally, Quebec was identified as a Canadian success story, in dealing effectively with child poverty. That province has taken a great deal of initiative, going beyond what is mandated by the federal government, resulting in a decrease in child poverty levels. Generally, the Canadian panel provided a snapshot of Social policy issues in Canada, highlighting the importance of regionalism in decision making, while at the same time, emphasizing the role of the federal government for funding Social policy initiatives, out of tax payers’ dollars - and for matters of moral precedent setting.

Family Policy

The discussion of family policy focussed on the sharing of experiences between represented countries, as well as the delineation of theoretical concepts. The first speaker discussed various family policy models used across Europe, highlighting the variety and diversity of possibilities. This presentation described various forms of

unpaid work typically carried out by women, including cooking and housework, which must be taken into account in any equation on the division of work between men and women in a family.

One key presentation dealt with changes in patterns of fertility and support to families in Latvia. The current situation was characterized by the increase in support to families in the 1990's; gender equality (mothers and fathers can choose who will stay home to take care of their child); the Universal Family Allowance; and Paternity Leave – a possibility, beginning ten days after a child's birth, whereby the father can stay home with the child, while earning 80% of his pay. The presenter also described challenges facing the Latvian system, most crucially, the lack of childcare facilities. In Latvia, parents can only stay home for one year without pay, and as a result, many mothers, after having completed their maternity leave, stay home forever. Another result is that, in many cases, Latvian families have only one child but not a second or third. The presenter concluded that institutional childcare, from an early age, should be introduced in Latvia.

The next presentation described and analyzed family policy in Lithuania, explaining that the term "family" was not clearly defined in Lithuania until 2007. ("Family" has been defined as a married couple with children; "incomplete family" is a family with divorced parents; "expanded family" includes relatives, such as grandparents.) Over the past decade, Lithuania has seen a decline in the number of marriages, a decline in the number of births, and a large increase in the number of unwed births. In 1989, the average family size was 3.2 people, and by 2006, it had decreased to 2.4 people. Migration has also played a heavy impact, as many young parents have migrated for economic reasons to Ireland and the UK, leaving their children with grandparents or other relatives. Lithuania has recently set family policy objectives: to keep the "traditional" type of family; to increase the birthrate, and to create a system where it is possible to work and to have a family, and where there is gender equality. Lithuania has taken various measures to support families, which were described by the presenter. Financial allowances include an 18-week maternity leave, with 100% of wage; a pregnancy grant; a one-month paternity leave; parental leave; child benefit; and the "poor family benefit" – 8-20% of the minimum wage (approximately 28 euros per month.) Other measures include daycares, free school meals, flexible work hours for parents ("Flexicurity"), and transport discounts. The presentation closed by stating that the rate of women working part time jobs in Lithuania is only 8.5%, compared to a EU average of 32%. In many EU countries, part time jobs are a way for women to stay in the workforce, earning money, while at the same time having more time to spend at home with their children – in Lithuania, on the other hand, the mother usually feels a pressure to choose between full time work and no work at all.

Another presentation in the family policy panel considered the question: to what extent do fathers take a two month paternity leave, in the EU and in North America? The speaker described a prevalent societal attitude in Europe: "If you don't take the leave, shame on you." There was also a comparison of family policy in the EU and the USA. The USA was described as having a dismal record on family policy, with no paid paternity leave, or right to paid parental leave, and no right to leave

work, with pay, for mothers in childbirth. Thus, it was suggested that the American model is not an ideal one to emulate. This was contrasted with the Nordic countries, Europe's forerunners in family policy, where free nurseries and kindergartens provide guaranteed day care for all children from the age of one.

Discussions on family policy were very international, and provided an occasion for Forum participants to share additional experiences regarding family policy. One participant critiqued Canada's recent introduction of the "Child Tax Benefit" as a joke, arguing that much more money should have been invested in childcare and early childhood education facilities. One participant enquired how Finland's universal day cares are funded, and it was replied that if parents make a large income, they pay for the day care, but that, if they are poor, the family is subsidized. Lithuania was described as "stuck at a crossroads" between the traditional family and gender equality objectives. Finally, Latvia was characterized as having inherited from Soviet times social problems and changes, along with independence. The government of Latvia recently did a study, and found that children are the group at most risk for poverty (similarly to Canada). Families with many children have been the most negatively impacted. Risks have been reduced, through various measures including the generous "pro-natalist" family allowance. The problem is, that when a mother's allowance ends, it is often difficult for her to sustain her family's standard of living.

Health Insurance Coverage

The panel on health insurance coverage consisted of experts from each of the three Baltic States. However, the discussions were particularly rich in this panel, and Canadian and various other European experiences were also shared, in a dialogue format.

One presentation focused on Latvia's current problems and challenges, with regards to health insurance coverage: there is no health benefit in Latvia, although there is reimbursement for certain health services – but in the end, a great deal of private money is spent on health care in Latvia. It is the worst case, or at least, one of the worst cases, in the EU, for private spending on health coverage.

One important problem that was brought up was the topic of "informal payments" to doctors – for example, a surgeon demanding additional money under the table, in order to do a surgery. In Estonia, this has never been a big problem, and in Latvia, it is rather a rarity, however, in Lithuania, according to one speaker, it is a big problem. According to data, 50% of Lithuanians feel that giving informal payments will help their health care situation, improving the results of their treatment, especially with regard to speed of services. Patients in Lithuania expect to pay something, or give some gift, to their doctors.

From Canada's perspective, informal payments are not a problem, according to a Canadian participant. Rather, long wait times were identified as the biggest problem. Many Canadians do not have their own family physician, who looks after their interests, but instead, rely on crowded walk-in clinics for their medical care. These clinics offer little advocacy, and little access to services. There are inequalities between income groups, with regard to this problem.

In the three Baltic States, the health care profession needs to be made more attractive for young people, according to one speaker. Salaries are too low, and furthermore, salaries vary greatly and unjustly between different types of medical professionals. Many doctors and other health care professionals train in the Baltic States, and then move to another country to work, where they can earn a higher salary. The low salaries of doctors could be improved through a change in health spending structures, said one expert.

However, a Canadian argued that increasing doctors' salaries will not solve any problems, as Canada shares a border with the USA, where salaries are much higher than in Canada, and yet, Canada's doctors for the most part do not succumb to the temptation to work in the United States. Rather, the speaker said, the feminization of the medical profession is key; doctors must be given flexible hours to allow them to have babies, and to take care of their families, while working at the same time.

Income Security in Transition – Pensions Coverage – Adequacy and Sustainability – Unemployment Benefits – Social Welfare (Parts 1 and 2)

The topic of income security, pensions, sustainability, unemployment benefits and social welfare was so broad and so important that it merited a double block of presentations, twice the amount of time allotted to any other topic. Canada, the Nordic countries, and the Baltic States each provided at least one speaker on these topics.

One Canadian presenter argued that it is fallacy to say that Canada and its provinces are analogous to the EU and its member states, especially with regards to income security. He described the Canadian system as very messy and complicated with a lot of overlaps. The presenter described Canada's various pensions – old age security, Canada pension plan, RRSPs, and private savings investments. He also described Canada's welfare system ("the Dole"), arguing that it offers no opportunities for advancement, or opportunities for laid-off people to find jobs that fit their skills and training, but rather, that it encourages laid-off workers to take the quickest route to get a job – any job – as quickly as possible. This speaker also described a recently conducted survey, using a "deprivation index" to measure poverty without looking at income, but rather at lifestyle. This followed with a discussion on the merits and pitfalls of private pension systems vs. state-run ones.

Another presenter described the current situation of unemployment and labour market policies in Latvia. She stated that, for unemployed Latvians, only 40% of their living comes from the unemployment benefit, leaving 60% of the burden on family members who share their incomes with the unemployed person. She argued that ethnic Latvians in particular rely greatly on relatives in the countryside to provide them with food. The speaker identified two key causes for long term unemployment in Latvia: de-Sovietization and the resulting closure of factories where many Russian immigrants formerly worked, and the need for a new set of skills in today's marketplace – including the need for Latvian language skills, which were not necessary in Soviet times. The speaker also stated that, in Latvia, Russian employers

tend to engage Russian employees, and that the most advantaged workers are often ethnic Russians who speak both Latvian and Russian extremely well – especially when compared to young ethnic Latvians, who tend to know Russian very poorly, having been educated largely in post-Soviet times.

The next presentation dealt with unemployment protection in Estonia. Estonia was the last country in Central and Eastern Europe to introduce compulsory unemployment insurance, in 2002-2003. The presentation described the factors which led to the introduction of this insurance, including the “revenge of Bismarkian ideas,” the spreading of the unemployment problem, and the change of attitude toward the unemployed (it was no longer considered the unemployed person’s “fault” but rather, a legitimate factor in the new, capitalist market model). The speaker outlined the current system of 100 days unemployment at 50% of the former salary, followed by 40% of salary for 180 to 360 days, depending on the individual’s history of payments into their plan. She ended with a problem: more men are unemployed in Estonia, yet more women get unemployment benefits than men. It was noted that the situation in Estonia resembles the situation in Canada.

Another presenter gave a Finnish and Nordic perspective on the challenges facing the unemployment insurance system. She stated that the Nordic countries have a higher than EU-average level of employment, with lower unemployment rates. She outlined the region’s generous basic benefits and high replacement rates, then proceeded to discuss challenges facing the region, including: globalization, technological change and the aging of the populations. Next, an outline was provided of the main strategies, including financial incentives, activation approach, and complementary strategies, to address situations linking welfare and work. She highlighted in particular the importance of flexibility of labour markets, to meet the needs of today’s workforce. The presenter closed by arguing that many people in Finland and the other Nordic countries would like to increase the amount of basic assistance offered, even if taxes would have to be increased.

The final presentation in this panel dealt with employment policy design. The speaker provided a statistical outline of a model showing “activity” (knowledge and competence of the population) and “suitability” of groups of the population. He argued that, depending on individuals’ location on his grid, four separate types of working age people exist: the unemployed-unemployable, the employable-unemployed, the employed who deserve to be employed, and the employed who are not suitable to be employed – the latter two being the ones currently active in the labour force. This model was introduced as a potential tool for policy makers hoping to address unemployment problems.

Agora: Frontline Issues and Practices in Social Policy (Parts 1 and 2)

One unique segment of the Riga Social Policy Forum was the “Agora” – a two-part panel of discussions on frontline issues and practices in Social policy. The first Agora dealt with a variety of issues, including the role of civil society and NGOs,

gender issues, demographic change, “work-life imbalance” and the role of the artist in engaging in Social policy.

The presentation on civil society and NGOs dealt predominantly with the topic of men’s health in the Baltic States. In Latvia, Lithuania and Estonia, men’s health was characterized as terrible – not even comparable with the other European countries. On the topic of NGOs, the role of the Estonian Cooperation Assembly, a network of NGOs interested in the long-term development of Estonia – which receives 70-75% of funding from the Estonian government, but which is politically neutral – was described.

The presenter on gender issues argued that, in the EU, women are punished for combining paid and unpaid work, and that men are not sufficiently stimulated to take on roles in household activities. Women, it was argued, have more jobs, but worse jobs than men, in terms of salary and job security. Men, on the other hand, tend to work longer hours when they get children. The different models in the EU were described: the “Universal Breadwinner model” of Denmark and Sweden, where both parents must work; the “Modified Breadwinner model” of Belgium and France, where women often work, but as a “second earner;” the Mediterranean model, where the woman either works full time or leaves the workforce; and the model of women as part time workers, as is found in the UK, the Netherlands and Germany.

The presentation on the social impact of demographic change discussed various demographic indicators with regards to the Baltic States. The speaker described the human development index, a three-pronged indicator of development based on GDP, literacy and education, and life expectancy indicators, pointing out that Canada ranks highest in terms of human development, followed by the Nordic countries. The speaker described the aging populations as a major concern facing all ten countries represented at the Social Policy Forum. Fertility decline was described as a major problem facing Latvia, in particular. The replacement rate of two live births per woman has not been met in recent years, although research has shown that Latvian women of birthing age want to have two children on average. This indicates that, with the right policy measures, Latvia could increase its birth rate. The presentation closed with a question: are the elderly a burden or a resource for society?

The speaker on work-life imbalance used the Canadian provinces of Alberta, (described as “Canada’s Texas”) and Quebec as a case study. Alberta’s Social policy model was described as “Puritan” – Alberta mothers only get six months of maternity leave support, while they are out of the labour force. In contrast, they get up to five years of support in Quebec. In Alberta, policy encourages grandparents to take responsibility for childcare, whereas in Quebec, seven dollars per day are given for each pre-school aged child, for day care. Quebec also provides a five-week paternity leave, not dissimilar from the Nordic “Daddy Quotas.” However, despite differences, both provinces have shown high incidences of overwork – which, combined with low wages, and unstable employment, effects the number of children parents decide to have. In all of Canada, huge student debts, due with interest upon completion of university, have been a major problem facing young people of birthing age. The speaker concluded that the Canadian federal system has allowed for experimentation

between provinces – but that, for the country as a whole, support for childcare, (as well as maternity leave, and “compassion leave” in the case of a dying parent), is too limited.

The final presentation in the first Agora dealt with the role of the artist in engaging in Social policy. The presenter described artists as uniquely positioned to do work for the fight against poverty, trying to “move” politicians emotionally, by showing them “how poverty smells.” This presentation led up to an art show showcasing artwork by victims of human trafficking, and in particular, young women who were forced into prostitution. This allowed Forum attendees to see, first hand, how much impact artwork can have on the social conscience.

The second Agora was also filled with interesting presentations on frontline issues and practices in Social policy. This portion dealt with marginalized youth, health in prisons, human trafficking, family policy, and gender equality in the workplace.

The presenters on marginalized youth described a program carried out in the Canadian province of Newfoundland and Labrador that sought to actively involve marginalized youth in the Social policy life of their communities. Newfoundland and Labrador was described as a province that has been plagued by high levels of out-migration, poverty, a declining birth rate, an aging population and a decline in volunteerism. It was characterized as being a very high-risk province, compared to the rest of Canada, and a province in which community members, especially youth, need to be prepared to lead their communities.

The following presentation dealt with women’s health in prisons in the Baltic States. Women in prisons were described as a very vulnerable demographic group, with a high risk of HIV, TB and Hepatitis C. Furthermore, it was noted that women’s incarceration affects their children and dependents in a very negative way, as prisons were designed mostly for men, and not for women’s special needs. The United Nation’s regulations give women prisoners certain rights, including the right to give birth outside prison, the right to breastfeed, the right to appropriate conditions for newborns, no shackling, and no notification of prisoner status on the birth certificate. The Ilguciema Prison, in Latvia, was presented as an example of a prison with “mother and baby units” where mothers and babies can stay in a special room in the prison together for one year.

Another presenter discussed the fight, by one NGO, against human trafficking. The victims of human trafficking include those exploited sexually, those exploited economically (especially in the construction and hotel industries) and those trafficked for their organs, for international adoption, or, to participate in terrorist plots as assassins, as has been witnessed in Kosovo and Macedonia. According to the speaker, the number one “push factor” for such trafficking is poverty, and the number one “pull factor” is the dream of a better life, in the West, which is often seen as a mythical land of opportunity.

Another Agora presentation discussed the risk of social exclusion of youth after institutional care – or, “out of family care” i.e. in orphanages, group homes, etc. The speaker presented the results of research conducted not only to determine recommendations for legislators, but also to determine the image of the orphan

among Latvian youth. It was found that orphans require a plurality of supporting organizations, and that it is best for them to be placed in a family. Furthermore, it was found that orphans have social and psychological needs that are not always met in “out of family care” institutions, as well as basics such as food clothing and shelter. In order to thrive, the speaker argued, grown orphans require a social safety net, to aid their transition from the orphanage to independence in society.

Another speaker described the family policy situation in Latvia, focussing on maternity leave policy and its impact on the birth rate. The speaker described how, in Latvia, when a child arrives in a family, it tends to lower the family’s standard of living. Furthermore, if a mother decides to work at a part time job, to increase the family income while still having time to raise her children, she loses her mother’s allowance. Furthermore, for Latvian children, kindergarten starts at age three, but the mother is only able to stay home with child allowance for one year. This creates a problematic gap. These policies, together with Latvia’s current demographic situation (high levels of out-migration, reproduction below the replacement rate, aging population, etc) will affect the fertility rate, according to the speaker. Furthermore, she argued that Latvian women want to work and to have families, but that in the current system, they cannot afford to have many children. It was argued that, in general, family policy for civil servants is better than for the rest of the population. In this way, governmental work is far more attractive for women.

The final Agora presentation provided a discussion of the road to equality for female journalists in Canada. The journalism industry was used as an example of an industry, in Canada, where women have been unable to combine family life with a high power career. Women in the journalism industry were described as often being stuck in “pink collar ghettos” of advertising or accounting and finance, and they outnumber men as section editors only in the “fashion,” “food” and “lifestyle” sections of Canada’s top newspapers. Women editors in chief are a rarity. The speaker argued that, unless news is produced by women, it will fail to serve the needs and interests of women – and thus fail society at large.

The Forum closed with a formal concluding session, where an official summary of the Forum was compiled by participants. This summary can be found in chapter X of this publication.

Part III

OVERVIEW OF SOCIAL POLICIES

NEW SOCIAL DIMENSIONS OF EUROPE¹

Frederic Lerais*

Introduction

The social situation has changed in Europe, and today's EU citizens have great expectations regarding the European Union. This is the reason why a vast consultation for a social reality check was launched by the European Commission in February 2007. This exercise was announced in the European Commission 'Citizen's agenda' on May 10th, 2006². The process was inaugurated with three seminars with a local focus (Dublin, Paris, and Budapest), a specific Eurobarometer on 'Social reality',³ and a discussion paper on 'Europe's social reality' by Roger Liddle and Frédéric Lerais. The Commission consultation ran until mid-February 2008, and in July 2008, as a result of the vast consultation, a renewed social agenda was adopted.

In this paper, I will describe the main social challenges in Europe, and the responses the European Commission proposes. In the first section, I will provide a background of the renewed social reality in Europe; in section two, I will describe the main social trends as identified in the social reality report, which deals with social well-being; finally, in the third section, I will introduce the answers put forward by the European commission, that feed into the renewed social agenda, released in July 2008.

¹ This paper is heavily built on Liddle Roger and Frédéric Lerais, 2007: 'A consultation paper from the Bureau of European Policy Advisers. Europe's social reality'. The paper summarises a presentation done in Riga, 6 November 2008.

² COM(2006) 211 final 'A citizen's agenda delivering result for Europe'. Brussels, 10.5.2006.

³ Special Eurobarometer (2007). *European social reality*.

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Where does the social reality exercise stem from?

Some social policies are already in place in the EU. However, the main responsibility in this area is not in the hands of the EU, but in those of the Member states. Yet, it is clear that action at the European level is key to coordinated development in the EU, even if member states hold different views on Social policy. At the beginning of this Commission, there was an intensive debate about the European social model, which gave rise to a fruitful discussion at the Hampton court informal summit in October 2005.

Following this discussion, and after the Dutch and the French voted no in the referendum, in the Citizen's agenda of the 10th of May 2006, the Commission announced 3 reports to improve European policies: (i) The Single Market Review; (ii) The budget review and (iii) The consultation on the social reality stock-taking. A vast consultation on social reality was then launched with a view to 'Take comprehensive stock of the reality and launch a new social agenda on access and opportunities'.⁴

During this exercise, the Commission was in 'listening mode'. The objective was to understand what is important in the social reality of today's Europe before proposing political options. The objective of this process was to check the level of agreement among Europeans on the social challenges Europe has to face..

This broad consultation was underpinned by a description of the social well-being of citizens⁵. The analysis focuses on the social condition of European citizens. There have been a growing number of studies on well-being (by the OECD, the World Bank, and the European Commission). Most of them underline that 'GDP per head' and employment rates are important, but far from being sufficient measures of reality for policy making. Some non-monetary factors have been overlooked, for instance: health, leisure and feeling of security. These are, however, key elements to incorporate in policy making.⁶

The approach adopted by Liddle and Lerais is much more modest., The idea is to see how the factors behind well-being have evolved and shaped Europe's social issues. It depicts an impressionist picture of social Europe

Subjective well-being

To start with, we should look at subjective indicators related to well-being. The well-being of citizens can not be reduced to subjective indicators. Nonetheless, this is a convenient way of summarising complex information. If we look at subjective indicators, we get a paradoxical picture of Europe. According to the Eurobarometer survey⁷, overall, European Union citizens are happy with their personal life: the study found that 87% of Europeans are satisfied with their every day life (Figure 1). This is a striking result. There are some disparities in results between member states. The

⁴ Com(2006) 211 op. cit

⁵ Liddle and Lerais (2007)

⁶ Canoy and Lerais (2007): Beyond GDP: Overview paper for the Beyond GDP conference. <http://www.beyond-gdp.eu/download/bgdp-bp-bepa.pdf>

⁷ Special Eurobarometer 273 / Wave 66.3. European Social Reality. February 2007.

Netherlands and Denmark appear to be the happiest EU countries, followed by most of the western European states, and then the eastern European states, in which happiness was still at an overall level of 70%. This heterogeneity in Europe reflects GDP per head, but only partially.

In contrast, EU citizens are quite pessimistic about their perception of the future. The contrast is really striking compared to the previous indicator, since only 17% of European citizens believe that their children will have an easier life than the one they currently live (Figure 2). This raises serious question about intergenerational equity and the perceptions of social progress. Here again, there is a heterogeneity in perceptions among member states. We observe a reverse picture of the previously described study on current levels of happiness: the newest comers in the EU are more optimistic about the future than the older member states. Among the Baltic States, in Lithuania, 51% of the respondents believe that the future will be easier for their children, in Latvia 44%, and in Estonia 28%.

All in all, this gap between the perception of the future and present satisfaction with life is the starting point of our analysis. This gap comes from various social changes in Europe, changes that often cause concerns.

Social trends shaping Europe

What are the trends that are shaping Europe's social reality? In the report we have identified five major factors that may influence perceptions of well-being.

Globalisation

The first trend shaping Europe that often comes to mind is globalisation. Globalisation has, indeed, contributed to an alteration of our societies. It has an impact on the demand for skills (with less unskilled jobs available); on migration, and even on natural resources. There are also impacts on specific areas, when there is outsourcing or 'relocation'. This is a cause for worry for many Europeans.

All in all, the EU gains from trade and globalisation, but this is not always felt locally. Losses can be registered among the populations of Europe when low skilled jobs are subject to new international competition, and when there is more pressure on energy and natural resources. Furthermore, a strain can be perceived when outsourcing creates local job losses, and when migratory flows increase. However, even though globalisation has had a major impact, it is not the only factor to take into account when we analyse social changes in Europe. There are at least four other major trends, mainly internally driven.

Service and knowledge economy

Firstly, industrial society has shifted towards a service and knowledge society with fast changes in occupational structure. Nowadays, two third of jobs are in services. Some studies estimate that almost 40% of jobs are in the knowledge sector. In a dynamic perspective, it is still more impressive. In the European economies, between 2000 and

2004, 1.7 million industrial jobs and 1.1 million jobs in agriculture have disappeared. In contrast, in the service sector there has been a gain of nearly 8 million jobs.

To face this challenge, there is a growing need for workers with specific skills. Countries in Europe are not always in a good position to meet these challenges: 1 in 6 young people leave school early (Figure 3). Additionally, educational outcomes are sometimes very poor, despite the overall increase in educational attainment as recorded in OECD surveys such as PISA. Moreover, in spite of the decrease of unemployment in Europe in the last 10 years, youth unemployment remains very high, with a rate twice as high as that of the average population. (Figure 5).

The role of welfare states

Secondly, the impressive rise in life expectancy could be considered one of the best outcomes of the welfare states, resulting from better health services and pensions, plus the abolition of absolute poverty. It is a dramatic European achievement. Life expectancy has increased for men from 43.5 around 1900 to 75.5 in 2000 and it is forecast to reach 82 in 2050. Of course, the gain is not evenly distributed, either among member states, or among groups of populations in each member state.

At the same time, welfare states, as well as pension systems, have led to new dependencies. For instance, a large number of people aged between 55 and 60 have dropped out of the labour market. Furthermore, relative poverty persists among old people and children. Nearly 12 million out of 72 million pensioners are at risk of poverty. The child poverty rate is around 17% in Europe (18 million of children out of 94 million live in poverty; Figure 4). This phenomenon is even increasing in some member states.

Demographic trends

Thirdly, there has been a dramatic decrease in the fertility rate, from an average of 2.69 in the 1960s, to an average of 1.5 now, which is below the reproduction rate. The biggest recent decreases in fertility have been observed in the new member states and in southern Europe. One can notice a strong correlation between fertility rates and the availability of childcare, easier maternity and paternity leave, and the proportion of women in the labour market. Women with stable jobs are more likely to have children.

Of course, these demographic trends have a dramatic impact on social expenditures: Age related expenditures are expected to soar by 2.5% of GDP by 2030 and by 4.3% by 2050. But besides that, there are also societal challenges that are not easy to tackle. Let me mention a few of them: (i) 28% aged 70 and over currently live alone, and 40% of those aged over 80; (ii) Up to two thirds of individuals over 75 are dependent on informal care; (iii) Extended families' care for the elderly is weakening and it will weaken even more if people stay at work longer; (iv) women caregivers are the ones most often put under pressure.

Migration can be source of labour supply to partially offset the consequences of demographic trends. But migrants also pose serious challenges. They are often discriminated against in the labour markets. They often have poor educational

attainment, and their integration is often problematic. The situation is quite complex in terms of public perceptions. In particular, a strong economy or a social model is not a guarantee of success.

Changes in values: new wants, new needs

Finally, in most member states, material needs are increasingly being satisfied. But new needs and new wants are emerging. Consumers have new demands in terms of leisure, fitness, tourism, and health and in the meanwhile, we witness an increase in the consumer's role. There is, in many member states, a rise in household debt. The demand for a more personalized and consumer-accountable public service, as well as private services, is growing, as well as the awareness of risk.

At the same time, we have seen tremendous changes in value along three axes: (i) Increasing secularization and decline of religious belief; (ii) Decline in civic engagement and trust in politics (Social capital); (iii) Demand for greater personal freedom. All this may have an impact on the governance of policies.

In a nutshell, Europe has become more diverse, people are facing different social risks, the world is moving at a higher speed and is more knowledge driven, and the population is ageing rapidly.

What kind of responses?

One of the consequences of this combination of characteristics is that future well-being will not only depend on economic activities. Future policies should therefore aim at achieving the following goals: the highest possible education for all; a rapid entry into the labour market; with the highest labour participation possible; well-integrated migrants that add value to European societies; healthy citizens; and citizens fully participating in civil society. These requirements are not needed for social reasons alone, but for economic reasons too. Healthier, better educated and more greatly participating citizens create higher economic growth.

A big part of the answer relies on the Lisbon Strategy for Growth and Jobs as well as on social inclusion. A modernization of the approach regarding the labour market is in place through the flexicurity approach. The renewed social agenda proposes a modernization in many fields of Social policy with a focus on social investment.

Lisbon Strategy for Growth and Jobs

According to demographic projections, there is still a 10-year window of opportunity for a rise in employment in Europe, when taking the current demographic trends into account. Employment growth is possible up to 2017 in Europe, since raising employment rates can compensate for the declining working-age population. Thereafter, growth has to be achieved through an increase in productivity. This explains why the Lisbon objectives put a priority on level of employment and on productivity. The employment strategy also stresses active ageing. The Open Method of Coordination on social protection and social inclusion establishes common objectives and reporting on adequate and sustainable pensions, and more recently, on health and long-term care as part of the Lisbon Strategy.

Flexicurity

The concept of flexicurity is now central to employment in the EU, and to the EU's social modernisation. It is an integrated strategy to enhance, both flexibility and security at the same time, in the labour market. Flexicurity is built on four components: (i) Flexible and secure contractual arrangements from both the perspective of the employers and of the employees; (This clearly means that flexibility is about more than 'hire and fire': internal flexibility is as important as external flexibility); (ii) Active labour market policies that promote 'Transition security'; (iii) Reliable and responsible lifelong learning systems that enhance employability and raise productivity; (iv) Modern social security systems that combine adequate income support with the need to promote labour market mobility.

The concept of flexicurity has sometimes been misunderstood. It is key to remind that flexicurity is not a bargaining position; the final aim of the concept is to increase 'security'. Studies clearly show that feelings of security rely more on the number of unemployed people, and on the number of job opportunities available, than on the level of employment benefits or the strictness of labour protection⁸. It calls for a cross-cutting strategy. This is a key point to facilitate change.

The renewed social agenda

In July 2008 the European Commission adopted a communication to conclude the 'social reality' exercise.⁹ This communication put forward some political options as responses to the new social challenges previously described.

At the core of these political options there are three words: Opportunity (i.e. the means to promote life chances at an early stage), Access (i.e. giving access to services, education, labour markets, and health services), and Solidarity (i.e. promoting second chances and cohesion). In other words, it puts the stress on youth life chances and social investment as a means to tackle many of the issues already mentioned. The core objective is to promote life chances by giving a 'strong start'; in giving access to services, to education, labour markets, health services - and in offering a second chance to those who need it.

The communication also highlighted the idea of 'social investment' in a number of areas. What is key is that youth are at the centre of the approach. The idea behind this approach is that social policies should not put so much stress on repairing damage, but rather on prevention, or on building human and social capital. A policy should be assessed based on the long-lasting effects it has on individuals and on society. Many studies show, for instance, that inequity, poverty, etc. are better fought when addressed early on. Typically, this approach is backed by the work of the Nobel Prize laureate James Heckman. The idea of investment is that equipping people for the future brings long-term social returns.

⁸ OECD (2007): Employment outlook.

⁹ COM(2008) 412 final. Renewed social agenda: Opportunities, access and solidarity in 21st century Europe. See also Com (2007) 726 final. Opportunities, access and solidarity: towards a new social vision for 21st

What is new in this communication is the fact that it addresses the situation of young people, focussing on their mobility and on improving their chances of success. It sets the prerogative to view Social policy in terms of social investment. Put simply, this means not just solving problems, but rather anticipating a number of problems. It emphasises the concept of life chances, underlining nevertheless that it is not enough to guarantee better chances or greater opportunities in life; at the same time, initiatives must be taken to encourage access to certain services, in particular education, so that these life chances can be realised, ensuring greater solidarity.

This communication sets out seven areas for social investment. It establishes that more resources must be focussed on education for young children, equality between the sexes, health and professional transitions.

The role of the EU

Until now we have not raised the issue of competence of the EU or its member states. Indeed, we are in an area of shared competences and we recognize that for many of the areas mentioned (areas linked to education, social protection and other areas) the margin for manoeuvre and levers of Social policy are particular to each country. The European Union has only a complementary competence in these areas, yet there are reasons to believe that the European Union offers a real added value, *inter alia*, by providing a more dynamic view of difficult issues for member states.

Even though the member states hold the main responsibilities, there are five ways for the European Commission to help catalyse these objectives: Firstly, by setting and reaching common objectives; secondly, by raising awareness and building strong knowledge bases, thirdly, by sharing experiences and practices to inspire policy makers, fourthly, by supporting local, regional, and national action (through Structural funds, and Globalisation funds) and finally, by setting a legal framework (for example, for anti-discrimination, and for free movement.)

The most obvious areas for EU intervention are associated with the open method of coordination, that consists of setting and achieving shared objectives. This has worked in a number of cases, although perhaps not always in terms of specific results. However, the open method of coordination has made it possible to shed new light on a number of themes (Flexi-security, child poverty, etc.). What is clearly essential in this process is the sharing of experiences and good practices between countries. It is also suggested in the communication that support at the local level, through structural funds, is very important. The question now is how to connect these structural funds with a new approach to social investment.

Conclusion

In conclusion, I ask the question: “what are the lessons we can draw from this stocktaking exercise?” Europe is becoming more diverse, people are facing different social risks, the world is moving at a higher speed, and is more knowledge driven, and the population is ageing rapidly.

The consequence of this combination of characteristics is that future well-being does not only depend on economic activities. Contrary to common presumptions, the changes do not only come from ‘outside’ or stem from globalisation. Changes lie at the root of growth and prosperity.

For changes to become opportunities, people need to adapt, and institutions have to facilitate change. For citizens to be able to adapt, they need to overcome their concerns that changes constitute a threat. For institutions to facilitate change, knowledge about what works and what does not is key, and needs to be complemented with political vision and leadership.

The EU approach derived from the social reality check makes a strong case for more social investment with a focus on youth: The EU should invest in pre-school education; reduce the number of school drop outs; get more people into higher education; promote rapid entry into the labour market; and make sure everybody is equipped for life-long learning.

All this calls for going beyond the traditional trade-off between the economic and the social, in which social policies are created to ‘correct’ economic outcomes. Modern social policies, based on shared responsibilities between stakeholders, are to be an input for future well-being, by being preventative, pro-active, and as a last resort, remedial.

Figure 1. Happiness indicators

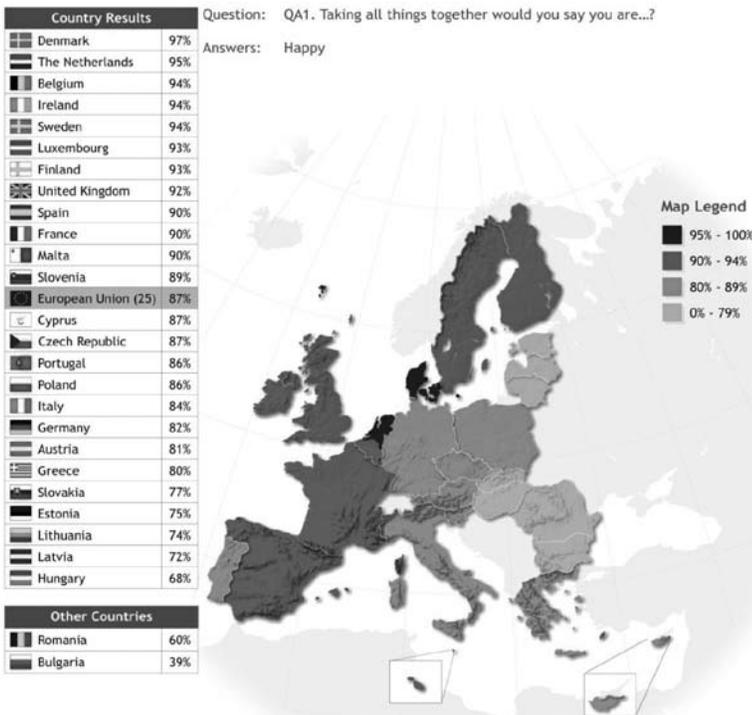
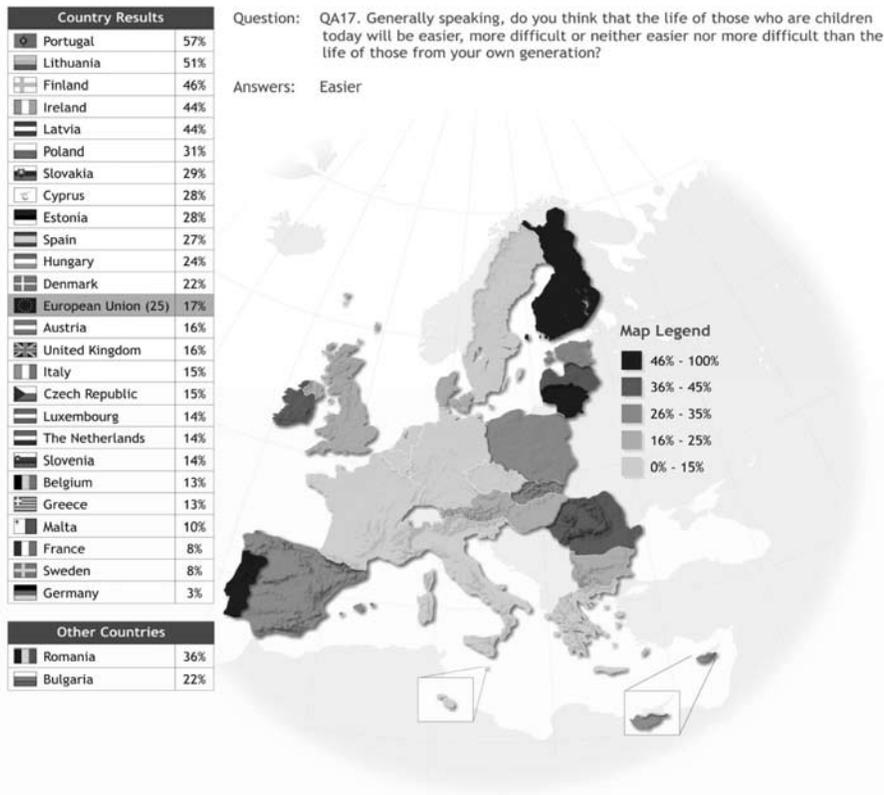
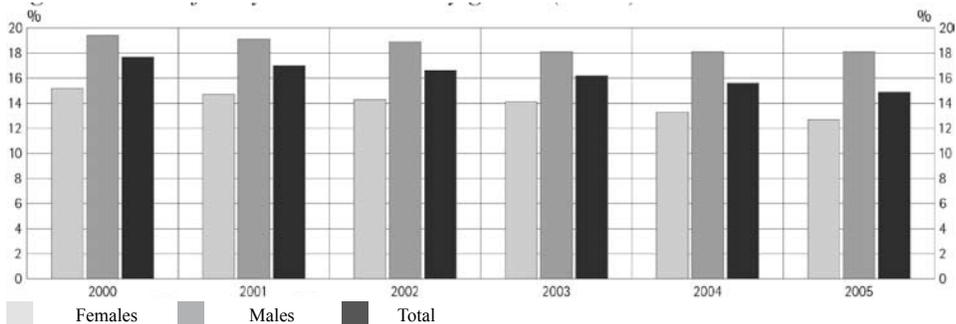


Figure 2. Anticipated life for future generations



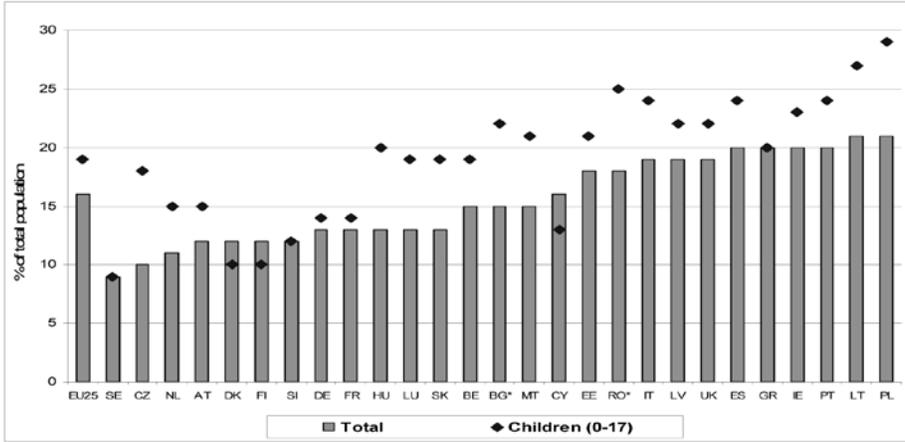
Eurobarometer

Figure 3. Ratio of early school leavers by gender (EU 25), 2000-2005



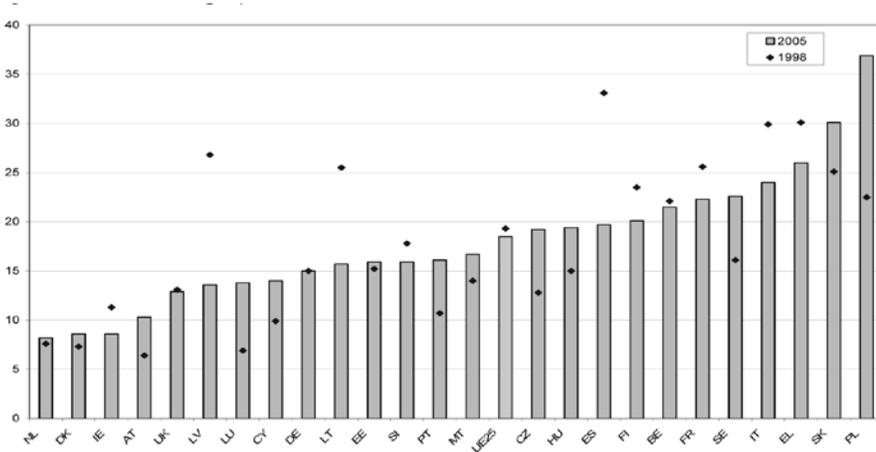
Source: Eurostat (Labour Force Survey) 2000-2005, EAC

Figure 4. At-risk-of poverty rate in the EU (%), total and children, income year 2004



Source: SILC(2005) EC(2007) Joint Report on Social Protection and Social Inclusion 2007

Figure 5. Youth Unemployment rate 1998 and 2005



Source : Eurostat, Employment in Europe,

THE TRANSFORMATION OF SOCIAL POLICY IN THE BALTIC STATES*

Jolanta Aidukaite

Introduction

The Baltic States offer an interesting case for studying Social policy. Not only did they experience Soviet authoritarian rule between 1940 and 1990–1991, but it also had an impact on their subsequent trajectories. In addition, post-Communist economic and social restructuring has coincided with the population aging and the increasing impact of globalization and Europeanization in recent years. Thus, The Baltic States, like other East European countries, have undergone a process of Social policy reform after the collapse of the Soviet regime. But Social policy issues have never been given top priority by the Baltic governments which have, instead, focused predominantly on market reforms and political independence (Aidukaite, 2004; Lauristin, 2003). This paper reviews Social policy in the three Baltic States as it has developed since the collapse of the Soviet regime. The aim of this paper is to give a general overview of the main problems and reform challenges of social protection in Estonia, Latvia and Lithuania.

The Baltic economies have experienced rapid economic expansion during the last years of the transition (2000–2007) and had the fastest growing GDPs in Europe (see Eurostat, <http://epp.eurostat.cec.eu.int/portal/>).^{**} Consequently, the employment opportunities have increased in the Baltic region and unemployment has decreased considerably. However, despite comparatively good economic indicators and GDP growth, Baltic societies spend much less on social protection as compared to the EU-15 and the EU-27 average. The share of GDP spent on social protection in the three Baltic States (12–13 per cent) is among the lowest in the European Union (Keune, 2008: 13). Thus, it is probably not surprising that the income inequalities expressed as a ‘Gini coefficient’ are also the highest in these societies, ranging from thirty-six in Estonia and Lithuania to almost thirty-eight in Latvia. With regards the relative poverty rate, again the Baltic States are the leaders, with Lithuania (29 per cent) having the highest relative poverty in the EU at present. Furthermore, the Baltic States are among the new EU member states with the highest share of a shadow economy

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** The GDP has, however, started to decline since 2008. This might be negatively influenced by the current financial crisis affecting the US financial market with consequences for the rest of Europe and the world due to increasing global trade and competition.

(for further details see Aidukaite, 2009a). One of the reasons, according to Chandler (2002), why the shadow economy in the three Baltic States is more pervasive than in the other EU member states is that people in the Baltics believe that the governments do not deserve financial support, since they provide poor quality services. Indeed, it could be argued that the low quality of public social services and the relatively low level of social benefits contribute to this situation. The 2002 opinion survey carried out in all three Baltic States indicated that overwhelming majorities (about 90 per cent) of the citizens in the three Baltic States believe that the government does not guarantee the social security of its citizens, and they have to rely more on the market or the family for support (Aidukaite, 2005). Furthermore, Estonia, Latvia and Lithuania are among the European nations whose citizens are most unsatisfied with their health care systems and health (EFILWC, 2004).

A number of scholars (Bohle, 2007; Guogis and Koht, 2009; Lendvai, 2008) have attempted to group Estonia, Latvia and Lithuania into the neo-liberal welfare state regime, according to their low levels of social spending, high-income inequalities and low decommodification. Why do the Baltic States, despite impressive economic indicators, perform less well with regard to social indicators and social effort? In addressing this question, the Social policy development in the three Baltic States will be reviewed in the light of the major theoretical starting points, which are derived from, notably, the historical legacy of previous policy choices, politics and organized labour, economic and other social actors, globalization and Europeanization.

Previous Policy Choices and Present Welfare Structures

The first social security programmes in the three Baltic States date back to as early as 1919 (Aidukaite, 2004; Kore, 2005; Poldma, 1999; Rajevska, 2005). Social security during the interwar period (1919–1940) resembled the Bismarckian system of social insurance. However, the number of insured people was low and only permanent state employees had the right to a state pension. The money that went into the pension fund was mainly obtained from employer and employee contributions. Farmers were totally excluded from the social insurance system (Macinskas, 1971). After the Second World War, Estonia, Latvia and Lithuania were incorporated into the Soviet Union and were subjected to the same Social policy regulations as the whole empire. The Social policy was organized through employment in the USSR. Everybody had to work and everybody was insured for all social risks. The social security system's coverage was universal, albeit with rather low benefit levels. Everybody was guaranteed security in all cases of loss of working capacity, old age, invalidity, illness and the loss of the family breadwinner. This extensive Social policy (full employment, free education and health care) and social security, with its huge redistributive mechanism, promoted class equality among the various social groups (Aidukaite, 2004). Some studies, however, indicate that there was an upper class, namely the so-called 'nomenclature' that profited more from the benefits of the authoritarian welfare state than did other social groups (Deacon, 1992; Ferge, 1992; Poldma, 1999). Other studies (Hartl and Vecernik, 1992) have also underlined the negative aspects of the former Soviet system,

such as no indexation of benefits, the poor quality of health care and other services, and housing shortages. Nevertheless, according to Deacon (1992), there was job security for many in the former Communist countries, workers' wages represented a high percentage of the average wage, and cheap housing and free health care were available to everybody.

All the features of the Soviet system were present in the social protection systems of the independent states of Estonia, Latvia and Lithuania in 1991, and they were transformed gradually. Estonia was the swiftest, and Lithuania the slowest, in destroying the Soviet-era social security system. In general terms, the social security system of Estonia and Latvia can be described as a mixture of the elements taken from the basic security (where eligibility is based on contributions or citizenship, and flat-rate benefits are provided) and corporatist (with eligibility based on labour force participation, and earnings-related benefits) models. Weak elements of the targeted model (where eligibility is based on proven need, and the level of benefits is minimal) can be found too. Lithuania has seen a combination of corporatist and the basic security models, however, with much stronger elements of the targeted model in the social security system (Aidukaite, 2006).

My previous comprehensive overview of the social security systems of the Baltic States (Aidukaite, 2004) demonstrates that these three countries have extensive social security systems which cover everyone in need in various social risks. The financial family-support systems are even equal to those of the Scandinavian countries in their design, especially Estonia's. There is quite generous paternal and maternity leave based on previous salary and employment, generous birth grants and universal child benefits up to the child's sixteenth birthday or if a child continues to study, it is even paid longer. In addition, all three countries have social assistance benefits for those in need. Old-age pensions cover all those who pay social insurance contributions. In addition, all three have flat-rate pensions for those not eligible for an employment-related pension. This flat-rate pension is non-contributory and financed from general tax revenue. All three countries have implemented unemployment insurance and have sickness insurance in place. Nevertheless, the benefit levels are low. For instance, the replacement rate for the old-age pension is maintained at low levels and accounts for only 30–40 per cent of the gross average wage (Muller, 2002). This is low by Western European standards, where already in 1985 replacement rates for old-age pensions ranged between 49 and 59 per cent (Palme, 1990). The situation is similar for other benefits such as unemployment, universal child allowances and other social benefits.² It also needs to be kept in mind that in the Baltic States the general level of wages is low compared to the 'old' EU countries. Thus, for example, as Regnard (2007) demonstrates, among the member states and the candidate countries statutory minimum wages, in January 2007, varied between 92 and 1,570 euros per month. In the three Baltic States, the monthly minimum amounted to 230 euros in Estonia, 174 euros in Lithuania and 172 euros in Latvia. Even when the minimum wages were measured in Purchasing Power Parities (PPPs), the ranking among EU and candidate countries remained almost unchanged. Out of the twenty-one European countries measured, Estonia,

Lithuania and Latvia came sixteenth, eighteenth and nineteenth respectively (Regnard, 2007, Figs. 1 and 2).

Overall, in all three countries the current system has become less universal and comprehensive. Housing has become the private responsibility of the individual. Currently, citizens have a choice, either to use public health care services, financed through the sickness fund (obligatory health care insurance financed through the social insurance contributions and state subsidies) or to visit private health care clinics or hospitals that have no agreements with the sickness funds, requiring full coverage for their services from the patients. Student fees have been introduced at the universities in the Baltic States, and private universities have appeared, offering alternative degrees and professions compared to those from the public higher education. The ideology has shifted from a full, state commitment to the safety of everybody in every situation to providing a safety net for its population, where people's primary responsibility is for their own welfare (Aidukaite, 2004).

To sum up, when it comes to Social policy structures and the coverage of the population, the Baltic welfare state still shows more comprehensive solutions to social problems than residual ones. Nevertheless, when it comes to the social benefit levels, minimum salaries and the share of GDP spent on social protection, the Baltic welfare state shows disadvantages compared to the well-developed welfare states. The relatively lower levels of social benefits, even if they cover all those in need, do not contribute enough to ensure an adequate standard of living for their population, and hinder the successful poverty solutions as well as the expansion of their welfare programmes.

The Legacy of the Politics and Organized Labour

Numerous studies (Esping-Andersen, 1990; Korpi, 2000; Korpi and Palme, 2003; Palme, 1990) have demonstrated that countries that have strong left-wing parties, powerful labour unions and a significant working-class presence in the decision-making apparatus also have a more highly developed welfare system than those with strong right-wing parties. If we examine the elections in the three Baltic States, it is obvious that mainly right-wing or centre-right parties have dominated all elections, except for many of the elections in Lithuania (for details see Aidukaite, 2009b). The Baltic States did not move towards a comprehensive social-democratic model, but instead have chosen a more liberal approach because of the predominant right-wing ideology in politics (Guogis and Koht, 2009; Lauristin, 2003). However, political parties in this region, unlike in the 'old' Western democracies, do not have a clear vision of Social policy in their programmes (Aidukaite, 2004; Guogis et al., 2000).

In general, the party system started to develop in the Baltic States, when they first regained their independence. The political legacy from 1990 onwards is characterized by the frequent formation of new political parties and their high volatility and fragmentation. For instance, according to Kalnins (2003), the Latvian party system is still not completely stable. The number of parties represented in parliament changes with every new election. The Lithuanian political landscape is also marked by the fragmentation of the party landscape, the impact of personal rivalries and corruption scandals, and the limited costs of instability in a context of broad policy consensus (The Economist, 2007b). Similar tendencies can also be observed in Estonia (Estonica, 2008). Generally, the Baltic countries have followed many of the trends seen in other post-Communist countries in terms of their party fragmentation, electoral volatility and ideological divisions (Pettai and Kreuzer, 1999). Pettai and Kreuzer predict that in the future in Latvia and Estonia ethnic divisions will manifest themselves in the emerging party systems. There are around 22 per cent 'non-citizens' in Latvia and 13 per cent in Estonia (Wilson, 2002). The numbers, however, have been gradually declining each year. In the case of Latvia, non-citizens do not enjoy eligibility and voting rights in national or local elections. In Estonia, non-citizens do not enjoy voting rights in national elections and cannot stand as candidates in local elections or be members of political parties. However, non-citizens legally residing in Estonia can vote in local elections. Non-citizens in both countries are entitled to all social rights: social services, health care, family benefits and housing according to the criterion of residency. Nevertheless, obviously the socio-economic conditions of non-Estonians and non-Latvians have declined considerably. Numerous studies (Aidukaite, 2005; Heidmets, 2008; Leinsalu, 2002; Leinsalu et al., 2004) have pointed out the deteriorating social status, health and income of the Russian minorities in Estonia and Latvia. Furthermore, the Russian minorities are overrepresented among the unemployed in these countries (Heidmets, 2008; Vanhuysse, 2009). Hence, while demographically the two countries continued to be multiethnic, electorally they are now much more homogeneous because of a quite large number of non-citizens among the Russian-speaking population. It is expected that the number of non-citizens will continue to decrease due to the process of naturalization and that might lead to the emergence of new parties representing the interests of the ethnic minorities (Pettai and Kreuzer, 1999; Vanhuysse, 2009).

It should be mentioned that politics has been little affected by ethnic differences in Lithuania. Lithuania is the most ethnically homogenous of the three Baltic States. In contrast to the corresponding legislation in Latvia and Estonia, the 1989 Lithuanian Citizenship Law allowed all residents to apply for naturalization, regardless of ethnicity (The Economist, 2007b). Overall, unlike in the West, the political parties in the Baltic countries do not have long traditions. In the West, the development process of parties took about half a century. For instance, the Social Democrats have made a significant impact on Social policy development in Sweden, since they have been in power for more than 60 years (for more details see Olsson, 1990).

Other social actors have similarly been rather weak in the Baltic States. Civil society and trade unions are weak in these countries (Blom et al., 1996; Paluckiene,

2000). According to the latest statistics, only 11 per cent of the labour force belongs to trade unions in Estonia, 12 per cent in Lithuania, and around 16 per cent in Latvia, while in the Nordic countries it is 80–90 per cent. Collective agreements, in turn, cover 80–90 per cent of the workforce in Nordic countries, whereas in the Baltic countries the coverage is about 25 per cent (Kohl, 2008; Sippola, 2006: 16; Vanhuyse, 2007). Some public sector trade unions, such as those of the teachers and bus drivers, have been active at times, but this is counterbalanced by the fact that there are few trade unions in the private sector in the Baltic States (Aidukaite, 2004). In Latvia, trade union membership is today overwhelmingly concentrated in the public sector, with less than 10 per cent of employees in the private sector members of trade unions (Woolfson, 2008: 81). There no longer exists any strong party or organisation, which can represent the interests of wage earners in Lithuania, Latvia or Estonia.

The Impact of the Economy and Other Social Actors

The dramatic decline in GDP, the financial crises, the high inflation during the first years of independence, the rapid GDP growth and the stabilization of financial sectors are still having an impact on the affordability of Baltic welfare states. In the face of current global financial crises, the governments in the three countries have been discussing the cutbacks and retrenchment opportunities in Social policy. However, even in developed capitalist democracies, successful or unsuccessful economic performance cannot fully explain the differences between welfare state regimes. As noted, the rapid economic progress of the Baltic States over recent years has not necessarily brought a more universalistic approach to the expansion of social policies. Nevertheless, a gradual, but minor increase in benefit levels and a minimum wage are observable in all three countries (see Eurostat, <http://epp.eurostat.ec.eu.int/portal/>). At present, the transformation of Social policy in Estonia, Latvia and Lithuania is determined not only by budgetary constraints, but also by population ageing, which was in particular dramatic in Estonia and Latvia during the first decade of the transition (Lauristin, 2003; Rajevska, 2005; Trumm, 2006; Trumm and Ainsaar, 2007). The reasons for the depopulation of Baltic societies include the declining birth rate, and high mortality among young men due to stress-related accidents and diseases. The little emigration to the West to seek better-paid jobs or education has also affected this situation, however not necessarily significantly. The negative demographic development characterized by the shrinking and ageing population has deeply affected pension insurance and family policy developments in the Baltic States. Retired people currently make up around 16 per cent of the population in Estonia (see Bernotas and Guogis, 2006: 227) and this proportion is expected to increase further (Muller, 2002). In these circumstances, governments in all three countries have raised the retirement age in order to maintain sufficient supplies of labour. By 2008–2016 Latvia and Estonia are due to have the same retirement age for the two sexes (for women sixty-two and for men sixty-three), while in Lithuania the age will be sixty-two and a half for men and sixty for women (Aidukaite, 2004, Appendix 1, 86). Furthermore, in response to the unfavourable demographic situation, Estonia, Latvia and Lithuania have opted for

the privatization of the pension systems in order to ensure the financial sustainability of the pension insurance. The three-pillar pension reform implemented in the three countries was propagated by the World Bank. The first pillar is a compulsory, state-managed, non-funded scheme based on current contributions or taxes (pay-as-you-go) and started to operate in Lithuania already in 1995, in Latvia in 1996 and in Estonia in 1999. The second pillar already started to operate in Latvia (a state-funded compulsory pension scheme) in 2001 and in Estonia (a compulsory privately managed and funded pension scheme) in 2002. In Lithuania, the second pillar is a voluntary privately managed funded pension scheme, implemented in 2004. The third pillar is a voluntary funded private pension scheme. It started to operate in Latvia and Estonia in 1998, and, in Lithuania, the third pillar was implemented as late as 2004 (for more details on pension reform in the Baltics see Aidukaite, 2006; Casey, 2004). With the implementation of the second and third pension insurance pillars, the high-income groups can protect their standard of living through private insurance. The implementation of the privatization of pension insurance meant an important shift in the Social policy design of the Estonian, Latvian and Lithuanian welfare systems as well as significant implications for their future development.

As noted, the state's responsibility for social welfare has been diminished in the Baltic States if we compare it to the Soviet era. In this respect, the role of other social actors and organizations such as non-governmental organizations (NGOs) and churches becomes of vital importance. However, NGOs remain quite marginal, and so does the Church in Estonia. Indeed, these players have never been very influential (Lagerspetz et al., 2002). In Latvia, the situation is quite similar. According to Graudins (2008), the notion of the Church as a welfare agent is relatively uncommon in Latvia and this is perhaps due to the lack of institutional and informal tradition, since the church was restricted in its public activities during the Soviet era. The NGO sector in Latvia is growing slowly. The majority of them are located in Riga (USAID, 2000). Unlike in Lithuania, the NGOs were quite active in developing social services. Their effectiveness in providing social services was three times higher than those provided by the state and municipalities (Bernotas and Guogis, 2006). In 2004, the following NGOs were established by the institutions providing social services: thirty elderly care homes, twelve children's homes, eighteen long-term social rehabilitation establishments for drug addicts (the MSSL, 2004: 138). A strong Catholic Church in Lithuania together with other charity organizations has been also providing some services and help to the homeless and other people in severe poverty.

Globalization, Europeanization and Welfare Reforms in the Baltic States

As noted, the Baltic States have adopted the three-pillar model for the pension insurance propagated by the World Bank. Officially, the second and third pillars were developed to increase individual interest and responsibility in the pension system, as well as to avoid a drop in the pension replacement rate due to unfavourable demographic developments. However, the impact of global organizations, such as the International Monetary Fund (IMF) and the World Bank, has been crucial here. For

instance, Casey (2004: 32) has pointed out that the Baltic countries were recipients of substantial World Bank loans. And although in no cases were these loans tied to pension reform, the countries' willingness to adopt appropriate pension reform made them 'suitable' candidates for assistance. Thus, the implementation of the World Bank's recommendations is quite apparent. As Casey (2004) has highlighted, since the EU does not impose any specific concrete recommendations on Social policy, it is not very surprising that in the Baltic countries (as regards pension insurance) more of the 'Bank' rather than the 'European' model can be found. Other studies (Deacon, 2000; Muller, 2001; Orenstein, 2009) confirm that the influence of global pressures from the IMF and the World Bank on Social policy development in transitional countries can potentially explain a great deal about the development and changes of the social security systems of the transitional countries.

The influence of Europeanization is not so visible and definitely more limited. According to Rys (2001b: 185), 'the EU does not impose on member countries any specific hard law rules on Social policy'. EU accession procedures were only interested in the financial aspects of the social protection system (see Keune, 2008; Rys, 2001a, b). The influence of Europeanization can be mainly assessed, as stated by Palier and Guillen (2004: 204), through the concept of 'cognitive Europeanization', i.e. a way for policy makers to construct attitudes to and perceptions of social problems and to tackle them.

In Lithuania, external donors, including the EU contractors and experts, do influence the form that Social policy takes, particularly when it coincides with the dominant discourses propagated nationally (De la Porte and Deacon, 2002, 2004). Nevertheless, the EU's impact, mainly through the PHARE and Consensus programmes, seems to be rather weak in the absence of either strict requirements for the accession countries or a clear vision of how Social policy should be reformed in the new member states. Moreover, according to Ferge (2001), the Commission's proposals for the social reforms in the accession countries have many elements similar to what is usually termed the neo-liberal agenda that used to be represented by the supranational monetarist agencies. She claims that there is a not very hidden agenda in the EU reports that pays little attention to the essential features of the European model and hints at the necessity of changing the structure of social protection through privatization or marketization. For EU membership, Lithuania was only required to comply with the narrow legally binding *acquis*, which does not constitute the core of European Social policy. The Lithuanians were required to participate in the European Employment Title, but its recommendations (as for EU member states) are not binding (De la Porte and Deacon, 2002: 91). In contrast with the EU's ambiguous role, the World Bank's influence was more marked. Its vision coincided very much with that of the other local players in Lithuania such as notably the liberal parties, the Free Market Institute, and the media. The World Bank's vision of Social policy reform was clearly defined. The loans granted by the World Bank put pressure on Lithuania to move towards the privatization of all forms of Social policy.

The World Bank and the IMF were also highly influential in Estonia and Latvia (see e.g. Kore, 2005; Rajevska, 2005; Woolfson, 2008). For instance, the IMF arrived

in Latvia in 1992 and imposed stringent economic requirements in order to achieve macroeconomic stability. The World Bank supported initiatives that promoted social reforms by providing loans and expert consultation. With the help of World Bank consultants, Latvia established means-tested social welfare schemes and a system of welfare provision that channelled state money to social service institutions on the basis of the number of clients these institutions served (Rajevska, 2005, 32). In Estonia, the World Bank supported a health care insurance reform and in the mid-1990s it attempted to influence the principle of paying child benefits (Kore, 2005).

With regard Estonia, several researchers (Lauristin, 2003; Leppik, 2005; Kore, 2005) have pointed out that the direct influence of EU social legislation on Estonian Social policy has been rather limited. The desire to achieve EU membership was the main goal of the national policy and one of the most influential variables, in that it stimulated Estonia's desire to achieve astonishing results in various fields of economic and political life. However, regarding the field of Social policy, indirect influences are most readily detectable. One of these is the ratification of the European Social Charter in 2000, through which Estonian policy-makers accepted European social values in the field of Social policy, such as higher expenditures in the social sphere, efforts to raise living standards, and more active labour market policy measures, health care, and support to families (Lauristin, 2003).

Latvia, like its Baltic neighbours, obediently adopted each and every requirement imposed by the EU. The transposition of EU legislation in the social sphere actively took place between 2000 and 2002. Latvia ratified the European Social Charter in 2002 (Rajevska, 2005). Using the OMC, Latvia, like the other Baltic States, signed a Joint Inclusion Memorandum in 2003 to fight poverty and social exclusion as well as had to prepare a National Activity Plan for Social Inclusion in 2004 (Lazutka, 2004; Leppik, 2005; Rajevska, 2005).

The general shift towards neo-liberal ideology and the free market economy made it easy to implement neo-liberal reforms in the Baltic States. Moreover, the current neo-liberal environment can even undermine the broad European policy goals such as social dialogue. According to Woolfson (2005), Latvia shows how the implementation of vocational education and training, regarded as crucial for creating a highly skilled workforce capable of adapting to an intensified competitive environment, can fail because of the inherited weakness in the character of social dialogue between employers and trade unions. The aggressively free market domestic preferences of the dominant political and business elites together with the weak trade unions make it difficult to implement policies enhancing social dialogue and lifelong learning in Latvia. Latvia has adopted some of the most neo-liberal policies in order to attract foreign investment. A global ranking of 155 nations on key business regulation reforms provided by the World Bank noted that Eastern Europe in general has achieved the highest rate of reform of any region in the world. Overall, Latvia is ranked twenty-sixth in the world in terms of 'ease-of-doing-business', with all three Baltic States commended for their 'remarkable achievement' in gaining a top-thirty ranking in the decade and a half since the introduction of market reforms (World Bank, 2005, quoted by Woolfson, 2008: 80).

Conclusion

This paper has reviewed Social policy development in the three Baltic States using major explanatory variables of welfare state research: path-dependency, the legacy of the politics and organized labour, the impact of the economy and other social actors, and the impact of globalization and Europeanization on Social policy reforms. This study has demonstrated that the Baltic welfare state is balancing between the 'old' ideas of universalism and solidarity and the 'new' ideas stemming from the free market economy and neo-liberal ideology. The weak civil society, the political elites' obvious preferences for neo-liberalism, the strong impact of globalization and so far the moderate influences of Europeanization have created the situation where social rights are determined mainly by the Social policy makers and other political elites and therefore are easily retrenched without strong resistance from the grass-roots level.

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AN INTRODUCTION TO CANADA'S SOCIAL WELFARE SYSTEM

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When looking at the possibility of participating in an exchange of ideas around Social policy I wondered what could the Canadian experience offer. While at first blush there would appear to be few similarities with our Nordic neighbours, upon reflection I have come to the conclusion that there is an opportunity for exchange and that Canada's experience may provide contributions to the discourse in the Baltic region. The possibility for policy learning lies less in similarities between our countries than it does between the nature of our journey in a continuously evolving system of state welfare. Canada has always relied heavily on the labour market as a way to provide the benefits of inclusion. At the same time we have often looked to Europe as a source of inspiration in the creation of non market social support. The Baltic countries have also used the labour market as the principle vehicle for delivery of social benefits. The Baltic States proximity to Nordic Countries has offered them access to some of the most advanced thinking and practice about the modern welfare state.

So the questions we may be able to exchange around are: How do we build out a social architecture around a labour market focus? How are opportunities for participation in the labour market made broadly available throughout the population? What are the limits of the labour market as the centre piece in our architecture? Given these limits, what other components may need to be added? Here Canada can offer its experience successes and failures.

The other consideration in preparing for the exchange is how to organize the story in a way that discussion and learning can occur. Canada's social system has evolved over nearly 50 years and offers layers of initiatives and programs. To the insider it can appear incongruous so for those unfamiliar with our country, its divisions of responsibilities between the federal and provincial/territorial governments and forces that have shaped Social policy in Canada our system can be difficult to penetrate. So perhaps the place to start is at the design. While the system lacks a simple elegance it does reflect some principles in its organization. Some good work done by the Canadian Policy Research Network a few years back identified four principles for its design which, I have modified slightly by adding a fifth in this presentation here. They are:

- The universal provision of key services;

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- Use of social insurance to mutualise some risks (unemployment insurance, health care);
- Incentives to individualize other risks (retirement savings);
- Establishment of a social minimum as a way of ensuring inclusion; and
- Fostering social cohesion through attention to at risk groups

There are two other considerations that are important for establishing context. The first is the changing focus of welfare policy over the last two decades. Canada found itself in debt trouble in the early nineties and the federal government initiated a series of fiscal reforms which found their way into social expenditures. At about the same time there was a shift in the intent of interventions that in addition to reflecting a reduced role of government shared the evolution in thinking that was occurring in many OECD countries. The first of these was a shift in the locus of action from remediation to prevention. This coupled with an increased use of investment as an organizing principle in social expenditures resulted in a shift in emphasis to earlier in the lifecourse. A second transition was from a philosophy of state responsibility to shared responsibility with the offering of opportunities to a greater range of actors.

The other important point of context is that of Canadian Federalism. Most importantly Canada's Constitution assigns competency in Health Care Social Services and Education to Provinces and Territories. This means that Canada is more of a collection of systems than a single system; what Social policy scholars often refer to as a "patchwork of purpose". Design can vary considerably from one jurisdiction to the next. While this may seem daunting it actually creates a natural laboratory that can reveal much to an interested researcher and allows the observation of similar policy goals play out in systems of different size, organizing structure and resourcing levels. The other effect that the Canadian Federalism has produced is specialization in roles. The provinces and territories have become delivers of service, usually through the municipal order of governments. This has left the federal government more focused on transfers to other orders of government and to individual citizens. The federal government has as well become quite specialized in the use of the tax system as a way of providing social benefits both by way of tax incentives but also in the use of negative income tax measures (refundable tax credits) as a way of delivering income to low income Canadians.

The conference focused on four areas of social architecture: Pensions; Employment support; Health Care; and, Family Welfare. I will describe each of these as a way of further exploring the design of our social architecture.

Retirement Income System

Canada has developed what is known as a three pillar approach to pensions as a way of ensuring income adequacy in retirement. The pension system employs 4 of the 5 principles set out earlier in the paper. Canadians work on average until they are in their early sixties although like most western nations the average age of retirement has been increasing. With Canadians living longer a much larger portion of their life is

spent in retirement and individuals and governments want the income they receive to provide for a good standard of living and last till the end of their lives.

The first pillar is the Canada Pension Plan (CPP)/Quebec Pension Plan (QPP) in Quebec. CPP and QPP are contributory, earnings related and mandatory for all employed and self employed persons. The funds supporting CPP/QPP are invested and payments made to individuals are drawn from the Fund rather than general revenues of the Governments. Individuals can elect to begin receiving CPP/QPP at anytime between 60 and 70 years of age. Monthly payments are adjusted on an actuarial basis depending on when payments start. The CPP/QPP is designed to provide a basic minimum of income throughout an individual's life after retirement but is not expected to be the only form of retirement savings. CPP/QPP also provides an allowance in the case of disabilities irrespective of cause temporary and permanent where the individual cannot work. The CPP is a defined benefit pension indexed to provide erosion against inflation.

The second pillar consists of pension plans that are employer sponsored and individual registered pension plans. Employer sponsored plans typically involve a contribution from the employee with a contribution by the employer. Registered Pension Plans (RPP) represents part of the workers compensation package and have been used historically to attract and retain employees. About 38% of workers benefit from a workplace plan. These plans can either be defined benefit or defined contribution with a strong trend in recent years towards defined contribution. Contributions to RPPs are tax deferred as a way of incenting contributions. This means that contributions are deducted from income in the year in which they are made and are tax protected while in the plan but are taxed as income when withdrawn in retirement. All individuals can have individual Registered Retirement Savings Plan (RRSP). RRSP are as well tax deferred savings with a maximum annual contribution that takes into account contributions from workplace plans. So, all Canadians can shelter the same proportion of their income as retirement savings. RRSPs are a very popular method of saving for retirement with 60% of Canadian families having at least one member of the household with a RRSP.

The last pillar of the retirement income system consists of the Old Age Security (OAS) and the Guaranteed Income Supplement (GIS). The OAS pension is a non contributory, benefit paid to virtually all seniors aged 65 and over who have lived in Canada for at least 10 years. In order to receive OAS the individual must reside in Canada. This part of the system provides income for those individuals primarily women who would not have had significant income earnings during their pre retirement period. The income tax system provides a claw back of OAS benefits for those whose taxable income exceeds a threshold. In the event that an individual's income is inadequate there exists an income tested top up of OAS. The Guaranteed Income Supplement (GIS) is designed to bring the income of all seniors above a minimum level. Both OAS and GIS are financed entirely from tax revenues.

The Canadian retirement income system is sustainable the large proportion financed by contributions and held in separate investment funds. It has been effective in dramatically reducing the incidence of poverty of seniors. It is affordable in its

current form as government expenditures are for OAS and GIS portions and in reality a large proportion of OAS payments are clawed back. That said there are three vulnerabilities in the Canadian model. As a large portion of the income adequacy risk has been privatized and an increasing share of that privatized risk is dependent on assumptions made about investment returns market performance can affect retirement plans both in when individuals are able to retire and what their income will be in retirement. The recent market downturn has underscored the magnitude of this risk. A second vulnerability is that a large part of the system depends on the voluntary contributions of individuals this leaves the system open to variations in propensity to save and events which may affect individuals ability to save at points in their life course. This could produce some considerable income variations in retirement for individuals who had similar incomes during their working life. The third vulnerability is to governments who provide an income backstop for low income seniors. Here there are two possible pressures: one associated with increased numbers of seniors needing assistance as a result of poor investment performance or inadequate savings; and, a second around pressure to raise benefits levels to ensure that significant numbers of low income seniors do not fall into poverty.

Health Care

Canadians are proud of their Health Care System even when quick to criticize its performance in key areas like wait times. "Of all of Canada's social policies (the health care system) is the most prized, and is central to Canadians views of what is necessary for a high quality of life."-Conference Board of Canada. In fact Canadians will often point to our universal coverage for medically necessary health care services provide on the basis of need, rather than ability to pay as an important difference between us and our neighbour to the south. Because the administration of Health care is provincial/territorial competence Canada is more like 13 health insurance systems which we refer to as "Medicare". Health care is financed with revenues raised through the federal, provincial and territorial taxation with three provinces charging health care premiums. Non payment of premiums does not limit access to medically necessary services. In order to receive full allocation of federal funding the provincial and territorial health plans must meet five criteria outlined in the Canada Health Act. They are: Comprehensive in coverage; universal (available to all residents of Canada); portable with Canada; accessible without financial or other barriers; and, publicly administered. Of these it is the first and the last that have seemed to create the most debate in Canada.

With respect to comprehensiveness it is important to understand that a number of areas normally included in European state funded plans such as pharmaceuticals, dental and vision care fall outside the universal plan. These costs may be covered by private plans frequently offered by employers but this means that individuals not employed or in non standard jobs must finance these costs themselves. This has given rise to an increasing share of overall health costs coming from out of pocket expenses and has required provinces and territories to step in and provide extended coverage to certain groups (seniors, children and social assistance recipients). The loss of the

supplementary benefits can be a disincentive for recipients to enter the labour market as the additional income on entry level jobs is insufficient to offset the value of lost benefits. There is ongoing pressure for governments to include more in the universal plan while fiscal pressures are often the source of reducing that include in the basic plan.

The other area of frequent pressure in Canada is the public administration of the system. Arguments are routinely made that the private sector could provide more efficient and thus less costly service. Indeed there have been areas where public administration has come to mean “single payer “with the state being the procurer of service which is purchased from a combination of private and public sources. So far there has been broad resistance of allowing significant private provision and in particular of dual systems of private care and public care that are observed in some European regimes.

As the Canadian population ages there will be increasing pressure on the health system in Canada and reforms can be expected. While the exact nature of those reforms is yet to be determined Canadians will watch closely to ensure the basic values that have made the system such a vital part of Canadian identity are preserved.

Employment insurance

Canada has among the most open and flexible labour markets of the OECD . It has also had until this current year a decade of uninterrupted job growth. That growth has brought with it the attendant benefits of increased employment related income, low unemployment rates and declining rates of poverty.

Unemployment in Canada has tended over the last decade to be frictional and of short duration. In this environment Canada’s system of unemployment benefits has worked well. The Canadian system is composed of three parts a pure insurance component providing earnings replacement during the period of unemployment, a retraining component, and non insurance benefits such as parental leave.

Qualification for benefits is a function of weeks of employment which varies from area to area depending on the prevailing unemployment rate. Only certain classes of jobs are covered under the scheme. The self employed, types of part time work and cultural workers are the main categories not covered. The growth in self employment in particular has meant that declining shares of workers are insured. For those workers who are insured the program provides relatively generous income replacement (up to 55%) over a period of up to 36 weeks. This has proved effective in Canada with a relatively low percentage of long term unemployment and the vast majority of recipients finding work before benefits expire.

Training is covered under the insurance program and allows employed workers to acquire basic job skills such as literacy, update technical skills and enrol in apprentice training. There have been recent adjustments to the plan that allow for more significant retraining were industries are going through structural adjustments.

A feature of the program which is of increasing importance but which has been implemented with some controversy is prenatal leave. With an increase in female

participation in the labour force and a significant increase in dual earner families a mechanism to provide wage replacement during the formative phase of children's lives was necessary. The addition of a provision allowing for parental leave met an important social need and the use of an existing program made for ease of implementation and administration. The two criticisms most prevalent have been that attaching it to employment insurance compromises the intent of the program. Another and perhaps more salient criticism is that because the program does not cover significant numbers of workers the parental leave plan widens the gap between those who are entitled to benefits and those who are not. This second criticism was cited by Quebec when it opted out under a provision in the Employment Insurance act and created its own universal parental leave scheme as a separate social benefit.

While the Employment Insurance Program has served Canadians well during periods of continuing employment growth there is a significant preoccupation that reforms will be required to keep the program viable in a recessionary period? A number of changes are currently being processed and more under consideration.

Family Policy

Family policy is perhaps the most complex and most hotly debated of Canada's Social policy. There has been a long standing interest in targeting policy at individuals in Canada and that has made the area of family policy a less active area for governments. There are two areas where it is fair to say that governments have been active children and incentives around making work pay in particular for single parents. While Social policy generally is the competence of the province, the federal government has used its tax instruments to reduce taxes of low income working parents and used negative income tax measures in particular refundable tax credits to provide income directly. While this introduction will not allow the space to cover all the incentives two may be of particular interest.

The National Child Benefit provides income to parents but most significantly to single parents and has been a significant factor in the declining poverty rates of low income single mothers. The Working Income Tax Benefit (WITB) provides an income top up which reduces the cost of lost benefits mentioned earlier in the article when someone who was on social assistance starts to work.

In addition to these tax measures flexible labour markets have allowed a good choice of part-time work which has allowed parents (primarily women) to find a work situation that was most convenient. Parental leave has proved popular for Canadians and has meant that there is not a well developed system of crèches in Canada and perhaps the most controversial area of family policy in recent years the absence of a system of early childhood education and child care.

Family policy will continue to play a centre stage in the Canadian Social Policy debate as broader changes in Canadian society such as aging give rise to new sources of pressure. In the meantime the family supported by a number of government programs continues to be the primary mitigation point of new manifestations of social risk.

Conclusion

Canada's Social architecture is by in large fifty years old. It has changed much over that time with significant differences manifest between provinces and territories. Canadian society is in its most significant transition in that time with the majority of its population being either in a pre-employment transition or in retirement. At the same time, other large drivers of change are reshaping the risks individuals face and the Canadian society is adapting. These changes are not easy or even but for those interested there is a rich natural experiment taking place in our 13 provinces and territories which can offer insight in to new ways of dealing with old challenges and innovations in approach to new ones.

THE NORDIC MODEL¹

Joakim Palme*

The following presentation of the Nordic Model is essentially centered on Sweden.

In the current context of global crises our societies are facing a new phase in transformation. In every transformation there are winners and losers, this was very clear in the Baltic countries during the post-Soviet period. Old forms of production and distribution come to be replaced by new forms. Presumably these forms are more efficient and generate more wealth than their predecessors. In a Schumpeterian sense one can talk about the constructive-deconstruction. If there is one lesson to be retained from the Nordic experience, it is the attempt of superseding the winner-loser dichotomy. The Nordic experience shows both some of the problems but also some of the potentials of undertaking such transformations.

One must bear in mind that inequalities in societies are shaped both by structural changes and by political mobilization. This is evident when one looks at the various formative phases of the Nordic Model: the emergence of the *universalis* in the early 20th century, the launch of unemployment policy and family policy linked to the population crisis, the implementation of a social system, an approach to social protection in the early post-WWII period and the later expansion of earnings lead to insurance in the 1950s and 1960s, and then the introduction of family policies in the 1970s. These changes came to the fore as societies went through structural economic or demographic transformations. This also had repercussions on and was influenced by the various forms of political mobilization.

The success of the Nordic model is based on the political support obtained from a broad majority of the population and sought different coalitions over time. At the beginning of twentieth century the coalition was between the agricultural sector and the emerging industrial working class. Later on the forces shifted in favour of the upcoming service sector. Modern family support came as a reaction to both the expansion of the female labour force participation and the fact that women were politically mobilized. Currently what lies ahead is the aging of national populations. Questions emerge regarding the type of political mobilization which will result and the kind of political responses required.

¹ This paper is an edited transcript of the author's presentation at the Forum, and approved by the author. It should be read in conjunction with the power point presentation, annexed in a CD to these Proceedings

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For the major components of the Nordic social protection model please see the Power Point Presentation (in CD attached). There are universal benefits for families with children, and universal provisions for elderly people. The main expenditure is on earnings that lead to social insurance, both for the working population: parental leave insurance and for pensions.

As a complement, Nordic countries also have targeted benefits for the poor, social assistance but also housing benefits. Nordic countries do not spend more money for social purposes due to transfers, but rather because of the social services. It is important to emphasize that social benefits are not only universal, but also are delivered on the local level. In other words the model may be described as a local welfare state with decentralized services that are financially separated from cash benefits.

Individual rights are also taken into consideration. This does not only limit itself to the varied rights of the bread winner, but stresses that all individuals have rights to either cash benefits or to services. Of course these various forms of benefits are linked to different forms of funding. Universal benefits are funded by taxes whereas earnings lead to social insurance by contributions from mainly employers but more recently also employees. Target benefits, in particular social services are provided by mainly local taxes but with an increasing importance of state subsidies.

Individual rights are also matched with individual taxation. Regarding taxation, the incomes of spouses are taxed separately which is very important for providing a sense for women to work. This has also been combined with a specific approach on the labour market, with the aim of creating full employment; and doing that partly via active labour market policies.

As mentioned by previous speakers, these are the distinctive merits of the model. The poverty rates are low, by comparison so are inequalities, and employment rates are high primarily due to high female labour force participation and strong political support.

The Nordic Model is characterized by a specific strategy of redistribution drawn from the British philosopher R. H. Tawney's notion of the welfare state. The latter is based on a strategy of equality providing also poor people with the kinds of services which would otherwise be reserved to the rich. This strategy opposes itself to the notion of Gordon Tulloch and Le Grand that middle class inclusion into the welfare state would crowd out the poor from state provisions. However it is not the Robin Hood strategy either, it does not simply take from the rich and give to the poor. Neither does it treat everybody the same way by giving flat rates and similar benefits. Likewise, it distinguishes itself from the State Corporatist or the Bismarkian models for creating intra group solidarity.

The Nordic Model is also about giving to those who have; which is called the paradox of redistribution. The best way to help the poor is actually to include the middle class, not only as tax payers but also as beneficiaries. In order to remain sustainable one must look at how the equality objectives have been combined with efficiency considerations. Universal coverage is efficient in combating poverty and exclusion. This is a result of incentive structures and avoiding poverty traps that targeted benefit systems tend to create. Labour market flexibility is a key component

to ensure portability of benefits and low transaction costs. This echoes what Frederic Lerais mentioned about investing in health and education. A final word: expenditure levels are not critical, but more the ways that programs are decided.

Overall, the Nordic Model and the Nordic experience are relevant for the future of the European Social Model. Not as a model as such, but as providing examples of good and bad program design.

On the horizon there are two structural processes that are exercising very strong pressures on the funding of the European welfare states. One is the aging of the populations. This will put pressure on intergenerational redistribution, regardless if this is done through the state, the market, the family or voluntary organizations. Given the ambitions that the EU has today of providing decent living conditions to the old, the aging of the population will put increased pressure on this kind of redistribution. Second, the globalization of the economy means that tax bases have become increasingly mobile and therefore difficult to tax.

The Nordic Countries have advocated a thorough process of rethinking the foundations of current welfare systems, which is very much in line with the reasoning presented by Frederic Lerais. Social security is strongly distributive, but one should not only debate pension systems and the funding of health care benefits. The major focus should be on the future of the tax base; but also on fertility, on education, and on labour supply. Changes must be brought to European welfare systems in order to perform better with regards to these goals.

The framework is important and a combined approach should be privileged. This does not exclusively refer to what economists call incentive structures; human resources must be valued with a commitment to making life long learning's that start at year one and enable early entry and late exit from the labour market in order to secure a future tax base.

Social services must enable those who carry responsibilities to take an active part on the labour market, which thereby creates opportunities. Investment should not only be confined to infrastructures and education, there is a need for successful promotion of expansionary economic policies.

Analyses conducted during the post WWII era have shown that economic development within the old EU Member States set a clear link between investment in education and growth. For the long term growth rates and the differences observable among European countries, education investment is very important.

It also shows that the richer the EU gets, the lazier its member states have been in devoting sufficient resources to education, even in times when the GDP grows. Moreover there exists a potential relation between education expansion and fertility levels.

This conceptualization of the European Social Model, in terms of social inclusion and equality opportunity, is relevant for the Nordic experience. The Nordic strategy can be seen as an interesting alternative to reflect upon. So far it has seen human capital investment as a response to aging societies, middle class inclusion, *universalis*. Furthermore, the critical issue of gender should be emphasized with the combination

of care and work, and the role of state support for that to be a possibility for everyone.

While Nordic countries have historically managed migration well with the labour migration in the 60s and 70s, they have been less successful. I think that if one talks about the equality of opportunities, one should also talk about the equality of conditions. This is of specific relevance for children and youth.

The issue of gender, Social policy and the way they can support different ways of organizing family responsibility should be stressed. One can think of different forms of family support which are not necessarily mutually exclusive but also family support that either supports a dual earner model or a male bread winner model. Canada was classified in the market oriented model although it has moved in the direction of expanding parental leave and child care. The traditional model has been linked to countries like Germany, Austria, countries on the continent which have more generous provisions for families with children; provisions that give incentives for a very clear division or responsibility of paid and unpaid work between men and women.

The dual model is primarily seen in the Nordic countries, but one should also be aware that some countries have parallel systems of both supporting male bread winner and dual models. The care allowances paid not only in Finland and Sweden but to some extent also in Denmark, are good examples of this.

When one considers the size of the generosity of support, clarifications are needed for some of the differences in the ambitions of protections of families with children. For instance, this is what happens within the first year of child birth in the groups of countries that were mentioned earlier on. Thus the dual model is the Nordic countries, traditional is the Continental European countries, and the market oriented model is the Anglo-Saxon countries.

In all classes of nations there have been increased ambitions when it comes to family support but from very different levels. Different kinds of support have different kinds of importance. The kind of dual earner support that gives incentives for market work among women is predominating within the dual model. The more tax oriented support systems are important in other countries, and they tend to be more in favour of a dual earner model.

As one looks at the outcomes, there are distinct differences with regards to the changes in labour force participation among women since the 1970s. The dual earner model and the expansion of their provisions in the 1970s were coinciding with an expansion of female labour force participation, whereas the other countries had been lagging behind substantially. Fertility rates also play an important role. One sees that the dual learner model and the market model are more similar than the traditional model. The latter seemed to be creating a sort of “birth strike” among the Continental European countries.

Regarding poverty rates among children age 0-5 there are also some distinctive differences. With the dual learner model one can see substantially lower poverty rates compared to the countries with other models.

Following family policies, the issue of pension reform should be considered, especially since there is a clear similarity in the pension reforms carried out in Latvia and in Sweden. The Swedish and the Latvian pension reforms are interesting responses to the aging societies and interesting responses to the critiques who say the welfare state of having poor cost control and bad incentive structures. The defined contribution formula introduced in Sweden and elsewhere is a way of creating very good cost control and very good incentive structures. It makes up a good response for those who want to maintain flexible labour market in the sense that portability is high, transaction is low, and costs are low. It can be combined with a good mix of public and private provisions in the sense that the public system in the Swedish case at least is insulated from the private sector. Therefore it gives good reasons for saving in addition to what the public sector provides for old age.

In conclusion some more problem oriented notions will be considered. It might look fine on paper, but with experience, the Nordic Model is struggling to maintain its basic principles. This is partly related to some of the measures that were introduced in the budgetary process with normative cost limits, which is difficult to combine with insurance principles. The great importance of choice when it comes to provision of publicly funded services has increased the segregation.

A number of necessary reforms have eroded the trust and predictability in the state institutions. There is a constant sort of battle between on the one hand the public benefits and the other hand the expanding of the patient and private benefits. There also exists a tension between the local autonomy and the notion that all citizens should be treated in the same way. The situation remains unclear with regards to where the middle class is heading; whether it's going in the direction towards increased collective bargain or private institutions or if it wants to stay within the framework of the public sector.

While full employment was unthreatened for forty years after WWII, this has not been as self evident over the past few decades. One hundred years ago, Simon Rowntree monitored the poverty rates in the city of York (UK) and found that periods of high poverty were linked to childhood, family formation and old age. Although Nordic countries have been able to press down these poverty rates for old people and for families with children there is an emerging problem of youth poverty and for the inclusion of young people not only on the labour market but also on the housing market. This causes problem with family formation and sustainable population development. Other countries are not doing much better here which causes for great concern when it comes to the future.

A final remark here shall be made in order to support the notion that Frederic Lerais made between common interest in growth and Social policy. One should always have in mind that the Welfare State institutions only bear legitimacy in so far as they provide the citizens with various forms of resources. It is important for European societies to not only look at income resources but also to look at health, education and other resources that make it possible for people to steer their own lives. One should evaluate the state institutions as well as private or semi-private institutions in relation to the way they promote and invest in individual resources. The open

method of coordination provides an interesting starting point for a serious process of learning; learning from others where they have been more or less successful or better than others in providing employment, sustainable pension system, health insurance, social inclusion. There is a missing link in the current system for monitoring the social performance of Europe, which is linked to the situation of family policy, the situation of children and young people. This is a common challenge for Nordic countries but also for the entire European Union.

Part IV

PAPERS PRESENTED AT THE FORUM

Mare Ainsaar¹, Kadri Rootalu, Ulle Valgma

DEMOGRAPHY AS A FACTOR OF SOCIAL POLICY PROCESS IN BALTIC COUNTRIES IN 1995–2007

Introduction

The period 1990- 2007 can be described as a time of remarkable political and economic changes in the Baltic countries - Estonia, Latvia and Lithuania. At the beginning of the 1990ies all three former Soviet Republics separated from the Soviet Union and reestablished independent governance. Changes in the political system, as well as the transformation of planned economies into market-driven economies took place. Changes in political regime were accompanied with the quick restructuring of the economic and public spheres. Simultaneously with the restructuring of the economy and the political order, new states began to face new social phenomenon: unemployment, the rise of social inequality, economic stratification, poverty etc. All of these remarkable changes were reflected in the demographic development and Social policy set up. Fertility and mortality behavior reacted in a quite sensitive way to these changes in society: fertility dropped, and mortality, especially among men, rose.

Coming from the same policy environment, all three new countries suddenly had freedom for independent policy choices. The current situation shows that, although the three neighboring countries followed some similar patterns, different Social policy traps were also chosen. This paper describes the demographic situation as a source of needs and resources for the Social policy process.

The Social policy process is influenced by policy environment. Although there are still continuous discussions about an influence of policy on demography, Social policy itself is influenced by demography. History demonstrates how overly high birth rates lead agencies to implement anti-natalist policy, and how countries with low

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birth rates make efforts to raise fertility. In the same way that ageing populations lead governments to adopt new pension policies and insurance schemes, societies with large number of children face a higher demand for family policy and educational resources. So the demographic situation functions as a source of needs, and resources, but at the same time, also as a designator of political motivation to deal with certain policy issues.

The paper gives an overview about age structure, fertility and mortality in the three Baltic countries and compares the situation with some other European countries (Portugal, Sweden, Italy, France, Finland and the Netherlands) in 1995-2007. The aim of this overview is to describe the demographic environment of policy processes and outcomes. The main focus is on population changes, fertility, family patterns and mortality. Migration and integration policies are left out of the scope of this paper, because of the complexity of these processes.

General population trends

The period 1995- 2007 can be generally described as a time of negative net migration and negative natural increase for the Baltic countries. Several studies show that all Baltic countries form a demographically close group (Nobile 1994, Coleman 1996, Niederlaender 2006) which belongs more to the North than to the East- European sub-group (Coleman 1996). According to migration, fertility and mortality data in 2007 all Baltic countries are still close to each other (Lanzieri 2007). Namely, in all these countries, population decreases because of both natural growth and emigration, while the population in most of the European countries grows as a result of immigration.

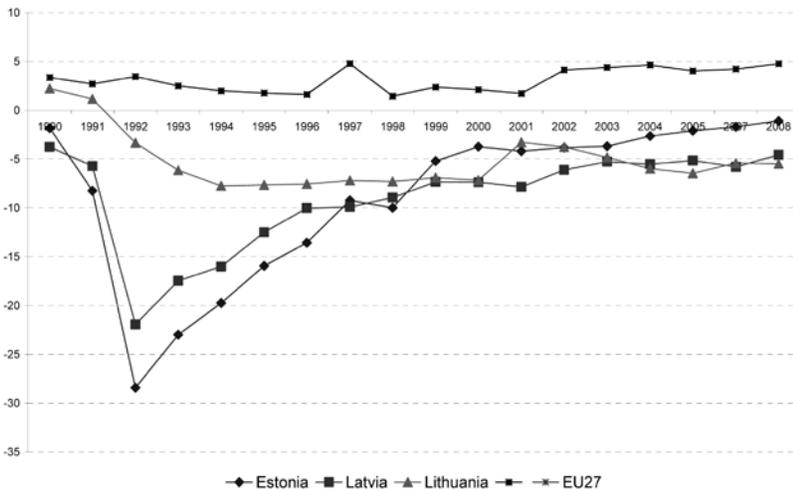


Figure 1. Population change per 1000 inhabitants

Issues of fertility, health and migration and related population policies should be important public policy issues in the Baltic countries, because all of these small

nations have witnessed continuous population decline for more than 18 years. Also, in 1990-2007 all three Baltic countries experienced fertility decline, rise of mortality and intensive emigration. Of the three countries, Lithuania suffered the least during this period, mainly because of higher fertility and a smaller amount of emigration. During the period 1999-2007, population loss also became less severe in Estonia and Latvia: fertility and life expectancy started to rise and emigration slowed down. In Lithuania population change rates remained quite the same as before (Figure 1). Altogether, Estonia lost 230 000 (15%), Latvia 390 000 (14%) and Lithuania 310 000 (8%) of their initial populations during the period 1990- 2007. The population loss was comparatively most severe for Estonia.

Population composition

Age structure of population is a product of population processes. In 1990-2007 essential shifts in population composition took place in Baltic countries (Table 1). Firstly, the downward trend of fertility diminished the share of young people from 1/3 of the population to the less than 25% in the Baltic countries. At the beginning of 1990ies there was a higher percentage of young people in society in the Baltic countries than the EU27 average, but by 2007, the share had become quite similar. A smaller number of children leads to a diminished need for educational and family policy resources, but on the other hand, a shortage of children can motivate governments to orientate more towards pronatalist policy. The share of 0-19 year-old people was lowest in Latvia and highest in Lithuania in 2007.

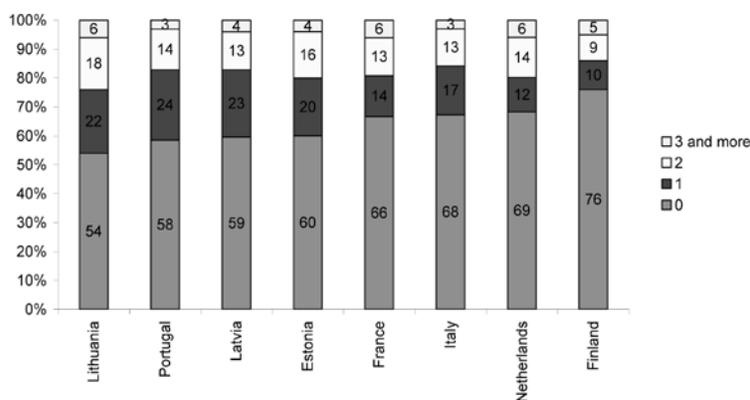


Figure 2. Number of children in household in 2004 in eight countries
(Data source: Eurostat)

Fertility also influences family composition. Figure 2 shows the number of children in households in eight European countries in 2004. Childlessness is still low in Baltic countries compared with some other countries in Europe (Testa 2007).

Households without members below 18 years of age consist of those young households that do not yet have children, but also of older households from which children have left. There were fewer households without children in the Baltic countries, than in the other countries under comparison. The most common among families with children are one and two child families. Households with three and more children are quite rare in Baltic area, as well as in many other countries in Europe.

The share of people around working age changed only moderately and is very similar to the European Union average. Despite of the declining numbers of people aged 19- 63, their share in society has been quite stable - between 59% and 61% - so the employment and unemployment rates in the Baltic countries have been mainly the results of economic fluctuations and the influence of Social policy (length of maternity leave schemes, employment policy etc), rather than demographic changes.

There is a slightly higher share of people aged 65 and older in Estonia and Latvia than in the European Union. Old people in Lithuania form only 15.6 of the entire population, which is a very low indicator.

Table 1. Age composition of population in Baltic countries and EU 27 1990-2007 01.01

	0-19				20-64				65 and older			
	EE	IV	LT	EU27	EE	LV	IT	EU27	EE	IV	LT	EU27
1990	29.3	28.4	30.0	26.7	59.2	59.8	59.1	59.5	11.5	11.8	10.8	13.8
1991	29.1	28.4	29.9	26.4	59.2	59.8	59.1	59.7	11.7	11.8	11.0	13.9
1992	28.9	28.1	29.7	26.0	59.2	59.6	59.1	59.9	12.0	12.3	11.3	14.1
1993	28.5	27.9	29.4	25.7	59.0	59.4	59.0	60.0	12.5	12.8	11.6	14.3
1994	28.1	27.6	29.2	25.4	58.9	59.2	58.9	60.1	12.9	13.1	11.9	14.5
1995	27.8	27.4	28.9	25.1	58.9	59.1	58.9	60.2	13.3	13.4	12.2	14.7
1996	27.4	27.1	28.6	24.8	58.8	59.1	58.9	60.3	13.7	13.8	12.5	14.9
1997	27.0	26.7	28.4	24.5	58.8	59.2	58.8	60.4	14.1	14.1	12.8	15.1
1998	26.6	26.3	28.1	24.3	58.8	59.3	58.7	60.5	14.5	14.4	13.2	15.2
1999	26.2	25.9	27.9	24.0	59.0	59.5	58.6	60.6	14.7	14.6	13.5	15.4
2000	25.8	25.4	27.6	23.7	59.2	59.7	58.6	60.7	14.9	14.8	13.7	15.6
2001	25.4	24.9	27.3	23.4	59.4	59.8	58.6	60.8	15.2	15.2	14.1	15.8
2002	24.9	24.5	26.9	23.1	59.6	60.0	58.7	60.8	15.5	15.5	14.4	16.1
2003	24.4	24.0	26.3	22.9	59.7	60.1	58.9	60.9	15.9	15.9	14.7	16.2
2004	23.9	23.4	25.7	22.6	59.9	60.4	59.3	61.0	16.2	16.2	15.0	16.4
2005	23.4	22.8	25.1	22.4	60.1	60.7	59.8	61.0	16.5	16.5	15.1	16.6
2006	22.9	22.2	24.4	22.1	60.3	60.9	60.2	61.1	16.7	16.8	15.3	16.8
2007	22.5	21.7	23.7	21.9	60.4	61.2	60.7	61.2	17.1	17.1	15.6	16.9

Source: Calculations from Eurostat

Different ethnic groups often have different demographic behavior patterns and coping abilities in society. As a result of emigration and natural growth, the share of titular nationals increased during 1989-2007 in all three Baltic countries (Table 2). The so-called Russian speaking population (Russians, Ukrainians and Belarusians)

form the largest minority in the Baltic countries. Their share in population has shown a decline, but they still form a remarkable share of the populations in Estonia and Latvia, while in Lithuania they are quite a small group.

Table 2. Ethnic composition of the population 1989-2007 (% at the beginning of the year)

	Estonia			Latvia			Lithuania		
	1989	2000	2007	1989	2000	2007	1989	2001	2007
Estonians	61.0	67.9	68.2	0.1	0.1	0.1	0	0	0
Latvians	2.0	1.7	1.7	52.0	57.7	59.0	0.1	0.1	0.1
Lithuanians	1.7	1.5	1.5	1.3	1.4	1.4	79.6	83.5	84.6
Russians	30.0	25.6	25.6	34.0	29.6	28.3	9.4	6.3	5.1
Ukrainians	3.1	2.1	2.1	3.5	2.7	2.5	1.2	0.7	0.6
Belorussians	1.5	1.3	1.2	4.5	4.1	3.7	1.7	1.2	1.1
Jews	0.3	0.2	0.1	0.9	0.4	0.5	0.3	0.1	0.1
Germans	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Poles	0.2	0.2	0.2	2.3	2.5	2.4	7.0	6.7	6.3
Other	0.0	0.0	0.0	1.3	1.4	2.0	0.6	1.3	2.0

Family

Demographic data shows that people living in partnerships live longer lives, and have better coping abilities and larger social networks than single people. Therefore, the increasing number of single people has been alarm sign for policy makers. Also, different family forms (consensual unions) present policy makers with new challenges of social security.

In the population as a whole, roughly as many women as men live alone. However single women are dominating typically among the older part of the population. Despite the fact that consensual unions are becoming more popular, the registered marriage is still the most frequent form of partnership. For example 50% of males and 42% of females were married according to the Census 2000 data among the population in Estonia over 15 years of age. The share of married women was smaller than the percentage of married men because the number of widows was six times bigger than the number of widowers. The reason of higher percentage of widows is the high mortality of men in younger ages. There are also more divorced persons among women, because divorced women tend to remarry less frequently than men. Regional gender differences might contribute the seclusion of people, and increase the number of persons without a partner in society. Data from Estonia shows that among people aged between 20 and 59, the bigger surplus of single men is greatest in remote municipalities. One reason for this male/female asymmetry is the tendency of women to move to the larger towns to study and find work more frequently than men.

In the mid 1990ies Estonia and Latvia formed, together with Sweden, the group of countries with the lowest marriage rate (Figure 3). Lithuania has experienced throughout the years a fluctuating, but quite high marriage rate, probably because

of its Catholic background. However, in all three Baltic countries the popularity of marriage is on the rise. In Latvia and Lithuania it was even very high, compared to Europe as a whole, in 2006, while Estonia had similar marriage activity level to Sweden.

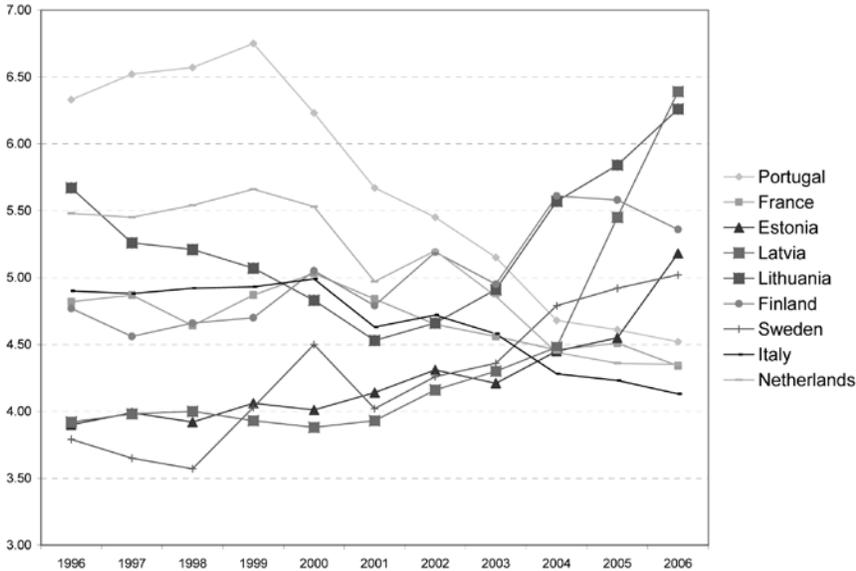


Figure 3. Marriages per 1000 inhabitants in nine European countries (Data: Eurostat).

People can marry several times and therefore it is important to know the share of people who enter the marriage market for the first time – marrying for the first time. Women still tend to marry only once in their lifetime more often compared to men. Data reveals visible differences between EU countries. Namely, in Estonia and Latvia the share of men who marry for the first time is the lowest. It reflects the essential share of remarriages. For example every fourth person who marries has been married already at least once in Estonia. In contrast, for example, people from Southern-European countries like Italy marry predominantly for the first time in their life.

First marriage trends are generally quite stable, but some shifts are still visible. During the 1990ies the first marriages rate slowly decreased and after 2000, they started to increase in Estonia and Latvia (Figures 4 and 5). Also, at a time when many other countries face a decline of first marriage rate, the share of first marriages has been rising in Estonia and Latvia during recent years. However, Estonia and Latvia remain the countries with the lowest first marriage rates. Lithuania has a higher, but declining first marriage rate.

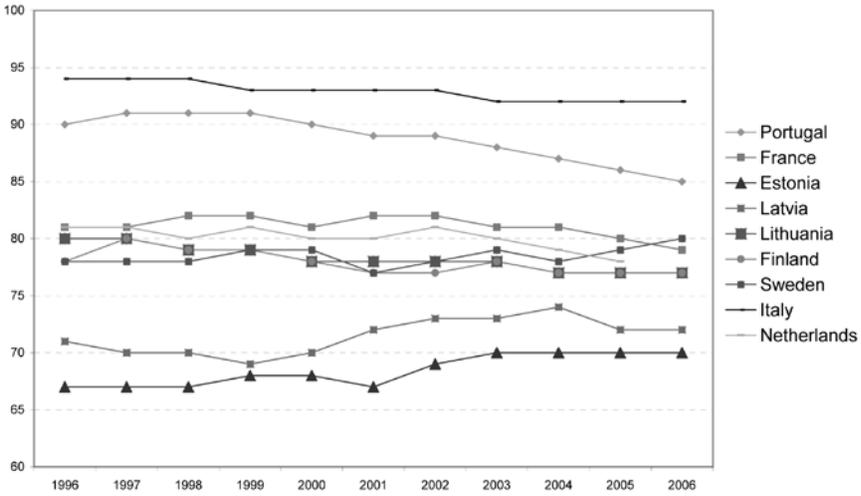


Figure 4. Share of men who marry first time, comparison of nine countries (Data: Eurostat).

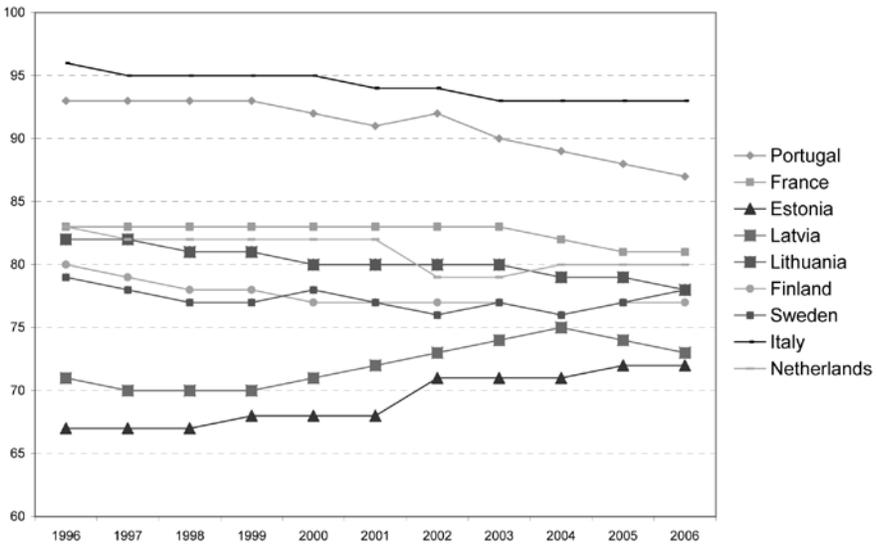


Figure 5. Share of women who marry first time, comparison of nine countries (Data: Eurostat).

Low marriage indicators do not necessarily reflect all partnership situations. It is increasingly popular for people to remain in non-registered partnerships for a very long period or for all of life. The number of cohabitants decreases with age, but 70% of cohabiting couples aged 26-35 have children in Estonia (Kasearu 2008). Thus, the cohabitation in Estonia is more similar to marriage than cohabitation in other countries. Also, an average duration of cohabitation in Estonia is longer than in other countries.

Often data about births out of wedlock are used as a proxy to evaluate the popularity of consensual unions. Estonia has one of the highest illegitimate birth rates in Europe. There are more illegitimate births only in Iceland. Sweden has a very similar out-of-wedlock fertility pattern to Estonia (Figure 6). Latvia belongs to the second group of countries and is similar to France and Finland, and Lithuania is most comparable with Catholic Portugal.

Illegitimate births consist of two subgroups: children born to parents in consensual union, and children whose fathers are not identified (the data about their fathers is missing on the birth records). In Estonia the majority of illegitimate births are births to parents in a consensual union. The first child is often born when parents are not officially in marriage. After a birth of a child parents still tend to marry often. The rather high illegitimate birth rate can be explained by an absence of social stigma and an absence of legal difference in status between children born in wedlock or out of wedlock (Rootalu 2008).

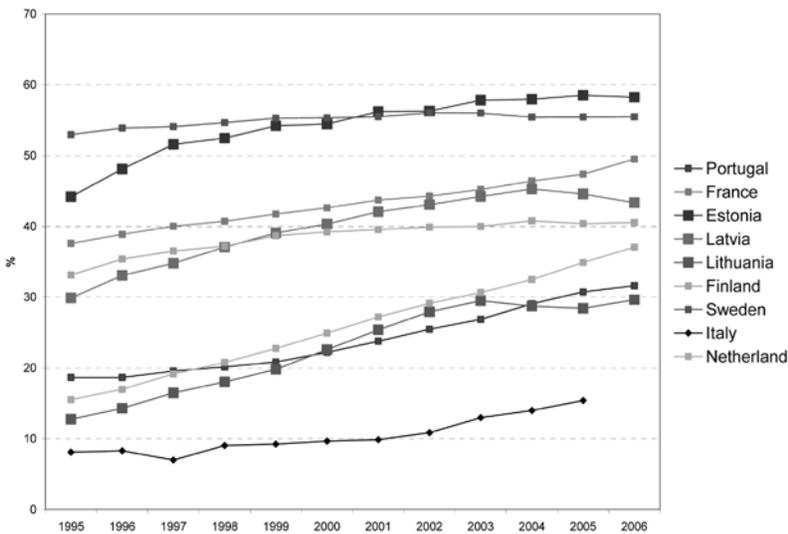


Figure 6. Birth out of wedlock in nine countries (Data: Eurostat)

Divorces

Instability of a partnership, on the other hand, especially when children are involved, might lead to the rising coping, poverty and psychological risks in society (Gähler 1998, Rootalu 2008). Marriage and divorce behaviour are still very norm and religion driven in Europe. Divorce procedures are often regulated and can consist of different barriers for separation (taxation, long waiting time etc). All three Baltic countries have quite high divorce rates, among the countries of Europe (Figure 7).

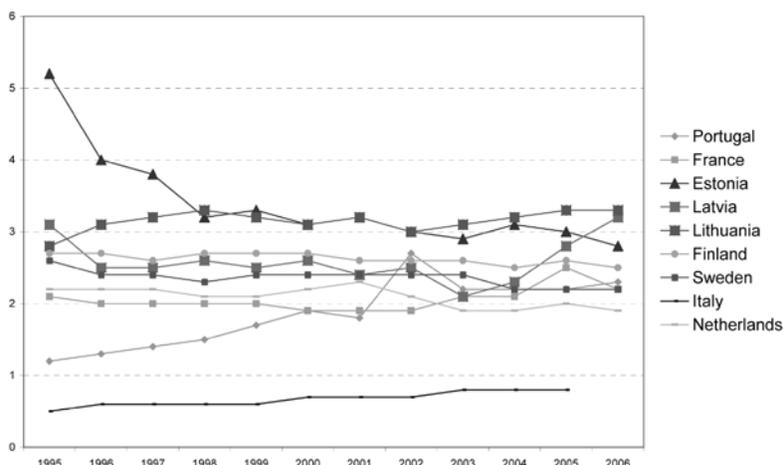


Figure 7. Divorces per 1000 inhabitants in nine countries

Although different studies have shown that divorce is less common if there are children under 18-year living at home (de Graaf and Kalmijn 2006, Liu 2002), about half of the couples who divorced in 2006 in Estonia had children under 18.

The divorce rates itself does not reflect the total happiness of families or the amount of problems after divorce, however, it is more greatly influenced by stigma and social attitudes (Rootalu 2008).

Fertility

The governments of all three Baltic States have stated that the aims of their family policies are to increase fertility (World... 2006). However, their efforts and effectiveness in this direction have been quite different from their aims.

As a reaction to the transition period, relatively high fertility (total fertility rate was close to 2) in the end of the 1980s dropped quickly to a very low level in the Baltic countries. The drop was most severe in Latvia (Figure 8). With a fertility rate close to 1 birth per women, it was the lowest in Europe.

In the first part of the 1990ies we saw a continuous decline of fertility in all three Baltic countries. This fertility depression period was partly explained by changes in fertility behaviour (postponement of births) and also, partly by economic hardships and insecurity about the future (Tiit, Ainsaar 2002). The birthrates started to increase once again in Estonia and Latvia only in 1999, while in Lithuania decline continued.

In 2006 the fertility rate in the Baltic countries still lagged behind the countries with the highest birth rates. In 2006 the total fertility rate was 1.64 in Estonia, 1.43 in Latvia and 1.32 in Lithuania (Figure 8). The recent rise of fertility in Estonia is associated with the improving economic situation, with some family policy measures

which gave parents higher economic security during their parental leave period, and also with diminished poverty among families with children.

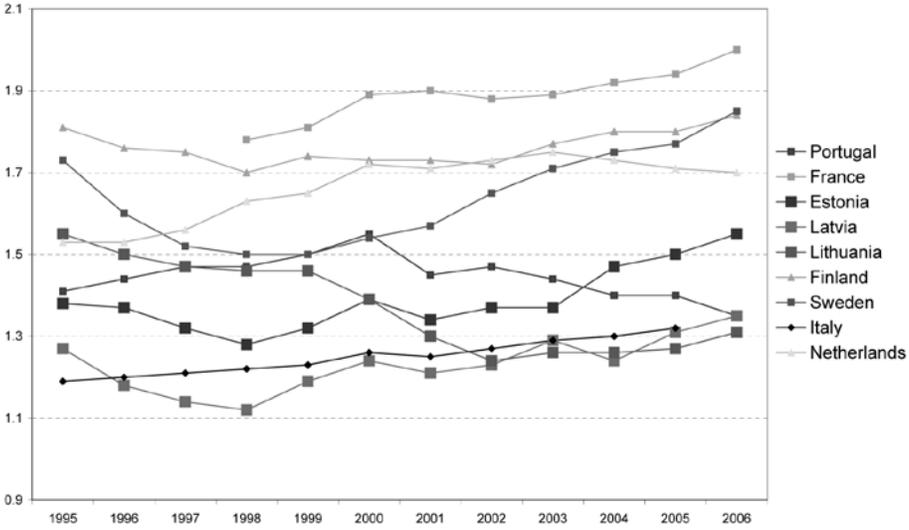


Figure 8. Total fertility rate in nine European countries (Data: Eurostat)

Mortality

Mortality shapes the population age and gender structure. The Baltic countries form a distinct group in Europe (Niederlaender 2006) and are characterized with high age specific mortality rates in all ages. After the start of restructuring processes in the beginning of the 1990ies, life expectancy declined in all three Baltic countries.

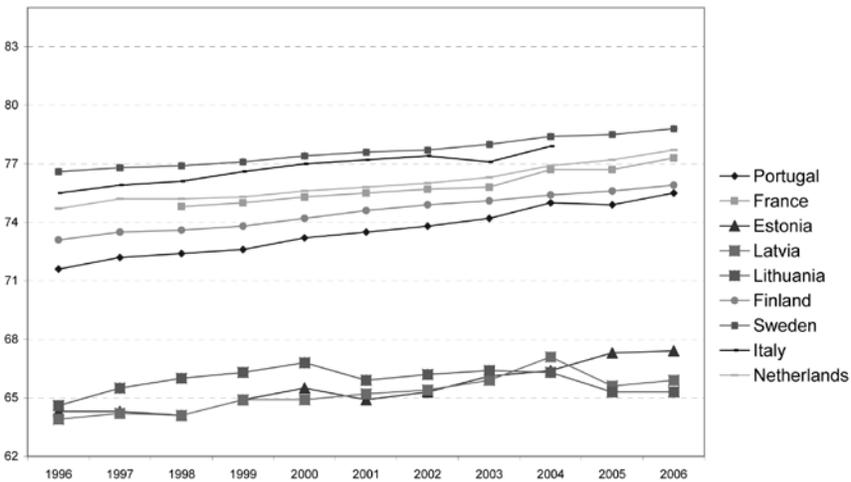


Figure 9. Life expectancy at birth - men - in nine countries (Data: Eurostat)

The excessive mortality in the mid-nineties is usually associated with the difficulties of the transition period, which caused stress, unemployment, poverty, and a rise of alcoholism. The transition period was especially difficult for male health.

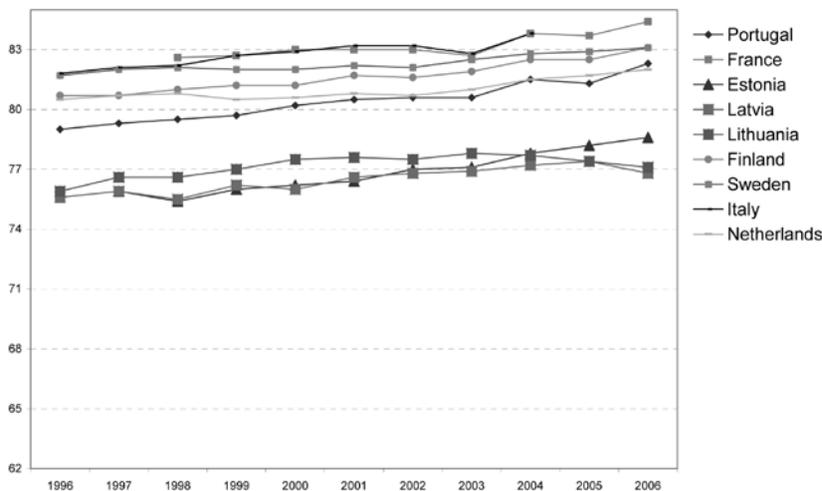


Figure 10. Life expectancy at birth – women - in nine countries (Data: Eurostat)

Historically Lithuania has had the highest life expectancy, however Estonia has recovered better from the 1990ies period and there has been a continuous rise of life expectancy from 1999. Life expectancy in Latvia and Lithuania is in decline both for men and women. This is a very disturbing indicator about society. In recent years the life expectancy has been slightly higher in Estonia than in Latvia and Lithuania, but all three countries are at the very bottom in the European Union, both according to men's and for women's life expectancy indicators (Figures 9, 10).

Conclusion and future

1990 – 2007 the population of the Baltic States faced a sharp decline because of migration and negative natural growth. Within 18 years, Estonia lost 15%, Latvia 14% and Lithuania 8% of initial population. This could have led to a drastic shortage of workforce. However, difficult times of economic restructuring caused a rise in unemployment, poverty and social stratification.

As the fertility decline was most severe in Latvia and Estonia, we could expect that the governments of these countries would also be more supportive of developing family policy. Currently, the Baltic countries are in a group with the countries in Europe with the earliest mortality. Short life has been a barrier for the quick increase of the share of elderly people, but bad health can also be an additional burden for health insurance. The future forecast for the Baltic countries predicts a gradual

increase of life expectancy, however in order to achieve this goal governments need to pay more attention to health and healthcare policies.

The sharp decline of fertility since the beginning of the 1990ies will also affect the future demographic development of the Baltic countries. One of the latest forecasts (Population ... 2008) projects that the decrease of total population will be most severe in the Baltic countries and in Bulgaria. This in turn will lead governments to a severe shortage in the labour force in the distant future.

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Algis Dobravolskas¹

ACCESSIBILITY AND QUALITY OF HEALTH INSURANCE

Coverage

Three levels of traditional health care exist in Lithuania. Primary care is the practice of basic, general medicine. Secondary care is basic specialist care. It may be practiced in an outpatient setting or carried out at a general hospital. Tertiary care is special care requiring specially trained staff, special equipment and/or other special physical facilities. Tertiary care is provided predominately by university hospitals and has a strong connection with research.

Local (municipal) authorities organize primary health care for their local populations. County governors organize secondary health care - the scope and profiles whereof are determined by the Ministry of Health.

The majority of health care institutions in Lithuania are non-for-profit organizations contracted by the statutory health insurance. The majority of pharmacies are private, for-profit enterprises.

Health care services can be categorized according to the type of financing, as follows: (a) individual and public health care financed from the statutory health insurance fund, state or municipal budgets or health funds; (b) individual and public health care services which must be paid for by their recipients (legal and natural persons).

The entire population of Lithuania is legally granted guaranteed emergency care. Free (total or partial) provision of health services other than emergency care is granted to the compulsory insured population (according to the Health Insurance law, Lithuania provides universal coverage of its population by the statutory health insurance system; according to State Patient Fund data, more than 99 percent of the total population are covered by statutory health insurance). The costs of the following individual health care services are covered by statutory health insurance: (a) preventive medical assistance; (b) individual health care services provided on the primary, secondary and tertiary levels of health activities; (c) medical rehabilitation, nursing, social services attributed to individual health care, medical rehabilitation, including treatment at sanatoriums/resorts), and (d) individual health examinations (temporary

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disability examination of the insured; long-term and total disability examination of the insured; an autopsy in case of death).

The share of health expenditures in GDP in 2006 amounted to 6.2%, and is one of the lowest across EU Member States.

The recent - and impressive - increases in expenditures on health care in Lithuania (3,574 million LTL in 2004, 4,224 million in 2005, 5,108 million in 2006)² are not reflected in the accessibility and quality of health care. It seems that the current period of health care development is characterised by a mere price expansion rather than an improvement in accessibility and quality.

Accessibility

The resources provided for health care are not used efficiently enough and the high incidence of inpatient care is a matter of concern. One important change in the overall structure of health service is higher provision of priority services (outpatient consultations, reception, day inpatient services, monitoring, short-term treatment, day surgery) and lower provision of inpatient services. This is probably an important step towards a shift from inpatient to outpatient care in Lithuania.

According to the common health indicators, the self-reported unmet need for medical care in Lithuania is rather high compared to other EU Member States and has even increased in 2006 compared to 2005. The figures also indicate that the level of self-reported unmet needs depends on the income level, as it is considerably higher in low-income quintiles than in higher ones.³

A survey on the accessibility of health service dating from 2004 and carried out in the *iauliai* region revealed that the majority of patients treated in private and public health care feel positive about the territorial accessibility of primary health care services. Results indicate that satisfaction was higher with private institutions than with public institutions. In general, however, it must be stated that transparent and comprehensive monitoring of accessibility to health care services is still missing, and that more research has to be carried out in that respect, in particular taking into account the multitude of unmet needs reported according to EU-SILC data.

Quality

A recent WHO publication notes that a great deal of quality assurance measures have not yet been implemented in Lithuania, due to a lack of funds. The publication also refers to the 2007 report of the National Audit Office of Lithuania, which states that no comprehensive quality assurance system in the health care system exists, and that there is a lack of quality indicators and of evaluations by municipalities. Quality management systems in hospitals, and especially in larger ones, however, seem to be in place.⁴

² <http://db1.stat.gov.lt/statbank/selectvarval/saveselections>

³ See http://ec.europa.eu/employment_social/spsi/common_indicators_en.htm, Indicator HC-P1.

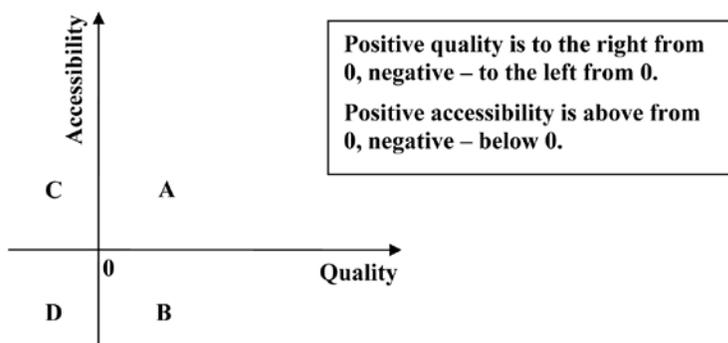
⁴ Legido-Quigley, R. et al. "Assuring the quality of health care in the European Union. A case for action." WHO, European Observatory on Health systems and policies. Copenhagen, 2008.

Sustainability

According to World Bank projections for 2050, the share of the elderly dependent population as a percentage of the total population in Lithuania will be one of the highest in Central and Eastern Europe.⁵ It would be sensible to review existing forecasts and projections for health care expenditures with regard to their relevance, and to develop instruments to forecast health care expenditures in the medium and long term.

Where we are?

The progress in health care technologies has led to a situation where high quality is associated with restricted accessibility (area B in the picture below). For example, there is a three-year waiting list for dental prosthesis in state health institutions in Lithuania. On the other hand, pursuing the high accessibility of health care services typically results in a lowering of health care quality. It seems that a contradiction between quality and accessibility is overwhelming for the current situation in the Lithuanian health care system.



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⁵ Chawla, M., et. al. "From red to grey. The "third transition" of aging populations in Eastern Europe and the former Soviet Union". World Bank, Washington, 2007.

Parsla Eglite¹

RESPONSE TO FAMILY POLICY IN LATVIA

Introduction

During almost all the post-war period, the fertility rate in Latvia was too low to ensure the replacement of generations. At the beginning of 1980's, the Soviet government introduced some forms of support to families with children, and from 1982-1987 this resulted in a rise of the birth rate of approximately 1/10 of the total fertility rate, being 2,039-2,207.

During the transition period in the 1990's, in Latvia, as in all the other post Soviet countries, the birth rate declined once more to the lowest ever level, being one of lowest also among the European countries [Demography, 2007: 67].

Due to this decline, family policy became the dominating part of actual population policy in Latvia, and almost the only one to whose implementation the state devoted serious efforts and expenditures. Family policy is aimed not directly at raising fertility, but first and foremost at eliminating the main hindrances to families to having and bringing up the desired number of children. Preferably, it must be at least two children per woman - not only for the replacement of generations, but also for each child to have at least one brother or sister as potential company and as a lifelong friend. A recent survey [Pavlina, 2002], has shown that the latter reason was the main reason why representatives in all the groups of the Latvian population would like to have two or more children in their families. (Table 1).

Table 1

Desired number of children in one's own family average for persons
of active age and certain level of education in Latvia

Education	1995 ¹⁾		1997 ²⁾		2001 ³⁾	2004 ⁴⁾
	men	women	men	women	women*	women
Basic	2.00	2.10	2.16	2.16	2.54	..
Secondary	2.12	2.16	2.13	2.15	2.36	2.50
Higher	2.25	1.99	2.22	2.06	2.60	2.82

¹⁾ Zvidriņš P. (ed.), 1998:110

²⁾ UNDP, 1997

³⁾ Pavlina I., Eglite P., 2002: 48-71

⁴⁾ Sebre S., Lebedeva L., Trapenciere I., 2004: 17

* women with at least 1 child

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The average number of children in families giving birth in 2000 was scarcely above 1.5 [Results, 2002:207]. This means that family policy efforts up to end of the 20th century was not satisfactory.

Fertility patterns and their determinants during transition

In 1990's, during the transition to a free market economy, when the most radical political and economic changes happened in Latvia, the birth rate decreased almost by a factor of 2, and the situation worsened a lot (Table 2). Number of births, birth rate and total fertility rate reached their minimum in 1998, the latter being almost half of the amount needed for the replacement of generations, and the lowest ever observed in the country.

Table 2

Fertility changes in Latvia in 1989-1998

Variables	Years									
	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Number of births, thou	38.9	37.9	34.6	31.6	26.8	24.2	21.6	19.8	18.8	18.4
per 1000 inhabitants	14.6	14.2	13.1	12.1	10.4	9.6	8.7	8.1	7.7	7.6
per 1000 women 15-49	59.55	58.22	53.92	50.39	43.65	40.11	35.99	33.09	31.60	30.97
TFR	2.039	1.998	1.854	1.741	1.522	1.407	1.271	1.177	1.130	1.114
Age of mother, years	26.1	25.9	25.8	25.7	25.6	26.0	26.0	26.2	26.6	26.8
Age at 1 st birth	23.4	23.2	23.1	23.0	23.0	23.4	23.5	23.6	24.0	24.1
% of 1 st births	46.8	47.6	49.0	49.5	50.6	50.9	52.1	51.8	51.6	50.3
% of marital births	84.1	83.1	81.6	80.4	77.0	73.6	70.1	66.9	65.2	62.9
induced abortions per 1000 women at 15-49	..	..	60	55	51	44	43	41	37	34
% of Latvian mothers	53.9	56.5	58.1	61.5	64.5	64.8	63.7	63.4	63.7	62.8
% of ethnic Latvian in population	52.0	52.5	53.5	54.2	54.8	55.1	54.8	55.1	55.3	55.5

Demography, Riga: CSB, acc. years

Demographic Yearbook of Latvia. Riga: CSB, acc. years

The decrease of birth rate was the most significant in the two youngest age groups – a decrease by 2.7 and 2.1 times, from 1989 to 1998 (Table 3). Accordingly, the average age of mothers started to increase.

Table 3

Age-specific fertility rates in Latvia per 1000 women of corresponding age

Year	15-19	20-24	25-29	30-34	35-39	40-44	45-49
1989	44.73	167.05**	107.54	58.90	23.77	5.58	0.29
1990	49.87	163.93	99.58	57.50	23.32	5.25	0.21
1991	50.85	151.24	92.01	50.24	21.18	5.11	0.17
..
1996	25.83	90.11	68.05	33.06	14.78	3.35	0.19
1997	21.53	83.90	66.31	34.63	15.13	4.27	0.24
..
2005	15.94	67.34*	84.32	60.49	27.74	5.68	0.38
2006	17.69	67.34	86.60	62.48	29.61	6.65	0.34
2007	17.89	67.84	90.39	65.44	33.02	7.44	0.36

Demography, Riga: CSB, acc. years

* minimal in age group

** highest at age

Since the collapse of the Soviet regime, various contraceptives have become available, and thanks to this, the limitation of births became possible through means other than abortion. Thus, the number of abortions diminished rather rapidly. Another new trend is the rising proportion of extramarital births – this may be partly following the western mode, or it may be because marriage does not guarantee either stability of partnership, or any social benefits. However, the couple needs to spend some money for a wedding, and in the new economic situation, not all couples were able to afford it.

A drastic decrease in fertility during the 1990's was caused by a common factor for all the "post-socialist" countries – the collapse of the Iron Curtain rather isolated them from free market competition, and from the extensive Soviet economy with full employment and state regulated prices. The following bankruptcy of the system and closure of enterprises, which previously depended on resources and the realization of production only in other Soviet republics, led to high unemployment and poverty, which was especially difficult for families with several children.

An additional reason for the decrease in the number of births in Latvia was the specific ethnic composition of the population. In 1989, the share of the titular nation had decreased to 52%, due to massive colonization during all the postwar period, but the fertility of aliens all the time was lower than that of native people. This difference

was determined by several reasons, one of them being specific for migrants: a value orientation where aspirations for a better life, a higher income, etc. dominated, as a higher priority than rearing offspring. One more factor in Soviet conditions was poor housing, especially during the first 10 years after arrival to the country.

Just after the dissolution of the USSR, colonists and their descendants felt uncomfortable in the previously occupied national state, as they were losing their rather privileged situation. Some 15% of them left the country, and some of those who remained in Latvia were afraid that they would be forced to follow. No wonder fertility of this segment of the population decreased more rapidly than that of the average population. Due to this factor, the difference between the share of Latvians among all residents, and between children born to ethnic Latvian mothers compared to all mothers increased during this period (see Table 2).

With so large a share of aliens in Latvia - in the capital city and some towns the share of aliens even exceeded the proportion of Latvians - citizenship of the state was granted only to prewar citizens and their descendants regardless of ethnicity, while Soviet colonists were given a possibility to naturalize on condition that they pass an examination in Latvian language. Up until 2006, only $\frac{1}{4}$ of them have used this possibility. Nevertheless, no violence has been deployed against them, and all the residents who had been settled in Latvia for at least 6 months gained entitlement to all social guaranties. Fears among them disappeared and the described difference in fertility ceased to increase.

Since the very last two years of the 20th century, the number of births and the rate of fertility in Latvia stopped decreasing, although it would be premature to announce a convincing trend of increase. No fluctuations could be observed only as regards increase of mother's age – both average and at 1st birth - and decrease in frequency of abortions (Table 4).

The fertility rate in the two youngest age groups continues to decrease, as in the 1990's, while for women over 25 years of age the fertility rate has started to increase, already since the end of the 1990's. Births used to be postponed until the moment when parents had graduated from school, with a job, income and housing ensured. For women over 30, the birth rate even exceeded the fertility rate during the end of the 70's and 1st half of 80's.

Since 2000, for the age group 25-29, the birth rate exceeded that of the 20-24 year old group, up to that year, was the most fertile, although their actual fertility currently is two times less than the maximum reached by the 20-24 year old group during the 80's. It raises doubts that those who postpone births may not have enough time for having second and third children, which is necessary to ensure high enough fertility for the replacement of generations.

Table 4

Births and fertility in Latvia in 1989-2006

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Number of births, thou	18.4	19.4	20.2	19.7	20.0	21.0	20.3	21.5	22.3	23.3
per 1000 inhabitants	7.6	8.1	8.5	8.3	8.6	9.0	8.8	9.3	9.7	10.2
per 1000 women 15-49	30.97	32.67	34.20	33.29	33.90	35.46	34.33	36.37	37.82	39.79
TFR	1.114	1.179	1.237	1.207	1.232	1.286	1.240	1.309	1.353	1.412
Age of mother, years	26.8	26.9	27.3	27.4	27.6	27.6	27.7	28.0	28.0	28.2
Age of mother at 1 st birth	24.1	24.2	24.4	24.6	24.8	24.9	25.0	25.2	25.3	25.4
% of 1 st births	50.3	50.0	49.6	50.6	50.2	51.4	52.6	51.2	51.7	52.2
% of marital births	62.9	60.9	59.7	57.9	56.9	55.8	54.7	55.4	56.6	57.0
abortions per 1000 (15-49)	34	30	29	26	25	24	23	22	20	20
% of Latvian mothers	62.8	62.7	63.3	63.5	63.6	64.9	64.4	65.4	65.9	65.6
% of Latvians in population	55.5	55.7	57.7*	57.9	58.2	58.45	58.62	58.84	59.02	59.20

Demography, Riga: CSB, acc. years

* census data

Family policy influences

The necessity of supporting families with children to avoid a dramatic decrease of fertility, and depopulation, has been recognized by the government since the first years of regained independence. In 1990, the universal monthly family allowance for each child was established to compensate for the rise of prices for goods necessary for children, which were no longer regulated by the state.

At the very end of the same year, in addition to maternity and child care leave policies kept from the Soviet period, the prolongation of child care leave up to the child's 3rd year of age was accepted. The choice of such a kind of support to families corresponds with the appearance of unemployment in the labour market, and with efforts to limit its growth by the exclusion of at least part of the female population from the scope of job seekers. The mass media helped these efforts by convincing the public that it is best for each child to have its mother's care for as long as possible, and that everything should to be done in the opposite way as it had been done under Soviet rule. Following this idea, a great number of child-care centers were closed, and their buildings privatized.

Child care allowance for the 1st and 2nd part of this leave was fixed, being for the additional 1.5 year period less than for 1st. But after the 1st part, mothers could for 9 months receive unemployment benefits. The amount of childcare allowance against expenditures did not differ according to the number of children under the mother's care.

An additional tax reduction for parents was also introduced: for each dependant, no income tax is to be paid from the fixed amount of earnings approximately equal to $\frac{1}{4}$ of the minimum wage. From time to time, this fixed amount has been enlarged, as it also happens from time to time with regards to minimum wage.

Since July 1994, mothers have been entitled to a birth grant – initially approximately equal to minimum wage by law, and this amount is twice more on condition that pregnancy is observed from the 12th week of it.

Health care for children is at all times kept free of charge, though for adults some payments have been introduced. For example, employed mothers may have 14 paid days for care of their children in case of actual illness. Additionally, up to the age of 7, children may travel in public transport without a ticket.

During several years of enormous inflation - or shock therapy – during the 1st stage of transition to a market economy, the amount of both family and child care allowances were enlarged twice a year. However, since the end of 1993, when the restoration of Latvia's own currency was completed, and the minimization of inflation maintained, all of the allowances were kept stable, although remuneration for work continued to grow. Childcare allowance decreased from 80% to 29% of the minimum wage in 1998, while the proportion of the average amount of all the allowances per 1 child decreased from 8.2% to 6.4% of the average wage [Social Report 1998: 102 and Social Report 1999: 49]. In this situation, women preferred paid employment, but having neither the possibility to use child care centers, nor enough income for the maintenance of children while staying at home, families were enforced to limit their number of children.

At last, starting in the middle of 1998, childcare allowance during the first 1.5 years was enlarged to 30 LVL (\approx 43 EUR) or by approximately up to 25% of the average wage. Furthermore, from the beginning of 1999, the monthly family allowance was enlarged by 1.2 times for 2nd children, and by 1.6 times for 3rd and subsequent children born in families after this data was released (later on also for those being born before it). In addition to the previously described enlargement of childcare and family allowances, since the very end of the 90's (starting in 1997), mothers on childcare leave have received payments into their social insurance fund from the state's budget; since October 1997, the birth grant was enlarged almost doubly.

The improvements in support to families meant that the transition to a free market economy was carried out successfully, and that the well being of most of population started to improve. Self-assessments of household living conditions show that in all types of households, the share of those unsatisfied is not prevailing any more (Table 5). It immediately caused a stabilization of fertility and since the very beginning of the 21st century, even a slight increase in it (see Table 4).

It seems worth mentioning that during the entire period since the end of the 90's, couples with children found themselves to be the most prosperous group, while one-parent families found themselves to be among the poorest. The highest satisfaction with their own well being among couples with children could be explained by difference in the average age of respondents and according to prospects for the future. Among households consisting of 1 person, or of a couple without children, there is large proportion of retired elderly, while within households with couples with children under 16, all except the children are at an active age. The majority of adults of fertile age are employed, and therefore dare to be optimistic, while the average income for couples with children does not much differ from the average income (Table 6).

Comparable data from yearly household budget surveys witness that in households with children, a rather large share of income consists of social transfers. In the critical year 1998, this share was rather significant only in one-parent families; their income was the smallest and transfers were paid as social protection for vulnerable households.

Table 5

Self-assessment of the household's living condition in Latvia,
% in the group

Assessment	All	of which by type				
		one person	one adult with children under 16	couple with no children	couple with children under 16	other
1998						
good	5.0	4.6	2.5	5.8	7.7	3.8
average	47.9	41.3	42.1	52.2	58.1	47.3
bad	34.4	37.4	38.6	32.9	26.8	35.9
very bad	12.7	16.7	16.8	9.1	7.4	13.0
<i>Distribution by types, %</i>	<i>100.0</i>	<i>31.8</i>	<i>4.7</i>	<i>15.9</i>	<i>18.1</i>	<i>29.5</i>
2005						
not rich but manage to live well	9.1	3.7	8.5	10.5	15.6	8.8
neither rich nor poor	59.1	45.6	53.8	59.1	69.5	64.4
not poor but on the verge of poverty	26.2	39.8	34.3	25.2	12.8	23.9
poor	5.6	11.0	3.5	5.6	2.0	3.9
<i>Distribution by types, %</i>	<i>100.0</i>	<i>23.8</i>	<i>3.6</i>	<i>21.3</i>	<i>17.8</i>	<i>33.5</i>

Household budget in 1998, Riga, 1999: 133, 19

Household budget in 2005, Riga, 2006:31, 16

Table 6

Disposable income per household member by types

Variables, year	All	One person	One adult with children under 16	Couple with no children	Couple with children under 16	Other	
						with children	no children
LVL (≈ 1.4 EUR) per month							
1998	79.18	75.99	66.63	91.19	83.21	75.20	
2005	110.30	124.55	87.82	137.79	106.30	85.19	116.39
of which transfers							
1998	20.99	39.59	15.89	36.64	7.07	19.45	
2005	26.62	56.14	21.45	41.78	14.37	17.86	26.15
of them except pensions							
1998	3.69	1.78	10.02	1.69	4.60	3.46	
2005	6.52	5.23	14.65	2.67	12.58	7.43	2.37
% of these transfers in total							
1998	4.7	2.3	15.0	1.8	5.5	3.4	
2005	5.9	4.2	16.7	1.9	11.8	8.7	2.0

Household budget in 1998, Riga, 1999: 42

Household budget in 2005, Riga, 2006:40, 36

Nevertheless, after the enlargement of child care allowance, birth grant and monthly family allowance for 2nd and 3rd child, since 1998 and 1999, only 9-11% of 441 respondents who delivered in 1999 and 2000 recognized the abovementioned enlargement of the state's support as having been important for their decision to enlarge their family without hesitation [Pavlina, 2002: 60]. This proportion is a bit higher among those who gave birth to a 3rd or 4th child. However, regardless of birth order, the most significant considerations behind the decision to have an additional child were: desire to have a decent family (for the 1st child), and desire of the spouse (especially for the 3rd child), accordingly 71% and 53%, respectively, of all surveyed.

Since then, much was done to raise support for families with children, regardless of being poor or not. Accordingly, in recent years social transfers received by couples with children have increased more than total income. No doubt it has added to optimism of couples and helped to stabilize the birth rate and fertility.

In October 2004, the birth grant was enlarged once more, by almost 3 times, but the possibility to enlarge it doubly, by early registration at a gynecologist, was eliminated. Since January 2006, there has also been an additional grant according to order of birth – 1/3 of the birth grant for the 1st child, 1/2 for the 2nd child, and 2/3 for further children.

Since the beginning of 2001, fathers have been entitled to 10 days of paternity leave, during which, since 2004, they also receive an allowance equal to 80% of their salary. From the beginning of 2003, the period of paid childcare leave and allowance was reduced from 3 to 2 years. Such a decision corresponds not only to the wish to

economize the state's budget, but also to a new situation in the labour market – a lessening of unemployment.

Two years later, the very basis of child care allowance, (now called parental allowance), was cardinally changed – for the employed, it was made equal to real wage (70% of nominal before maternity leave) and up to 2008 with limited maximum; for the unemployed – it was just introduced and fixed at a level a bit less than minimal wage. Such a basis for determining the amount of allowance was chosen as a means to preserve the same level of income in a family as before the birth of the child. In reality, income per member of family lessens, because one more family member has appeared and needs certain maintenance.

Regardless of employment, the abovementioned amount of child care allowance is paid only for 1 year instead of the previous 1.5 years, and during the following year, the fixed amount equal to that previously paid during the first 1.5 years (4 times more than prior, at second part of child care leave). Up to March 2006, only those employees on childcare leave were entitled to the allowance. Since then, those who returned to their job could receive half of the allowance with a fixed minimum (as from minimal wage), but since March 2007, the full allowance is paid regardless of employment. It might be worthwhile to remind readers that childcare leave and the corresponding allowance can be received by either of the two parents, or divided between them in a proportion chosen by themselves.

The described forms of support to families with children are available for all the ordinary families, but there are also additional state's allowances for those with handicapped children, adopted children, children taken under guardianship or foster children. One-parent families receiving no alimonies can claim payments from the Maintenance Guaranties Fund, available since August 2004.

Support to families of all these kinds hardly has any impact on fertility. More hopeful in this regard is municipalities' attention to transport to schools, cheap or free lunch for pupils, help to families in housing, heating etc. or help of social officers in cases of special occasions.

In reality, social protection received depends on both the financial possibilities of the municipality and the activity of people elected. As a result, not all families receive the needed help, and this may add to residents' eventual decisions to leave their municipality for the capital city, or abroad, with all the negative consequences for the birth rate in Latvia.

Disadvantages of actual family policy

All of the above-described improvements in the state's support to families with children have nonetheless left a lot more room for further improvements.

There is very great difference in household income per family member according to number of children in the family (Table 7). Even in households with one child, the average income including transfers is less than in those with no children, but in households with 3 or more children, the income is twice less.

Table 7

Composition of disposable income per household member by number of children in 2005

Variables	Without children	1 child	2 children	3 and more children
Income LVL per month	125.10	105.11	91.17	61.71
<i>of which transfers except pensions</i>	2.98	9.01	12.19	12.02
Of all, %				
remuneration for work	59.6	74.9	71.5	60.2
income from entrepreneurial activity	10.1	8.9	9.7	14.4
<i>of which agriculture</i>	4.1	3.7	3.3	10.4
transfers	29.6	15.6	18.4	24.5
<i>except pensions</i>	2.4	8.6	13.4	19.4
other	0.6	0.7	0.5	0.9

Household budget in 2005, Riga, 2006:42

Though the proportion of transfers increases proportionally to the number of children in the household, it only helps to lessen the difference, but is not large enough to minimize differences in levels of well-being.

As may be observed from the composition of income, larger families used to exist in rural areas, where salaried employment is less common, and where the level of wages is lower. Accordingly, the average amount of transfers including parental allowance (equal to salary or fixed for the unemployed) for larger families is less, in spite of the number of children, and the divergence of some allowances by order of birth. It follows that the equalization of childcare allowance to one's wage, especially on condition that it is paid regardless of employment, is not quite fair. It seems obvious that children of less-well-paid parent need the same level of care as those of well-paid parents.

In current labour market in Latvia, with its prospects of a further aging population, it would be useful to raise the employment level, including both the elderly and the rather young (and highly educated) women with children. This may actually occur only on condition that there is a full supply of child care facilities for all the families which would like to use them, even from a rather young age of their child. Up to now, the situation is not sufficient (Table 8).

To meet the demand in the field is not easy. The construction of new buildings to replace those privatized during the 90's requires financing by municipalities. In addition, in the first years of the 21st century it was ruled that tutors in preschool centers required tertiary education in pedagogy, or that they were required to be students in the field. Experienced tutors with corresponding secondary education were dismissed, but replacement for them is scarce, because wages in preschools are still less than wages in schools. Requirements for hygiene in day care centers are so severe that it is next to impossible to arrange childcare facilities for children of employees at ordinary companies or small private groups for care of neighbors' children, etc. Nevertheless, extremely needed "care or play rooms" are arranged, which have

hygienic conditions not worse than children have at home, or at eventual mass events for children, shopping centers, transport etc., and qualification of personnel no less than that of a paid nurse or their own parents. A portion of small childcare facilities providing private services remains unknown to the public and to officials, to avoid taxation, and correspondingly, to avoid more expenses for parents.

Table 8

Enrollment in pre-school facilities* by age, % in age group**

Age	2002	2003	2004	2005	2006
0	0.07	0.10	0.03	0.21	0.02
1	7.1	7.5	7.3	6.4	6.8
2	40.7	41.0	44.2	43.7	42.4
3	65.6	65.3	64.7	66.5	70.0
4	65.8	71.2	73.9	72.4	76.9
5	88.3	90.0	95.1	94.9	91.3
6	85.8	87.9	90.3	93.1	92.9
0-4	35.0	36.3	37.4	37.2	38.2
5-6	87.0	88.9	92.8	94.0	92.1

* including pre-school groups in schools and interest education

** Children in Latvia. Riga: CSB – acc. years

Having no possibilities to use child care facilities and return to their jobs, parents find themselves in a trap as after a child's 1 year of age. Allowance becomes too small to ensure even the child's maintenance, not to mention that for the caregiver. There is not any support at the start of the school years, and for the great majority, there is also no support to cover the cost of textbooks.

Eventual parents, of course, are informed about the situation, and plan the future of the family not only for one year. Most of them find that the number of children must be limited, at least up to the moment when the state's support and supply of services would become sufficient beyond the 1st year of a child's life.

Conclusions

During the 1st stage of the post-Soviet period, the economic situation of the state budget and the population was very difficult, and fertility decreased to an extremely low level. It determined the main goal of support to families: to raise the number of births by compensation for part of expenditures for children in families. The chosen forms for necessary support were oriented to an out-of-date family model with one earner and one stay-at-home caregiver, although in modern times, with increasing expenditures for the maintenance of children; longer and longer years of their education; human rights that are guaranteed by law, including freedom of choice for both genders; instability of marriage; high premature mortality of males; existing social insurance and its dependence on one's own earnings during paid employment; availability of services for everyday life; educational level of women high enough for qualified work and leading positions, etc., the patriarchal family model does not work

any more, anywhere in Europe. Accordingly, up to now, newly introduced forms of financial support have been exclusively for childcare at home, and have not resulted in the expected rise in fertility. Of course, there still is a rather great share of the population in favour of a mother's long stay at home for childcare, but the possibility to receive child care allowance for no more than 2 years, and the drastic decrease of it after the first year, as well as the lack of child care facilities since that moment, leads to poverty, loss of the mother's professional qualification, and loss of hopes for a decent salary in years to come, not to mention the impact on the eventual decision to have some more children.

To strengthen the recently appeared trend of rise in fertility, the country's family policy is to be concordant with common goals of the state's Social policy and means of their implementation. First of all, these are possibilities to start employment or return to a job just after a year, or half a year; to receive remuneration satisfactory for the decent maintenance of children; to have access to child care facilities as a precondition for employment; and to exist as a two earner family. The latter, as a rule, has higher income and less need for the state's regular allowances, than a family with one earner. Instead, more support is necessary at the start of each school year, and to cover free of charge out of school activities for children, not to mention lunch at school and text books. It would also persuade the public that the state is interested not only to improve actual vital statistics, but to bring up all the children of Latvia so that they are healthy, and so that their personalities can grow and develop.

Authorities recognize, as well, that the most actual task of support to families with children in Latvia is the creation of more childcare facilities, but the responsibility for it is delegated to municipalities, with no state support for it. Accordingly, the most probable scenario is a rather slow rise of fertility in the near future.

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Maria Jepsen¹

GENDER EQUALITY AND SOCIAL POLICY ISSUES IN THE EUROPEAN UNION

The European Union stands out as a region of the world in which gender equality is part of the regulatory framework, having been incorporated into its institutional settings and framing the prevailing set of norms, at least in general terms. Both the European Union and member states take the persistence of gender gaps seriously and have, each in their own way, put into place legislation, institutions and policy measures in order to narrow these gaps. Despite these attempts, however, gender gaps remain wide across the European Union.

This contribution seeks to clarify how the issue of gender equality and Social policy is dealt with, both at European level and in the member states. Our starting point is that men and women do not have the same starting point: power is distributed between them unequally in the labour market, and they do not share unpaid work equitably. Hence neglecting gender equality when designing and introducing Social policy can lead to gender gaps being exacerbated rather than narrowed.

The article is structured as follows. Section 1 will briefly discuss the main issues linking gender equality and Social policy. Section 2 will discuss the entry of women into the labour market in the EU. Section 3 will present the European Union initiatives that have helped to promote gender equality. Section 4 will provide an overview of how a number of member states have reacted to the massive entry of women into the labour market. Section 5 will conclude.

Social policy and gender equality

There is an ever growing strand of comparative research dealing with Social policy and gender equality. The main focus in this strand is how Social policy and the welfare state have developed to take into account the rising number of women who have entered the labour market while still having caring responsibilities. The most developed response comes from feminist studies, which has developed several approaches to studying social policies, the welfare state and gender equality. One method has been to use the classical analytical framework and then to include the gender dimension among the list of variables to be analysed. Others adopt a critical

¹ Dr. Maria Jepsen, Director, European Trade Unions Institute, Professor, Dr. Free University of Brussels.

stance towards the traditional framework and have developed alternative analytical frameworks in order to clarify gender relations (Lewis 1992, 1997). Recently, research has concentrated on how welfare states are coping and developing policies to deal with caring for children and, sometimes, the elderly; how the modernisation of welfare states is developing and how this is impacting on women (Jenson 1997; Lewis 2003; De Henua et al. 2004). Finally, another strand of comparative literature focuses on explaining and clarifying how and why different countries have dealt with gender equality and social policies in such different ways. This article subscribes to the latter approach.

As already stated, the key issue as regards gender equality and Social policy concerns how the welfare state has reacted to women's massive entry into paid work. As we shall see in Section 2, this movement has been impressive, but it has not always been to the advantage of women.

A particularly strong feature of women's entry into the labour market has been their take up of part-time or short-term employment. As a consequence women tend to find themselves in jobs that often are more precarious than those held by men. Furthermore, women find it very hard to escape from this situation. In general, women are employed in more flexible jobs (Jepsen 2006). This means that, while *more* women have jobs, these are not necessarily *better* jobs in terms of security and pay. When jobs are qualified as *better* for women, it tends to be in terms of the possibilities they offer for reconciling work and family. Often this criterion is used with reference only to women (Lewis 2003). The main reason for this is the scant consideration given to care work and especially to the distribution of care work, not only between women and men, but also between individual and collective provisions. What attention has been given to care concerns the provision of care and cash transfers (parental leave), but little attention is devoted to gender equality in respect of unpaid work at the household level. This is important in relation to Social policy because women and men have different starting points when it comes to these policies/strategies, due to the distribution of care work within the household. They therefore have different bargaining power. Women perform more informal care than men for many reasons:

1. the set of choices available to mothers (childcare provision, cash transfers);
2. assumptions about women's preferences;
3. assumptions about men's preferences;
4. the extent of the gender pay gap.

In general, women are under more pressure to perform informal care than men are; they are more likely not to be in full-time employment and also more likely to need career breaks and childcare leave. However, these needs are socially embedded, and the 'choice' between caring while working, on the one hand, and either caring or working, on the other, is very often not a real choice, but rather one based on social norms and expectations, lack of childcare and an irregular and long-hours culture incompatible with care work (Méda and Périvier 2007). What is more, caring can bring rewards in terms of emotional and relationship satisfaction that may be preferable to low paid, low status and insecure jobs. The discourse on 'choice' tends to reject any collective responsibility for the persisting gender gaps and, furthermore,

obstructs the clarification of gender (in)equalities as a major challenge for social justice and economic growth. One result or symptom of this is the lack or even absence of discussion on how Social policy should contribute to sustain and promote gender equality, and the current overemphasis on how Social policy should enable women to combine paid and unpaid work.

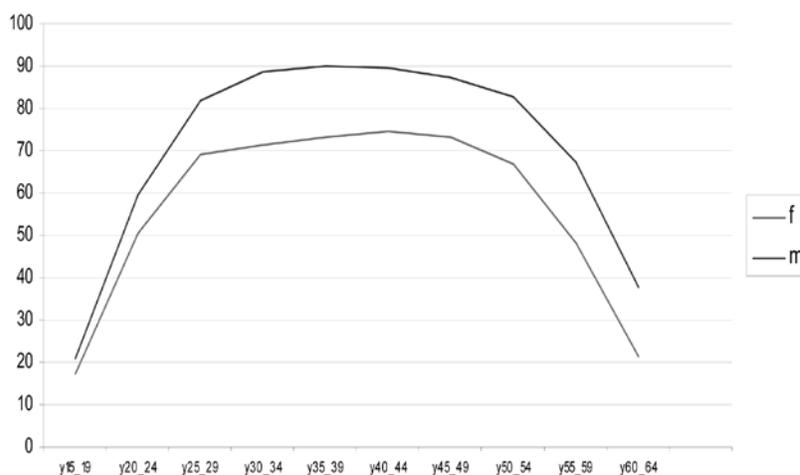
The entry of women into the labour market

Data for the European Union display a major shift in women's participation in the labour market. Figure 1 presents life course employment rates for men and women for the EU-27. While employment rates for men and women tend to be similar at the entry age (15 to 24 years) the rate flattens out at around 70–75 per cent from the age of 25 and starts to decrease at 45. For men the employment rate continues to rise until arriving at a peak of 90 per cent at 35–39 years, and decreasing from 40–44 years. Although the employment rates of men and women start to converge from 50–54 years as men's employment rate decreases faster than that of women, at 60–64 years there is a discrepancy of 15 percentage points between men and women.

However, the average EU-27 rate masks a wide divergence in employment rates across the EU and obscures their development over the past ten years. In Annex 1 the life course employment rates for men and women are presented for nine EU member states, mostly for both 1997 and 2007 to underline development. The selected countries represent the different types of employment-rate development that have occurred in the EU over the past 10 years.

In some EU member states no major shift has occurred in labour market participation over the past decade. The employment rates for men and women are on the high side and do not differ substantially.

Sweden is known for its high employment rates, for both men and women. In 1997 the employment rates for men and women were quite similar, peaking at 85 per cent for those aged 45–49 years. In 2007 a shift occurred, with an increase in employment rates over the life course for both men and women, but the increase was somewhat larger for men, thereby increasing the slight employment gap that already existed in 1997. Furthermore, in 2007 women's employment rates seemed less sensitive to the presence of younger children than in 1997. The UK presents a rather different picture with quite a large difference in the employment rates of men and women, and a clear impact of the presence of younger children on women's employment rates. Both men's and women's employment rates rose slightly between 1997 and 2007, but there does not seem to have been a change in the pattern of labour market participation.



Source : Eurostat.

Figure 1 Life course employment rates in the EU-27 for 2007

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Turning to countries in which there has been significant development we find Germany, Belgium, Spain and the Netherlands. These developments have been different, but they are all significant as they to a certain extent translate the normative

shift that has occurred with regard to child-rearing and paid employment in these countries. While the employment rate for men and women in Belgium was quite similar in 1997 – and remained so in 2007 – until 25–29 years, thereafter the employment rate continued to increase for men, reaching a peak of 90 per cent, while for women the employment rate started to decrease steadily, showing a tendency for women to withdraw from the labour market to have children and never to rejoin the labour market again as the children grew older. By 2007 this form of labour market behaviour had disappeared. Employment rates for men and women are still not similar; men's employment rate peaks at 90 per cent for those aged 35–39 years, while that of women peaks at just over 75 per cent for those between 20–25 years and 40–44 years, decreasing thereafter. But the tendency to withdraw from the labour market from the age of 25–29 years has ceased completely; it rather seems that women enter and remain on the labour market, although there is still a rather large discrepancy between men's and women's employment rates. A similar trend can be observed in the Netherlands. The very strong trend of labour market withdrawal for women at child-birth has been replaced by one of permanent labour market participation at a rather high employment rate (80 per cent). Hence, as Figure 1 shows there has been a radical change in women's labour market behaviour, although the employment rate for men remains 10–15 percentage points higher. Spain has also experienced a fundamental change in the labour market behaviour of women. In 1997 women's employment rate peaked at 50 per cent for the age group 25–29 years, decreasing thereafter, indicating women's low labour market attachment and the continuance of the family oriented male-breadwinner society. By 2007 this had changed to a certain extent, with women's employment rate peaking at above 70 per cent for the age group 25–29, only to decrease thereafter, but less dramatically than in 1997. Hence, while employment rates have increased there still seems to be a trend to withdraw from the labour market as children arrive. In Germany women's life course employment rate has also changed, in terms of both its level and its shape. The effect of child-birth seems to be less pronounced than 10 years ago.

The situation in the Baltic countries is more difficult to interpret, firstly because of the lack of comparable data over the ten-year period for Lithuania and Latvia, and secondly because of the profound transition that the countries have undergone over the period under analysis. However, one can tentatively draw the conclusion that the employment rates for men and women are much closer to each other than in many other EU member states, so resembling those of the Scandinavian countries. However, in the case of Estonia, while there has been a significant increase in employment rates for, especially younger, women, the gap is increasing between male and female employment rates in the prime age group. In other words, there are two contrasting trends, one of convergence and the other of divergence.

Hence the development of the life course employment rates of men and women displays a trend of increased employment rates for women, as well as a change in labour market behaviour in the years in which younger children are present in the family.

However, men’s and women’s employment rates are still marked by the presence of children, as Figure 2 and 3 show. First, in all countries except Portugal and Slovenia the female employment rate for the age group 25–49 years is negatively influenced by the presence of children. The impact differs greatly between countries: Belgium has only a slightly lower employment rate, while, for example, Germany clearly displays a strong negative impact of the presence of two children on the female employment rate.

The male employment rate displays exactly the opposite, namely a consistent positive impact of the presence of children. Furthermore, while we observe a strong discrepancy as regards the impact of children on women’s employment rate, we do not observe a strong discrepancy for men across the EU member states. Rather the data seem quite similar. This could point to the fact that social and labour market policies strongly influence the ability of women with children to be in employment, but it does not seem to be a factor in relation to men.

Not only is there a large divergence between rates across the European Union, ranging from a mere 3 per cent in Bulgaria to 75 per cent in the Netherlands, the development of part-time employment is also very different across the member states. The percentage has stagnated or even decreased in member states with a low level of part-time work, while it has increased in countries in which it was already relatively high.

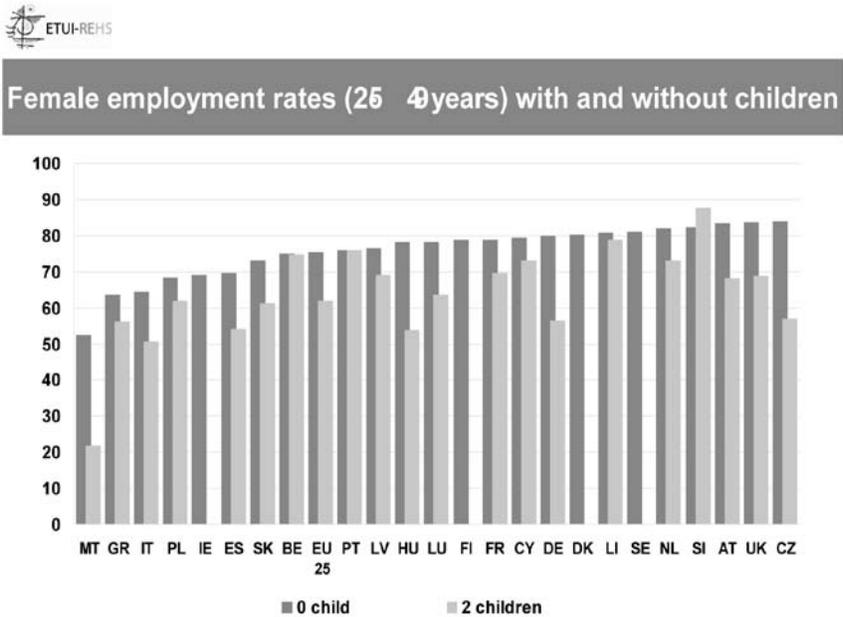


Figure 2 Children dependence female employment rates

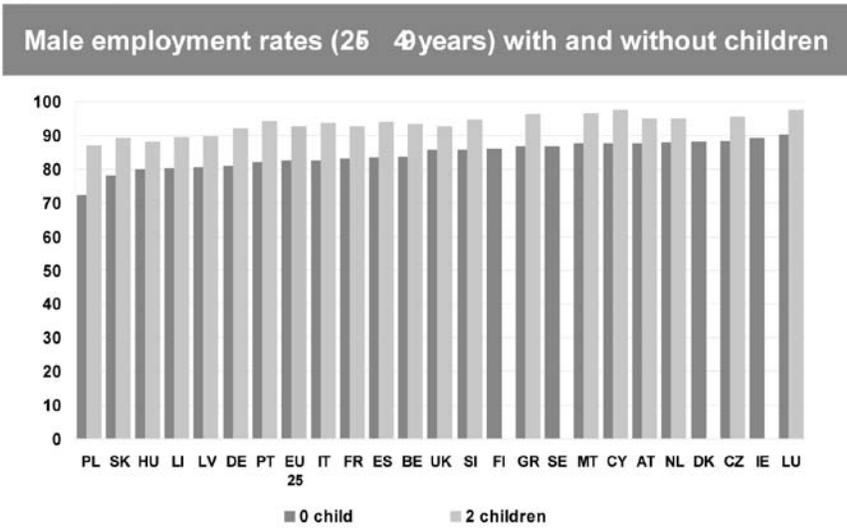


Figure 3 Children dependence male employment rates

As already mentioned in Section 1, women tend to find themselves in more flexible jobs than men; part-time employment in particular is characteristically feminised. As Figure 4 shows, in the EU-27, 30 per cent of women worked part-time in 2008, and the level is rising.

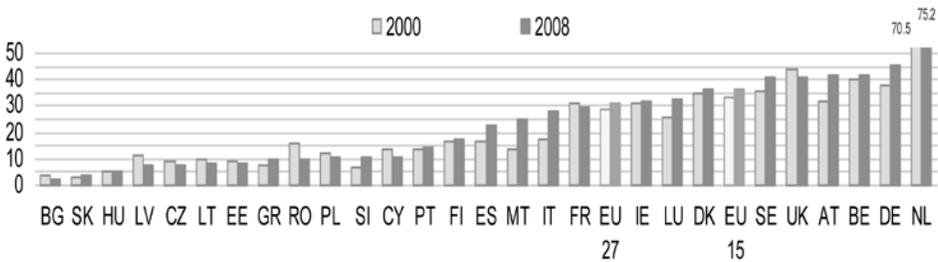


Figure 4 Increase in the percentage of women working part-time

Not only is there a large divergence between rates across the European Union, ranging from a mere 3 per cent in Bulgaria to 75 per cent in the Netherlands, the development of part-time employment is also very different across the member states.

The percentage has stagnated or even decreased in member states with a low level of part-time work, while it has increased in countries in which it was already relatively high.

A brief overview of some employment indicators, therefore, displays the very different labour market situations of women across the EU, and even more importantly shows the rapid change that has occurred with regard to the female employment rate, as well as to the combination of child-rearing and paid employment.

In Section 3 we will explore the extent to which this change in labour market participation has been accompanied by fundamental changes in Social policy and social protection systems. Welfare states were mostly founded after the Second World War, with the purpose of supporting and insuring the male-breadwinner model – a sole earner and an unpaid family-based care system (Esping-Andersen 1990). As the brief overview of the labour market shows, one fundamental hypothesis which held when the welfare states were established does not seem to be valid any longer. The question we must ask, therefore, is how the welfare states have taken the new fundamental of female labour market participation on board and how this has been articulated in policy measures.

The European level: From front-runner to mainstream?

It has always been difficult for the European Union to play a strong constructive role in Social policy. The history of this process so far has been characterised rather by failure than success (Jepsen 2009). However, this does not apply to gender equality, in respect of which the European Union can be considered rather as a path-breaker, setting the agenda (Geyer 2000). In this Section we shall provide a brief overview of the main developments in the European-level legal development of gender issues. Unfortunately, space does not allow us to include an in-depth analysis of the steps taken, and their innovative character or limitations. We are also unable to provide an overview or analysis of the recommendations, initiatives and action programmes, as well as the extremely important European Court of Justice rulings that have strongly influenced gender issues at both European and national level.

At the very founding of what has become the European Union, Article 119 of the Rome Treaty of 1958 stated that men and women should receive equal pay for equal work. The Article was not explicitly aimed at defending women's rights, but rather was a response to fears of unfair wage competition between countries. Nonetheless, Article 119 was clearly a bold and progressive step in the context of the situation of women in 1958 and the tradition of setting wages along gender lines. Incorporating gender equality in the founding Treaty has definitely had a significant impact on the development of gender equality issues at the European level. It has been a key element in a number of progressive legal decisions and opened the way for further developments through the 1980s and 1990s (Geyer 2000). In general, due to the strong influence of Article 119 and ensuing actions (see below), gender policy has often been put forward as the (only) 'success story' of Social policy at the European level.

For a couple of decades after 1958, gender equality was not of major concern to policymakers. In the 1970s, however, when women started to claim autonomy and equal access to the labour market (Jenson 2006; Geyer 2000), a second wave of actions and regulations emerged at European level. In contrast to Article 119, in respect of which only France was promoting equal pay for equal work, the second wave of initiatives was supported by a wider range of member states in reaction to domestic political pressure. These countries were implementing a wide range of measures to support the changing role of women in society. From the mid-1970s onwards a series of ground-breaking directives were issued: the 1975 directive on equal pay, the 1976 directive on equal treatment in working conditions and the 1979 directive on equal treatment in social security (for a list of achievements at European level, see Box 1). Although these directives came as natural follow-ups to the initial Article 119, the negotiations and final results did not take place without conflicts between member states and profound redefinitions of the initial Commission proposals for the directives. Despite the weakening of the initial proposals, these three new directives extended the legal scope of women's rights and laid the ground for future developments at European level. During the same period equal opportunities became an institutionalised topic in the European Parliament and the European Commission. Several authors emphasise the importance of developments in the 1970s in setting the legal framework for anti-discrimination, as well as the mental framework for changing norms (see Geyer 2000; Ostner and Lewis 1995; Vogel-Polsky 1985; Walby ??).

As Box 1 demonstrates, the beginning of the 1980s did not see legislative development and follow-up of the directives of the late 1970s. The beginning of the 1980s was characterised by a general inertia at European level, including gender policy. However, the period is not without interest as it paved the way for recommendations and the networks of women's rights groups consolidated (Degimbe 1999). The next two directives – in 1986 – were extensions and clarifications of previous directives and did not contribute substantially to changing gender (in)equalities. The next leap forward as regards gender issues came with the Delors Commission, under which gender equality was put forward as being at the heart of developing a Social Europe.

The 1990s saw an increase in actions on Social policy, and gender issues formed a core part of these initiatives. The European social partners negotiated and reached agreement on maternity protection and parental leave, and this was translated into directives. The Social Protocol opened the gate for further initiatives on gender equality. The White Paper on Growth, Competitiveness and Employment – one of the most important papers in shaping the future direction of the European Union – once again widened the scope of issues to be dealt with under gender equality to include not only labour market issues, but also vocational training, childcare and social security and taxation rights (European Commission 1994).

The mid-1990s also saw the beginning of the debate on Social policy as a productive factor. The discussion concerned what social investment was needed in order to sustain competition and growth – in other words, what social protection was needed in order to support the labour market. The key adoption strategy for achieving this new work-welfare relationship was conceptualised as one of combining flexibility and security. The Social policy goal became one of achieving employment

growth and increased labour market participation, and thereby increasing economic competitiveness. Hence a strong linkage was established between economic and Social policy (at European level this was formulated via the Lisbon Strategy and the Open Method of Coordination). In this context, increasing women's labour market participation was considered to have untapped potential for economic growth, not only by increasing competitiveness but also by enlarging the tax base to bear the cost of European welfare states.

While the 1990s saw an expansion in issues dealt with under the gender equality 'hat', it was also the period in which 'mainstreaming' was introduced and spread across various policy areas. The main idea was that gender policy should not be confined to a particular, well-defined area, but rather incorporated in a horizontal manner across the various policy areas, so becoming an integral part of all policies. In essence, it also implied a shift from targeted legislative action to a 'softer' approach, involving recommendations and coordination; this was not confined to gender issues, but was rather a general trend with regard to social issues (Goetschy 2006).

Box 1 Key European-level initiatives on gender issues

Directives

- 1957 – EC treaty sets out right to equal pay
- 1975 – Directive 75/177/EC on equal pay between men and women
- 1976 – Directive 76/207/EEC on equal treatment in employment, vocational training and working conditions
- 1979 – Directive 79/7/EEC on equal treatment in matters of social security
- 1986 – Directive 86/378/EEC on equal treatment in occupational pension schemes
- Directive 86/613/EEC on equal treatment of male and female self-employed and protection of self-employed mothers
- 1992 – Directive 92/85/EC on health and safety at work for pregnant women (SD result)
- 1996 – Directive 96/34/EC on parental leave (SD result)
- 1997 – Directive 97/80/EC on the burden of proof in cases of sex discrimination
- 2004 – Directive 2004/133/EC on access and supply of goods and services
- 2006 – Directive 2006/54/EC on the principle of equal opportunities and equal treatment in matters of employment and occupation (recast 75, 76, 86, 97)
- Current renegotiation on 'reconciliation of work, family and private life'

Soft law initiatives

- A range of recommendations
- Equal opportunity action programme
- Gender mainstreaming – for example, BEPG, common principles for flexicurity
- European Employment Strategy – special attention and targets
- Social inclusion – special attention
- Roadmap for equality for men and women – European Commission
- Pact for Gender Equality – Council
- European Institute for Gender Equality

Source: http://ec.europa.eu/employment_social/gender_equality/legislation/index_en.html

Finally, to conclude this Section on European-level initiatives and to illustrate current trends with regard to gender policy, we shall evoke the European Employment Strategy (EES) and the flexicurity agenda. The European commitment to gender equality was confirmed in the earlier versions of the EES. The initial version of the EES, agreed in Luxembourg in 1997, put forward four main topics around which member states should reform their labour markets: adaptation, employability, entrepreneurship and gender equality, so displaying a commitment to gender issues. This commitment was watered down, however, as the EES was simplified and finally incorporated into the Broad Economic Policy Guidelines (BEPG) in 2005: while initially one out of four key issues was devoted to gender, in the simplified version of the EES only one out of 10 guidelines was devoted to gender, with a vague statement on the importance of gender mainstreaming the remaining guidelines by way of compensation. The incorporation of the EES into the BEPG further reduced the number of employment guidelines, as well as the attention devoted to gender equality. To compensate for the partial loss of focus on labour market reforms at European level with the integration of the EES into the BEPG, a set of recommendations on flexicurity has been set out in order to provide member states with guidance on how to reform their labour markets, while aiming at finding a balance between flexibility and security (see Keune and Jepsen 2007). Once again there are general statements about ensuring that labour market reforms should aim to achieve gender equality, but even a cursory analysis brings to light a lack of consideration for gender issues. It also reveals a potentially harmful way of dealing with gender: the focus is on ensuring that women are able to combine work and family life while omitting to emphasise the need to provide stable and quality jobs for women, and to tackle labour market segregation, as well as the lack of security for women in social protection systems and the persistent pay gap (Jepsen 2008).

In summary, there can be no doubt that gender policy at European level can be considered a success story with regard to Europe's ability to provide a framework for positive integration. Box 1 presents the various phases, as well as the different ideas that have supported the progress of gender issues at European level. At times, directives have been able to promote progressive ways of handling gender issues, while at other times rather soft-law approaches have been used. What currently seems worrying is that despite the strong history of gender issues and the impressive networks of equality experts at European level, recent soft-law approaches to labour market coordination have downplayed the importance of gender equality in labour market diagnosis as well as in the formulation of policy proposals.

In Section 4 we shall analyse recent developments in Social policy and gender equality in six member states. However, we will not touch on the crucial question of causality or feed-in/feed-out as regards the European-level development of gender issues. As Section 4 will show, the legal approach to gender equality might be fundamental in raising awareness and ensuring basic rights, but it is not enough to fight stereotypes and deep-set norms concerning who should provide care or to modify the persistent demand-side segregation.

Social policy and gender equality at member state level

Most EU member states have reacted to women’s demands for autonomy and labour market integration. These reactions have conformed to the existing legal provisions, including the EU Directives; however, they have also been deeply rooted in existing welfare states, as well as different understandings of the roles of women within the family and on the labour market. In essence, the policy responses across countries have been guided by an understanding of the gender division of paid and unpaid work and a path-dependant response to the issue of supporting women in the labour market.

In Crompton and Lefevre (2000) the gender division of labour is looked at along a continuum and this provides a framework for analysing different policy options (Table 1)

Table 1 : Gender division of labour

Traditional gender division of labour		Less traditional gender division of labour	
Male breadwinner/ Female carer	Dual earner/ Female part-time carer	Dual earner/ Substitute carer (state or market)	Dual earner/ Dual carer

Source: Crompton and Lefevre (2000).

Table 1 allows us to classify a set of EU member states according to the labour market participation of men and women, and to obtain a better understanding of how the different Social policy options have emerged and the extent to which they contribute to gender equality. In this sense we understand gender quality as the ability to choose between paid and unpaid work or, in other words, to belong to the cluster ‘dual earner/dual carer’. As our focus is on Social policy, and hence on the supply side, this contribution will not deal with the equally important issues of horizontal and vertical segregation, availability of quality jobs, gender pay gaps and political presentation.

In Jepsen (2007, 2006) and Leschke and Jepsen (2009) the impact on gender equality of Social policy responses in different member states is analysed in detail. In this Section we shall summarise the results for seven countries: Denmark, Sweden, Spain, Italy, the Netherlands, the UK and Germany.

In the cell on the far left of Table 1, we find countries such as Spain and Italy where the majority of mothers are not in the labour market. This was the dominant picture in Europe as a whole until the 1960s. The second cell represents the gender roles found in Austria, Germany and the Netherlands. The third cell from the left illustrates the gender pattern found in the Nordic countries and the US. The cell to the far right is currently not observed in any European Union country, although, as we will discuss below, some attempts in this direction have been made, particularly in Sweden (parental leave) and the Netherlands (1.5 jobs per household). Hence one way of understanding the gender equality dimension of Social policy responses

in a comparative framework is to consider how the different member states have facilitated – or not – the combination of paid and unpaid work.

Looking first at Spain and Italy, studies consistently show that they have the worst labour market outcomes with regard to gender equality. Despite the impressive increase in employment rates at least for Spain (see Annex 1), pay gaps, labour market segregation and precarious conditions seem to characterise women's situation. These countries are also those where the least has been achieved in terms of Social policy support for women's entry into the labour market. Expenditure on services and childcare provisions there are among the lowest in the EU-15. Working-time regulations tend to promote long hours and be very inflexible, while parental leave regulations are set at the absolute minimum provided for in the EU Directives (Leschke and Jepsen 2009). In essence, there has been very little support on the Social policy side in these countries; income security and the ability to work and care or to choose between work and care are not perceived as issues for Social policy, but rather to be dealt with within the family. Hence the family-based approach to care has worked counter to achieving gender equality and has rather reinforced and even expanded existing gender inequalities. Recently, however, the concern for gender equality has clearly been mounting in Spain, though still not in Italy.

The Netherlands, the UK and Germany are located in the second cell from the left in **Table 1** (dual earner/female part-time carer), with more gender equality than Spain and Italy. However, these countries are very far from supporting a model of choice between care and work. Rather they support a model based on combining care and work, within the framework of which work should allow women to provide care. The Social policy responses have been aimed at providing part-time employment to women and leaving childcare to the market. Parental leave in the Netherlands and lately in Germany has been organised, partly successfully, with a view to attaching women to the labour market. But while the policy responses take the same approach, implementation has been very different, creating very different conditions for women in the labour market.

In the Netherlands, in contrast to the UK and Germany, part-time work can be found at all levels of qualifications and occupation. In the Netherlands, there is no wage penalty for part-time status, although wages – and thereby future wage progression – are linked to limited career options. Recently the relevant institutional arrangements have been complemented by the right for individuals to request adjustments in their working time. However, support for the entry of women into the labour market in the Netherlands and the impact on gender equality are ambiguous. Women have massively entered the labour market via part-time employment, but the absence of childcare has prevented women from having a fully free choice.² Although part-time work is well protected by legislation and, as already mentioned, no wage penalty can be observed, there remains the question of financial independence. Very few of the women working part-time are able to make a living on their own wage and so they remain financially dependent on their partners. This assumption of the

² Measures have been put in place to bring down the cost of childcare via tax reductions. Childcare is provided by the market.

financial reliance of the wife on the husband continues to be reflected in taxation and social security systems. Men who work part-time (21 per cent, the highest rate in Europe) are either students or at the end of their career, aged 55 or more, and hence no longer providing for a family (Knijn 2001). Thus the support from Social policy has enhanced equal opportunities in the Netherlands only to a limited extent, as the traditional – albeit modernised – gender pattern persists, and part-time employment will not substantially modify the gender contract.

In the UK, despite the framework of social rights that has been built up since the 1970s to protect non-standard workers, at least to some extent, women remain in a precarious situation on the labour market, finding themselves all too often beyond the bounds of legislation (Fredman 2004). The main reason for this chronic precariousness, despite the introduction of some security, is the absence of guarantees that individuals who navigate between paid and unpaid work can do so without incurring too high a cost. This situation is compounded by the long-hours culture in the UK and the lack of affordable childcare, which leaves women with no choice but to reduce their working hours – especially low-income earners – or simply leave the labour market altogether in the case of middle-income women. Fredman concludes that it is only when the losses that result from transiting between paid and unpaid work can be eliminated that men will start taking their share of the responsibility for unpaid work. She also concludes that this is only a distant prospect.

Germany has also encouraged women to enter the labour market lately, but the bulk of part-time employment is without social security rights. At the same time, many women in couples with children under six do not work at all. However, the German tradition of flexible working-time arrangements works in favour of labour market attachment and recently introduced parental leave rules which actively involve fathers can be expected to contribute to a further improvement of gender equality in the longer run. Germany still fares very badly as regards childcare provision for very young children and schoolchildren, but some recent political decisions should bring improvements in this regard in the near future. Furthermore, Germany still uses tax benefits for married couples and derived social security rights, for example in health care, which favour constellations in which only one partner is working in a regular job – this can be seen as very counterproductive in terms of more equal distribution of work and household tasks between men and women.

In the Scandinavian countries a combination of generous leave schemes and childcare facilities and other services enables mothers to engage in full-time labour market participation. In both countries the welfare state has responded to the entry of women into the labour market by providing services and leave schemes that enable them to stay attached, and also to choose to work part-time or full-time. Extensive childcare provision in particular distinguishes Denmark and Sweden from the other countries under analysis (Leschke and Jepsen 2009). Furthermore, part-time work and the use of flexible working-time are widespread, and there is no long-hours culture. Concerning parental leave the two countries have generous systems that ensure women's labour market attachment, but only in Sweden is there compulsory leave for fathers. When the Danish government reformed the parental leave system in 2004

to combine maternity and parental leave instead of having two separate measures, the government decided not to make it compulsory for fathers. Fears that this would lead to discrimination against young women led the Danish social partners to agree on the establishment of a common fund to compensate employers for the financial loss incurred during their employees' maternity/parental leave. Contributions to the fund are independent of the number of women working in the firm or sector, and constitute a solidarity measure to 'finance future workers'. The government expanded this measure to companies not covered by the agreement shortly afterwards. Equal opportunities are better promoted by the Swedish version of the maternity–parental leave scheme, however, which is more flexible and includes a compulsory leave period for fathers (Pylkkänen and Smith 2004). However, despite the strong Social policy support for female labour market participation, labour market segregation is amongst the highest in the EU and gender pay gaps are also on the high side. Nevertheless, the Scandinavian approach to tackling gender equality via Social policy has enhanced the ability of women to participate in the labour market and has also to a certain extent provided them with choice and financial autonomy.

There is a need to clarify the ambiguities surrounding part-time work as it predominantly affects women. As the analysis has shown so far, it lies at the heart of many policy proposals aimed at allowing women and men to reconcile family and working life. Part-time or full-time work as such are not natural constructs, but rather social constructs, closely related to gender (hospital doctors work full-time, but many nurses work part-time). Overtime at short notice is also expected to be more readily accepted by men than by women. Basically, women's labour market participation reflects their role in the household; they take up jobs that enable them to combine paid and unpaid work (Gustafson et al. 2003). Paid work is seen, to a certain extent, as something additional to unpaid work and as a supplement to household income (Lewis 2003; Kurian 1999), although the extent to which female paid work is regarded in this way varies across the EU member states. Flexible forms of work, even where they are secure, may ensure that women can continue to provide unpaid care and for that very reason constitute a barrier to equal opportunities. Furthermore, framing women as second-earners is a thoroughly misleading representation of a large part of the female workforce, who in fact are sole earners within the household, leading to situations in which the introduction of part-time work creates a whole group of working poor (Méda and Périvier 2008), or to exclusion and the creation of unemployment/inactivity traps for lone parents, as in most European countries.

Some Social policy challenges

Several authors emphasise the key role played by women in the future as fertility rates are declining and longevity is increasing. Labour market supply will shrink and welfare states will come under strain. Women are key in several ways as they are the main providers of care, they have more complicated relations with the welfare state, they contribute to the establishment of the future workforce and they will become even more important in maintaining an adequate level of labour supply. In other words, women are already, but in future will be even more crucial in caring,

working and child-rearing at the same time, and this without adequate support from the welfare state. Hence in reforms of the welfare state and thus in Social policy the gender perspective seems to be becoming ever more relevant (Esping-Anderson and Pallier 2008; Jenson 2007; Méda and Périvier 2007).

As the above analysis has shown, the European Union, as well as a number of individual countries, has reacted to the entry of women in the labour market and simultaneous calls for gender equality. Labour market participation by itself will do a great deal to ensure gender equality, but fundamental changes are needed in the welfare state. Social policy needs to adjust and to consider that gender equality is a question of individual and financial autonomy and the ability to choose between care, work or 'care and work'.

The issue from a gender perspective is how measures should avoid mechanisms that reinforce existing gender roles as regards who provides unpaid work and who takes up paid work. It is very easy to fall into the trap of providing secure flexibility that enables women to combine paid and unpaid work. This can reinforce stereotypes as well as the persisting gender gap(s).

Currently it is still women who take career breaks and reduce their working time in order to take up caring responsibilities and this contributes to their segmentation within the labour market. Thus far the role of men is not clear as they do not appear to play a major role in the formulation of policy directions. Although Social policy can bring some additional security, this will not necessarily enhance gender equality in the labour market for women and in the private sphere for men. Hence for women in particular, whether Social policy reforms will move in the right direction or create a potential pitfall that only reinforces stereotypes depends on the policy mix that emerges from various strategies. However, the tendency in policy discussions to marginalise work performed as unpaid labour goes beyond a failure to take this sector into account in terms of its role and contribution to society (Lewis 2003). It means that more work can be transferred to this segment without increasing costs and this fits neatly with the cost containment strategies currently being implemented in most EU member states (Pierson 2001). The question is whether the whole discourse on reconciliation of work and family life is not simply legitimising flexibility and pushing the problem onto the individual, thereby failing to enhance gender equality – rather the opposite. It is vital that Social policy measures address the question of how paid and unpaid work is divided between men and women.

There seems to be a case for enabling women to continue their careers and thereby limiting the period given for both maternity and parental leave to a reasonable period (Henaue 2007; O'Dorchai 2007). Providing measures that enable women to leave the labour market for long periods reinforces the gender divide and thereby gender gaps. On the other hand, opting solely for uninterrupted full-time career paths could be just as harmful. Internal flexibility provides part of the solution in the sense that new rights can be provided that enable all workers to adjust and control their working time to a certain extent. Research from the European Foundation for the Improvement of Living and Working Conditions shows that the state, the social partners and companies are being innovative and finding solutions that fit at local level. However, as already

pointed out, these measures are available on a rather ad hoc basis. In other words, there is a case for establishing a more general framework that allows for negotiations on how to allow for variations and fluctuations in working time over a shorter or longer period of an individual's working life. These rights will involve intervention by the state as well as by the social partners. Security in the form of rights and income security demand a global rather than a local approach in order to allow for equity and to guarantee the transfer of rights. However, the practical application of these rights would probably demand a more local and negotiated approach in order to fit into the specific circumstances of companies and individuals. However, providing new or more rights is not without implications for gender equality. There are a number of prerequisites that should be met to ensure that gender equality is not undermined and that there is a shift in terms of work culture and norms.

First, there is a definite need to proceed towards the individualisation of social and fiscal rights; individual rights to social security should accompany individual choices in the labour market (Esping-Andersen et al. 2002; Klammer 2000; Jepsen et al. 1997; Schmid 2001). New rights to vary working time over shorter or longer periods must be individual rights, and so should all rights under social security and tax systems. If rights are not individualised, second-earners will continue to be penalised and have more of an incentive not to engage in paid work. However, the individualisation of social and fiscal rights cannot be done without providing special rights for limited periods for care work and can be independent of whether the individual is engaged in paid work or not.

These individual rights should also include rights for children and the elderly for care. A right to elderly care and childcare is part of combining security and the ability to choose and take control of the work–life balance. Without firmly establishing the right to care, the issue of control and choice cannot be clarified. Internal flexibility cannot compensate care, but it can complement it. Full-time childcare will not make it possible or desirable for *all* women to work from nine to five in a discontinuous way, but it will make it easier for men and women to negotiate and distribute the remaining unpaid work between them.

Alongside these prerequisites, there is a case for a generous replacement rate for various care-leave schemes to provide for income security. A generous replacement rate is also required to ensure that men start to take up these rights. However, in order to provide incentives and signal to men that they should engage in unpaid work, part of the parental leave scheme should be reserved exclusively for fathers. Only by including men in unpaid work can women have a genuinely free choice with regard to paid work.

By expanding Social policy reforms not only to take into account the gender perspective, but also to work towards bridging the existing gender divide, there is a case for establishing the conditions for a new work culture that not only engages women in paid work, but legitimises and normalises men in unpaid work. However, this approach and discussion remains marginalised in the current academic research and policy debate (Jepsen 2008), and this makes certain Social policy measures worrying from a gender perspective, obstructing options for promoting an evolution

of gender role models and their definition. This, in turn, restricts moves towards a collective social manifestation of these changes.

It seems clear that social policies have the potential to improve the situation for both employees and employers. Various types of contracts and working-time arrangements could become more secure; momentum could be given to extending and reinforcing rights to paid leave and lifelong learning, and also provide incentives to make transitions between different working-time regimes, as well as between paid and unpaid work smoother and less costly to the individuals undertaking them. However, only a target-oriented and well-defined gender approach will have a positive impact on equal opportunities.

Women and men enter the labour market on unequal terms due to the uneven distribution of unpaid care. No matter how secure non-standard working time arrangements may become, this will not change the distribution of unpaid work, and hence the reconciliation of work and family life will continue to focus on women.

A new approach is needed that ensures that new rights, introduced when rebalancing flexibility and security on the labour market, redistribute responsibilities for unpaid care work between men and women. This includes positive incentives for men to provide unpaid care, the provision of child and elderly care, as well as good quality employment for both men and women. How can we create an environment which provides genuine choices rather than constrained ones (for example, part-time work might be the only 'choice' in a long-hours culture)? This goes far beyond the question of what Social policy can achieve to reconcile family life and work and implies that without a gender perspective on both Social policy and labour market reforms we might be heading in the wrong direction.

Mósesdóttir (2006) shows that, though supranational regulation now plays a key role in defining the problem (raising awareness of gender inequalities) and in finding common solutions (gender mainstreaming), the results of these policies vary a great deal from country to country as the idea of the dual-breadwinner model is slowly becoming a common feature. However, the rhetorical presentation of these policies, which emphasise the purpose of redressing the power relationship between the genders, has come to focus on facilitating the smooth functioning of the labour market. Hence, while there seems to be some convergence between the employment participation of men and women, there does not seem to be much convergence with regard to the equal division of unpaid and paid work, which would require stronger regulatory powers.

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PUBLIC FINANCING OF HEALTH CARE IN LATVIA

Introduction

Latvia can be classified as a country with a health care system in transition. Having regained independence in 1991, Latvia started a process of gradual transformation from the Semashko system towards a system with both public and private financial participation. The country has undergone many major reforms since 1991, including decentralization and a consequent re-centralization. The current system of financing seems to be persistent, however, some minor changes still have to be expected.

Some characteristic features of the Latvian health care system are as follows:

- share of GDP on health is below the EU average, but increasing;
- the highest private sector expenditure on health as % of total health expenditure was more than 47 % in 2001, 2002 and 2003. Since then it is approx. 40%. According to the WHO definition, Social Security Expenditure on Health includes outlays for purchases of health goods and services by schemes that are mandatory and controlled by government. Such social security schemes that apply only to a selected group of the population, such as public sector employees only, are also included here;
- reliance on external sources such as World Bank, EU, WHO to some extent;
- health centers and hospitals may be both public or private;
- an individual has the right to choose his or her physician or hospital within the public sector.

LATVIA

Total expenditure on health as a percentage of gross domestic product		General government expenditure on health as % of total expenditure on health		Private expenditure on health as % of total expenditure on health		General government expenditure on health as % of total government expenditure	
2000	2007	2000	2007	2000	2007	2000	2007
6.0	5,9	54.7	61.1	45.3	38.9	8.8	9.5

¹ Ministry of Health of the Republic of Latvia

External sources for health as % of total expenditure on health		Social Security expenditure on health as % of general government expenditure on health		Out-of-pocket expenditure as % of private expenditure on health		Private prepaid plans as % of private expenditure on health	
2000	2007	2000	2007	2000	2007	2000	2007
0.5	0.2	86.7	93.1	96.8	97.3	3.2	2.7

Source: WHO, National Health Accounts Series

Basic Players in the system of public financing of health care

Ministry of Finance

- Through the State Treasury, the Ministry of Finance ensures that the revenues allocated by the Parliament for health-related purposes flow from the state budget to the health care system, i.e. to the State Compulsory Health Insurance Agency (SCHIA)

Ministry of Health

- The Ministry of Health elaborates health policy, and organizes and supervises its implementation
- The Ministry keeps some portion (3,65% of GDP in 2008) of the budget allocated to health to finance health sector management, medical education facilities within clinical hospitals, monitoring and control activities and cultural activities (libraries, museums, etc)

State Compulsory Health Insurance Agency (SCHIA)

- The SCHIA exists under the jurisdiction of the Ministry of Health, the Department of Budget
- The SCHIA consists of a Central Office, which contracts with providers of inpatient and emergency services, and since 2005, five territorial branches which contract with providers of all outpatient care (primary and secondary)
- The SCHIA's main purpose is to administer financial resources of the State (i.e. paying for health services and pharmaceuticals statutorily covered) as well as to sign contracts with health care institutions, both public and private. Their task is also to inform the society about ceilings on co-payments, available health care services and procedures for receiving them

Local governments

- Their responsibilities include ensuring access to health care services, promoting healthy lifestyle, restricting alcoholism, ensuring public order and safety, providing education and social services such as shelters for homeless people and orphaned children
- They also reimburse health care expenses incurred by low-income patients, exempting them from patient fees

Private voluntary insurance companies

- Voluntary health insurance is provided by four private companies and one municipal company
- These companies are supervised by the State Financial and Capital Market Commission

*Other actors involved in the health care system and its financing:**Ministry of Defense*

- covers payment for health care services for the following persons in the following ways:
 - patient contributions – for soldiers of the professional military service, military servants and soldiers of the compulsory military service, as well as for retired soldiers, who, in accordance with regulatory enactments in the field of defense, have been granted the right to receive health care paid for by the State;
 - for health care services that have been provided for soldiers of the professional and compulsory service and military servants, as well as for retired soldiers who, in accordance with regulatory enactments, have been granted the rights to receive health care paid for by the State while undergoing a medical expert-examination or a prophylactic medical examination;
 - for outpatient health care services that have been provided for national guards while undergoing a health examination (prophylactic medical examination)

Ministry of Justice

- runs medical services for prisoners, except it does not pay for medicinal products for the medical treatment of tuberculosis and HIV/AIDS, which are paid for from the State budget resources provided for health care.

Ministry of the Interior

- covers payment for health care services for the following persons:
 - for employees in the system of the Ministry of the Interior and in the Latvian Prisons Administration of the Ministry of Justice, and for trainees with special service ranks – it shall cover patient contributions and payments for health care services that such persons have the right to receive in accordance with the regulatory enactments regulating the field of internal affairs and that are not paid from the State budget resources provided to the Ministry of Health for health care;
 - for asylum seekers, as well as foreigners who have been detained in accordance with the procedures specified in the Immigration Law – for health care services that are required during the time period and in the place of the accommodation thereof and are guaranteed to such persons in accordance with regulatory enactments (except for emergency medical assistance, assistance during childbirth and the cases specified in the Epidemiological Safety Law, as well as medicaments necessary for the medical treatment of tuberculosis that are paid for from the State budget resources provided to the Ministry of Health for health care). If the health care of such persons has been insured, health care expenditures shall be covered by the insurer;
 - for outpatient health care services provided to persons placed in short-term detention facilities of the State Police (except for emergency medical assistance

and the cases specified in the Epidemiological Safety Law where health care services are paid for from the State budget resources provided to the Ministry of Health for health care).

However, the mainstream statutory system covered by the State budget is available to all citizens, including these specific population groups. If the statutory system is used by these population groups, the respective Ministries are responsible for compensating provider organizations of the mainstream system.

Public sources (tax or insurance)

There is no social insurance system related to health care in Latvia; general non-earmarked taxes represent the only source of public health system financing. Health care services in Latvia are financed mainly by taxation through the State Budget. Additionally, further financial sources for the health care system come from voluntary health insurance, out-of-pocket payments and local municipalities. Although entitlement to health care services is universal, equity in access to services is compromised since considerable private financial participation may be required. As a consequence of the high incidence of poverty in Latvia, 83.0 % of respondents are worried about their ability to cover health care expenses.² The Parliament determines the health budget for the following year. All government expenditure on health is the state budget subsidy. The majority of finances are transferred to Health Compulsory Insurance State Agency (HCISA) through the State Treasury (91 % in 2007); the remaining share of the health care budget is kept by the Ministry of Health. The main target of the HCISA is to implement state policy for availability of health care services and to administrate the state compulsory health insurance resources. HSCIA conclude a contract with general practitioners, health centers and hospitals.

Private sources – private insurance

Voluntary health insurance was offered by twelve private companies in 2008, only one of which provided coverage for physical persons. The other only provided group insurance coverage to employer organizations insuring their employees. Each insurance company is free to define its own insurance scheme without external regulations on prices and benefit packages. Insurance premiums are usually calculated with regards to each company's tariffs, based on age and health status of the client. Premiums can be paid as lump-sum transfers or by installments, and usually cover one year.

Voluntary health insurance is regulated by The Financial and Capital Market Commission.

Voluntary health insurance may cover patient fees, services that are not financed by the State (complementary), or extra benefits such as faster access to health care (supplementary). It is important to note that not all insurance schemes offered

² United Nations Development Programme (2003), *Human Development Report 2002/2003 – Human Security*, chapter 2, The Issues, p. 29

necessarily cover all of the above mentioned extra expenses. The importance of voluntary health insurance thus increased particularly in 1996, with the introduction of patient user charges.

Private sources – out-of-pocket payments

In Latvia, there have been user charges for all health care services since 1996. Since the reform of 2004, user charges are paid for every appointment at the doctor, as in 1996, but also co-payments, i.e. additional fees for procedures or pharmaceuticals which are only partly financed by the State. In Latvia the term co-payment means that patients with particular diagnoses are compensated for expenditures for the purchase of medicine in the amount of 100%, 90%, 75% and 50%. The same goes for some other health care services. The term patient contribution means that the patient shall pay a lump-sum for a visit to a GP, a visit to a specialist, a day in hospital etc.

It is important to note that, rather than a list of pharmaceuticals, Latvia has does not have an exact list of services which are included within the budget-covered services. The main principle of state financing for the health care system derives from the assumption that the state pays for all services, except those that are explicitly excluded from the scope. This means there is a negative list of benefits provided by the state. For instance, the statutory health care system does not pay for cosmetic and plastic surgery, and for treatments considered to be either “exclusive” (higher service in hospitals, higher medical technologies) or “alternative” (homeopathy, spa treatment). The system is based on implicit and explicit principles. In other words, a broad area of care is defined as covered or not covered.

Nevertheless, there are exemptions from paying a patient contribution, which include children under the age of 18, pregnant women and women up to 42 days after childbirth, politically repressed individuals, poor people who are officially acknowledged as such according to legislation, TB patients, people with specific infectious diseases, etc.

There is a ceiling on patient contribution in Latvia of LVL 150 per person per calendar year. There is also a limit of LVL 80 per hospitalization period. Should the payment per person be higher, one may request an exemption from paying further patient contributions from SCHIA. Everyone who has made social insurance contributions can receive back 25% of annual expenditure on healthcare services by the National Revenue Service, the next year.

Unofficial payments to providers are believed to be fairly extensive in Latvia, which seems to be a remnant of the system that existed prior to 1991.

Recent reforms

- 1991

The Ministry of Health merged with the Ministry of Social Affairs and Labor, into one single ministry, the Ministry of Welfare, but in 2003, the Ministry of Health separated again

- 1994
35 institutions called “sickness funds” were established at the local government level in order to redistribute state budget. The State Sickness Fund (later SCHIA) was established as a supervisory body.
- 1996
The introduction of patient fees was supplemented by the introduction of co-payments
- 1997
35 sickness funds were merged together into 8 funds
- 1998
The negative list of healthcare benefits and the patient contribution “ceilings” were introduced.
- 1999
The World Bank’s project on strengthening the primary health care system and restructuring of secondary and tertiary health care system was started.
- 2000
Capitation model for financing family doctors was introduced(except in Riga)
- 2001
Exempted categories from patient contributions were defined
- 2004
8 funds were eliminated and their functions transferred to the SCHIA with its 5 regional branches
The Cabinet of Ministers accepted the “Development program of outpatient and inpatient health care service providers.” It focuses on the rationalization of secondary and tertiary health care services. The strategy proposes that state hospitals will be consolidated through the development of multi-profile hospitals; and calls for closing or transforming small hospitals into nursing care hospitals, primary health care centers or social care institutions; and transforming single profile hospitals into long-term hospitals by moving current services to multi-profile hospitals or outpatient settings.
- 2004
A new system of revenue collection was introduced – from the earmarked to non-earmarked portion of centrally collected tax

Expected changes

- possibly more reliance on public as opposed to private financing in the future, in order to decrease inequality in access to care, provided that the economy is doing good
- strengthening of the primary health care system
- more effective structure of service providers by creating hospital unions, and defining care levels (regional multi-profile hospitals, local multi-profile hospitals, specialized hospitals, specialized centres, other healthcare providers)

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Additional information on Latvian health care system can be found on the European Commission website, particularly:

- MISSOC database http://ec.europa.eu/employment_social/missoc/db/public/compareTables.do?lang=en
- Health and Long-term care strategies http://ec.europa.eu/employment_social/spsi/documents_on_health_care_en.htm

Kristiina Kahur¹

HEALTH INSURANCE COVERAGE IN ESTONIA

Introduction

Since regaining independence in 1991, Estonia has been undergoing extensive reforms to expand health insurance coverage and availability of services (both public health and health care), to increase the responsiveness to patients and to change various other elements of the health system. Chronologically, the Estonian health system reforms can be divided into four development phases: the early 1990s, the mid-1990s, the late 1990s/early 21st century, and the current system.

The first two periods introduced a radical new direction for the health system and laid the foundation for the organizational structure. The reforms can be characterized by relatively short preparation periods and implementation deadlines. The third phase focused more on incremental development, aiming to clarify and strengthen the regulatory framework, setting the strategic objectives, clarifying the functions and responsibilities of various stakeholders and exploring different ways of working. In the fourth and current phase, the health system is being fine-tuned on a day-to-day basis; however, no major changes have been applied.

The success of the health financing reform has been facilitated by strong economic growth, which has enabled the continuous expansion of health insurance revenues and has supported the restructuring and scaling up of the health system. These factors have guaranteed stability and continuity for the longer period, which Estonia has used to build up an institutionally sound health insurance system.

The Estonian health system has developed with the strong participation of professional organizations and, increasingly, patients and their organizations, which have gained more influence in recent years. Estonia has received international acclaim for its energetic health reforms and the efficiency gains it has made, but major challenges persist regarding accessibility and quality of health care, as well as patient safety and empowerment issues.

Health insurance in Estonia is based on solidarity; it is the key principle of the system. Specifically, this entails solidarity between employed persons and persons not yet or not any more employed, between different generations, and between people with different monetary inputs and health risks.

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Overview of the Estonian health insurance system

Mandatory health insurance was established in Estonia when the country gained its independence, replacing the Soviet-era system of centralized health care management. The new system separated the financing and provision of services, and decentralized financing into 22 regional non-competing sickness funds. The successful implementation of health insurance was largely due to the commitment of political parties to the system and to political stability between 1993 and 1995 (Habicht, T., 2008). The first Health Insurance Act (in 1991) organized sickness funds through county or city governments, though statutes and rules of benefit calculation were approved by the national government. The Ministry of Social Affairs supervised the system, while the local county and city governments were responsible for approving the regional sickness fund management boards and hiring the board chairs.

The structure of the health insurance funds has been altered several times since 1992. Based on earlier experiences, the Central Sickness Fund was established in 1994 to enhance centralization. After these changes, regional sickness funds – reduced to 17 to economize resources – were directly subordinated to the Central Sickness Fund.

The sickness funds had been quasi-public since their establishment in 1992. After years of debate, special legislation in 2001 created the Estonian Health Insurance Fund (hereinafter EHIF), a single national insurance fund established as a public independent entity with regional departments. This fundamental change clarified the roles of the central and regional departments. The EHIF is governed by a 15-member Supervisory Board consisting of representatives from state, employer and insured individuals' organizations. To ensure consistency between the Ministry of Social Affairs and the EHIF, as well as political accountability, the Supervisory Board is chaired by the Minister of Social Affairs. The Supervisory Board approves the EHIF's 4-year development plans, annual budget, regular reports and criteria for selecting providers for contracting. It also provides the Government with views on health care prices. Responsibility for operational management lies with the EHIF's Management Board, which can have three to seven members and is elected for a 5-year period.

The EHIF operates through four regional branches, each covering two to six counties. Its main role is to act as an active purchasing agency, and its responsibilities include population needs assessments, claims processing, contracting with health care providers, paying for health services, reimbursing pharmaceutical expenditures and paying for temporary sick leave and maternity benefits.

Health expenditure

Health care in Estonia is largely publicly financed through social insurance and taxes. Since 1992, earmarked payroll taxes have been the main source of health care financing. Other public sources include the state and local government's budgets.

The public financing share of total health expenditures has decreased steadily since the beginning of the nineties. During the same time period, an increase in private health expenditure has occurred. This increase occurred mostly as a result

of the OOP rising from 7.5% in 1995 up to 25.6% in 2006.² Increasing the real incomes of households, and increasing the ability and willingness of citizens to spend on health care are two methods that are expected to increase the private share of expenditure in the future (Koppel A, Kahur K, Habicht T et al. 2008).

Public expenditure relies heavily on health insurance, which has a stable revenue base and therefore may not increase at the same speed as OOP expenditure.

The majority of health care funding comes from public sources – approximately three quarters of total expenditure on health care. Most of this public revenue is raised from the working population and employers, through an earmarked payroll tax, equal to 13% of wages.

To give an international comparison, Estonia's level of public expenditure as a proportion of total expenditure on health is close to the EU15 average. Among central and eastern European countries the public share is only higher in the Czech Republic and Croatia.³

In 2006, total health expenditures were 5.0 percent of the Estonian gross domestic product (GDP).⁴ The level of health expenditure in Estonia has been stable over time with small variations due to changes in the economic environment. However, in the late 1990s it was somewhat higher (6.1% in 1999) and in recent years the health expenditure share of GDP has decreased slightly, reaching 5.0% in 2006, despite rapidly increasing health expenditure in absolute terms.

The share of private spending as a proportion of total health expenditure has increased due to increasing OOP payments. OOP payments have been the most rapidly increasing component of total health expenditure, due predominantly to rising expenditure on dental care and pharmaceuticals (Koppel A, Kahur K, Habicht T et al. 2008). OOP consist of statutory cost sharing for EHIF benefits, such as co-payment for outpatient visits, hospital stays and outpatient prescription pharmaceuticals; direct payments to providers of services outside the benefits package and from non-EHIF providers; and, informal payments.

The core purchaser of health care services is EHIF, which purchases most of the care for insured persons, except ambulance service. The central government finances ambulance services, emergency health care services for uninsured people, and public health programs (e.g., HIV/AIDS; tuberculosis prevention; cardiovascular disease prevention). Local municipalities have no clear responsibility for covering health care expenditures and therefore financing practices vary widely. Municipalities mainly cover health expenditures of the uninsured (some extra care in addition to central government-covered emergency care), and support for travel to health care facilities, for selected public health programs, and for out-of-pocket payments by people facing high health expenditures. Other municipalities cover some costs of family physician services in their region, but in-kind contributions for family physicians are also common (e.g., office space to set up practices). Municipalities that own hospitals pay for some of their capital costs.

² Ministry of Social Affairs, www.sm.ee

³ WHO HFA-DB, Copenhagen, WHO Regional Office for Europe

⁴ Ministry of Social Affairs, www.sm.ee

Population coverage

During the 1980s, when Estonia was part of the Soviet Union, health care coverage was virtually universal in terms of its breadth. In reality, the depth of coverage varied among population groups. Services were well developed in some specialized areas, such as maternal and child health, but in other areas the use of modern technology or clinical methods for treatment lagged behind practices in western European countries.

Today, health insurance contributions related to the active workforce cover about half the people. The health expenses of non-contributing individuals are implicitly subsidized by the other categories, which show great solidarity within the system. These non-contributing groups, including children, pensioners, disability pensioners, and students (during their nominal study time) are eligible for the same benefits package as everyone else in the insurance pool without any contribution from either themselves or the state. The state officially makes contributions for only a small proportion of the covered population, including individuals on parental leave with children less than three years of age, individuals registered as unemployed, and caregivers of disabled people.

The state's contribution for these groups is defined annually when the state budget is approved, and depends upon the number of eligible persons. However, the contribution rate is low, 15 times lower than the average contribution made by workers and the self-employed (Habicht T and Habicht J 2008).

Those covered by mandatory health insurance fall into four main categories: those who make their own contributions; those who are covered by contributions from the State; those who are eligible for coverage without contributing; and those who are covered on the basis of international agreements.

At the end of 2006, 95.2% of the population (almost 1.28 million people) were covered by mandatory health insurance offered by the EHIF (Koppel A, Kahur K, Habicht T et al. 2008). Entitlement to coverage is based on residence in Estonia; entitlement rules for specific groups are defined by law. There is no possibility of opting out of this insurance. The only group excluded from coverage is the prison population, whose health care is organized and paid for by the Ministry of Justice. Since the end of 2002, some groups who were not previously covered have been able to obtain coverage on a voluntary basis.

Since the end of 2002, voluntary coverage has been extended to those who might otherwise remain uninsured. Eligibility for voluntary coverage is restricted to Estonian residents who receive a pension from abroad (usually because they worked abroad and have returned to Estonia to retire), and to people who are not currently eligible for membership but who have been members for at least 12 months in the two years prior to applying for voluntary membership, as well as their dependants. The latter group includes students studying beyond what is considered to be the normal period of study and people temporarily out of work but not registered as unemployed.

Voluntary members are entitled to exactly the same benefits as compulsory members. The minimum contract is for one year, and coverage begins a month after the contract has been signed.

People are covered regionally, on the basis of where they live and where they use health services. Those commuting between regions for work, or for other reasons, can choose the region in which they are registered. The EHIF recommends that they register in the region where their chosen family physician is located. As the four regional branches contract with providers outside their regional territories, insured individuals are not limited to the use of regional providers alone. All insured people were formerly issued a plastic card with a magnetic stripe (paper cards were issued prior to 1998), which they were required to present when being treated. Since 1999, providers have been obliged to check that a patient's insurance card is valid, using an online information system that gives providers details about the patient's insurance status and family doctor. The online information system also permits the insured to check their own personal data (for example, name, address, employer, insurance validity and family doctor) through state electronic channels (E-state) and Internet banking channels offered by commercial banks. The health insurance card was gradually replaced by a national identification card introduced in 2001. Patients can show providers any document that confirms their national identification number, such as a driver's licence. The European Health Insurance Card (EHIC) can be issued to those travelling within the EU.

As health insurance coverage is extended to all children and retired people, the uninsured population consists of the working-age population between 20 and 60, not employed in formal labour market and not eligible under other criteria to register as unemployment or disabled. On average, the lack of insurance is twice as common among men as among women. The distribution of uninsured people varies among household expenditure quintiles and is four times higher among people in the lowest quintile compared to the highest quintile. The geographical distribution of coverage shows that the rate of uninsured people is highest in the north-eastern part of Estonia.

Benefit package

The EHIF's benefits can be divided into two groups: cash benefits and benefits in kind. The division of cash and benefits in kind has been relatively stable over recent years.

In the first group of (cash) benefits, the EHIF provides compensation for temporary health-related incapacity for work, the costs of adult dental care and the additional reimbursement of costs of prescription pharmaceuticals on the positive list (where cumulative OOP expenditure is high). Compensation for temporary incapacity for work is paid in the case of temporary illness only to those in employment, based on earnings in the previous year, whereas the other cash benefits are available to all who are insured by the EHIF.

The second group of (in-kind) benefits covers the provision of curative health care services (primary health care, in-patient and out-patient specialist care, nursing care, rehabilitation, dental care for children), as well as pharmaceuticals and medical devices, which may be subjected to cost sharing. This feature is, in part, inherited from the old system in which the state funded and provided universal, comprehensive

health care. The funding of pharmaceuticals is an open-ended responsibility that depends on the actual utilization of drugs on the positive list. In its yearly planning process, the EHIF bases its forecast on prior utilization and takes into account changes in the legal environment (Couffinhal A and Habicht T 2005).

In the beginning of 1990s when the health insurance system was designed, there was no need to limit the health services benefit package. Overall, the range of health care benefits covered by the EHIF is very broad, due in large part to the fact that prior to the introduction of a system of health insurance, the state funded and provided universal, comprehensive health care coverage (in the early 1990s, the German price-list was taken as a basis and was adapted to fit the Estonian context). The few services excluded include cosmetic surgery, alternative therapies and opticians' services. However, dental care is the main area in which coverage has gradually eroded. At the end of 2002, dental care for adults was excluded from the list of benefits in kind and replaced by cash benefits. Conversely, since 2003 the EHIF has introduced coverage for long-term care, nursing care and some home care, thereby broadening its benefits package.

In addition to health care services, the EHIF finances disease prevention and health promotion programmes. It has a special budget for health promotion activities, which are funded by public tendering according to set priority areas. Over the years the budget share allocated for health promoting activities has been decreasing, although in absolute terms the amount has been stable. Disease prevention programmes include school health, reproductive health and screenings (breast cancer, osteoporosis, phenylketonuria, and hypothyreosis, cervical cancer and hearing in neonates).

This has broadened the scope of services supported by the EHIF from purely curative to preventive services. At the same time, many preventive health care services are increasingly financed through the primary and specialist care budget as part of statutorily provided care.

During the 1990s, the inclusion and exclusion of services from the benefits package was decided by the Ministry of Social Affairs, following an evaluation by a Ministry committee made up of provider and sickness fund representatives. Since 2002, there have been clearer and more explicit rules for adding new services to the benefits package and establishing the appropriate level of cost sharing. When the EHIF was established as an independent public body, it was tasked with the responsibility for defining the benefits package in collaboration with other stakeholders. The benefits package is agreed upon by the EHIF and the Ministry of Social Affairs, and a final decision is made by the Government, which endorses the price list. At the same time, each item in the benefits package is given a price, so the terms "price list" and "benefits package" are used interchangeably in the Estonian health insurance system.

Conclusions

Since regaining independence, Estonia has vigorously and quite successfully reformed its economic and social sectors. The fundamental changes to build a wide-coverage health care system in Estonia were made in the early stages of reform,

during the early 1990s. The further incremental arrangements were made to support the primary health care and hospital sector reforms and to strengthen the EHIF's purchasing function. Now some fine-tuning of the system is needed to improve performance.

As a result of health system reforms over the last decades, the current health system is mainly publicly funded through solidarity-based health insurance contributions in the form of earmark social payroll tax, built on solidarity-based health financing. It is characterized by a modern provider network based on family medicine, centred (centralized?) primary health care and modern hospital services. Increasing attention for public health and E-health solutions are noteworthy too. This has resulted in a steadily increasing life expectancy since 1999 for women (78.1 years in 2005) and men (67.3 years in 2005)⁵ and continuously high population satisfaction rates with access and quality.⁶ Since the late 1990s an increased birth rate has been observed; however, this remains lower than current death rates. Other positive trends are visible regarding decreasing tobacco use among adults, high vaccination rates for communicable diseases, and decreasing incidence rates of communicable diseases.

However, in the system, a number of challenges remain:

- Inequities in health status and health behaviour. The main disease burden challenge is premature mortality caused by external causes and lifestyle-related risk factors.
- Tackling public health challenges such as high risk-behaviour, high incidence and prevalence of HIV, and the increasing burden of chronic diseases
- Increasing the PHC role in preventions and chronic disease management
- Modern, centralized acute and high-technology care increases the need for attention to geographical access and the development of outpatient services close to the patient(s)
- Emphasis on long-term planning of human resources in order to increase training for nurses and doctors
- Improving regulation of providers to ensure better public accountability
- Improving governance with regard to ownership status, roles of stakeholders and best practices in order to improve the performance of health care providers
- Ensuring the long-term sustainability of the mandatory health insurance system.

⁵ Ministry of Social Affairs, www.sm.ee

⁶ Estonian Health Insurance Fund, www.haigekassa.ee

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Merja Kauhanen¹

INCOME SECURITY IN TRANSITION – UNEMPLOYMENT BENEFITS – NORDIC PERSPECTIVE²

Introduction

“In the lively debate on the implementation of the European Union’s Lisbon Strategy the Nordic countries are often mentioned as examples of the workability of the European social model. The Nordic countries are top performers in many international surveys which rank countries according to economic development, employment and competitiveness, even though they have retained their accustomed high level of income security and a large selection of public services” (Hytti, 2006).

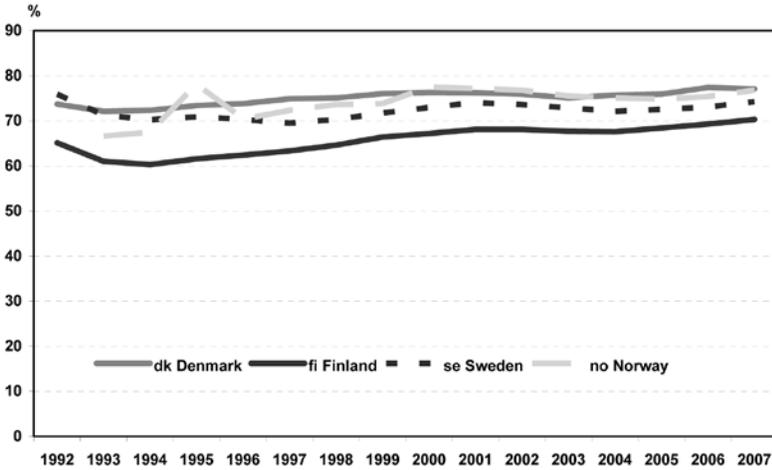
The Nordic countries³ have not only succeeded in reaching high employment rates, but they have also been successful in promoting Social policy goals such as low levels of socio-economic inequality and poverty. As regards employment outcomes, all the countries already fulfill the Lisbon target of achieving an employment rate of 70 per cent by the year 2010. Furthermore, in Denmark, Norway and Sweden employment rates are among the highest in Europe. In 2007, the Finnish employment rate (70.3 per cent) was also clearly above the EU-27 average (65.4 per cent).

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² This article is based on the presentation given at the Forum.

³ In this article our focus is on four of the five Nordic Countries: Denmark, Finland, Norway and Sweden. Iceland will not be covered.

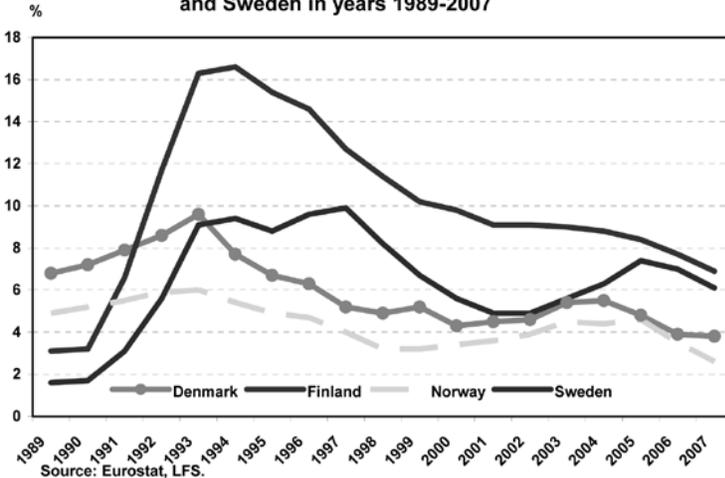
Figure 1. Employment rates in Denmark, Finland, Sweden and Norway in years 1992-2007



Source: Eurostat, LFS.

In the eighties/early nineties unemployment rates rose in all the Nordic countries (figure 2) and particularly in Sweden and Finland the unemployment rate was very high. As a response to this development the Nordic governments redesigned UI systems and to some extent also other social security arrangements to which we come back later in this article. Since the early nineties there has been a marked decline in unemployment in all these countries, and in recent years their unemployment rates have been clearly below the EU-27 average (7.1 per cent in 2007).

Figure 2. Unemployment rates in Denmark, Finland, Norway and Sweden in years 1989-2007



Source: Eurostat, LFS.

There exists no uniform Nordic model but each of the Nordic countries has its own economic and social model. Despite many differences in the welfare policies and in the labour market, the Nordic countries share a well developed welfare state characterized by universality of income security, high social expenditure, high taxes and a large public sector. Nordic countries, just like other European countries, face a number of challenges posed by globalization, technological change and the ageing population, and they set demands for the income security system to adapt to the changing circumstances. This article aims to take a brief look at the Nordic unemployment insurance systems and the challenges faced by these systems.

Common features and differences in the unemployment security systems in the Nordic countries

As regards unemployment insurance systems the Nordic countries share the existence of a strong social security net which provides generous out-of-work benefit payments both within their UI systems and through other aspects of the social security systems such as sickness payment, disability pensions etc. (Bolvig et al. 2007). Insuring the individual against unemployment spells is an important part of the Nordic philosophy of risk sharing (Andersen et al., 2007).

In all Nordic countries the unemployment benefit is a statutory benefit payable to people who become unemployed. The purpose of the benefit is to compensate for lost of income and to contribute to the maintenance of reasonable standard of living for people who have lost their jobs (Nososco 2005). As in the case of other income security benefits the principle of universalism also applies to the unemployment benefits, i.e. all citizens of working age are entitled to 'basic' unemployment benefits. This universal model is combined with an earnings-related unemployment insurance system.

In order to be eligible for earnings-related unemployment benefits, besides being 'unemployed insured' wage earners must also fulfil other eligibility conditions as well, e.g. with respect to previous income (in the case of Norway) and with respect to earlier employment (in the case of Denmark, Finland and Sweden)⁴. There are differences in these rules between the countries and also with respect to the duration of the benefits.

In Norway unemployment insurance is compulsory for wage-earners, whereas in Denmark, Finland and Sweden (who represent so called Ghent system countries) unemployment insurance is voluntary. In the latter countries the non-insured are, however, entitled to unemployment benefits that are clearly lower than the earnings-related benefits. In Denmark and Norway the non-insured unemployed will receive social assistance, and in Finland they get the so-called labour market subsidy, the size of which amounts to the basic level of the daily unemployment benefit scheme. In Sweden the non-insured are also entitled to the basic level.

⁴ For more details of these eligibility conditions, see e.g. Bolvig et al. (2007).

Furthermore, as already mentioned, in the Nordic countries the average net unemployment benefit replacement rate is quite high. For example, in Denmark the replacement rate can be as high as 90 percent of the previous income in the case of the low paid wage earners. In Finland, for median wage earners the replacement rate is around 52 per cent⁵. Compared to the euro area countries⁶ this net replacement rate is about ten percentage points higher and about 20 percentage points higher than in the Anglo-Saxon countries (Andersen et al., 2007).

A characteristic feature of the Nordic countries (despite differences) is that they also tend to spend more than others on active labour market policies (ALMP) in the form of job intermediation as well as training and subsidised employment⁷.

Challenges to the income security/unemployment insurance system

Challenges to the income security

The Nordic countries, just like other European countries, are facing a number of common challenges such as globalization, accelerated technological change and ageing population. Increased global competition puts pressure on mobile tax bases and factors of production. Ageing populations increase budget pressures due to pension payments and welfare services with a shrinking workforce. (Fisher and Matthiessen, 2005).

These challenges have increased demands for improving the ability to adapt both in the labour market and in the goods market. Life-long learning and flexibility have been emphasized as essential elements of enhancing adaptability in the labour market, but at the same time, also the need for better safety nets has been expressed. For those Nordic countries that are members of the EU, a growing importance of the EU-level also shows in the labour market policies and in the design of social security systems.

The changing circumstances have also posed challenges to social protection systems such as unemployment insurance to adapt in order to better meet current and future needs of the changing nature of working life and the ageing population. The ageing of the population threatens to weaken the dependency ratio and thereby also the fiscal sustainability of welfare state in the Nordic countries. As the welfare states of the Nordic type require large public resources and are thus so dependent on high employment rates, the aim of Nordic policies has been to increasingly combine the social insurance system with labour market policies that promote full employment and high labour force participation rates.

⁵ For more details see Nososco (2005).

⁶ Of the Nordic countries only Finland belongs to the EMU.

⁷ In all the Nordic countries expenditure on active labour market programmes as a share of GDP was higher in 2005 than the average of all OECD countries (see OECD Statistics).

Reforms of the unemployment insurance systems

Linking welfare and work, i.e. promoting more employment friendly social protection has been a key strategy also in the EU since the late 1990s. In the European Commission Communication on Modernising and Improving Social Protection from year 1997 (European Commission, 1997) two main strategies are addressed that link welfare and work, and they are still very much topical in the EU policy. The first one, *the financial incentive approach*, stresses the importance of economic incentives provided by tax and benefits to take up a job. The second one, *the activation approach*, emphasises active labour market policy measures and new social activation schemes ('towards employability'). The Communication also sets forth a third and complementary strategy that tackles the roles of social protection and of guaranteed minimum income schemes in preventing social exclusion and maintaining inclusion.

The challenges mentioned above and the EU-level policy have been reflected in the reforms made in unemployment insurance systems also in the Nordic countries. During the last two decades there have been many reforms in the unemployment insurance legislation. The strategy has aimed at increasing incentives by tightening eligibility conditions rather than lowering the level of unemployment insurance benefits. For example, in the late 1990s eligibility conditions of unemployment insurance were tightened in Denmark, Finland and Norway⁸. Another type of measures has placed a strong emphasis on active labour market policy measures with the aim of increasing the employability of people and also with the aim of making working life more attractive to them. (Bolvig et al., 2007). Furthermore, in recent years the role of activation, 'workfare' policy, has gained increasing popularity, i.e. more stringent conditions regarding job search or training have been placed on claimants of public income support. If claimants are not willing to participate in some sort of work or training, the sanction is that benefits are reduced or withdrawn.

In recent years at the EU level and also in the Nordic countries an integrated strategy/policy combining both flexibility and security, the flexicurity policy, has gained prominence. The updated EU strategy for growth and jobs (European Commission, 2007) states the need for the flexicurity approach as follows: "Europe needs to improve its capacity to anticipate, trigger and absorb economic and social change. This requires employment-friendly labour costs, modern forms of work organisation and well-functioning labour markets allowing more flexibility combined with employment security to meet the needs of companies and workers. This should also contribute to preventing the emergence of segmented labour markets and reducing undeclared work. To successfully meet these challenges an integrated flexicurity approach is needed, covering contractual arrangements; life long learning; active labour market policy; and social security systems".

Of the Nordic countries, Denmark in particular has been looked at as a prime example of the workability of the flexicurity approach, but at the same time it has been pointed out that due to the diversities at national level there cannot be any 'one-size-fits-all-approach' in flexicurity in Europe (EurActive, 2008). In the Danish model

⁸ In Norway also the maximum duration of benefits was shortened.

active labour market policy, i.e. the emphasis on upgrading of skills of the unemployed, plays an important part in the flexicurity strategy. The role of ALMP has been very prominent also in other Nordic countries such as Sweden and Finland. According to Andersen (2004), the effectiveness of the activation policies in complementing the generous unemployment benefits is a key factor for the sustainability of the Nordic labour market.

As working patterns have become more diverse and atypical work has increased, one may also ask how well the current unemployment insurance systems correspond to the needs of e.g. atypical workers with respect to income security and eligibility, and have the reforms that have been made in the system been enough? Are atypical workers in an equal position with those working in permanent and full-time jobs?

In some Nordic countries the unemployed have also been encouraged to accept short temporary jobs and part-time jobs by paying them partial unemployment benefits. In Finland unemployment insurance recipients who take up a full-time job with a duration of less than one month (two weeks since 2003) or a part-time job with working time no greater than 75 per cent of the regular working time in the occupation can claim partial unemployment benefits. These workers are regarded as underemployed (or partially unemployed), and they are expected to continue their search for regular full-time work in exchange for partial benefits.

As globalization has increased risks of job losses, in 2005 a new kind of security called 'change' security was introduced in Finland. When an employee (who has work history of at least 3 years) is under threat of dismissal or has already been dismissed due to economic or production related reasons, he is entitled to an employment programme, higher unemployment benefits and paid time off during the notice period for seeking a new job.

Incentives versus social protection

The rationale for public unemployment insurance is to provide income insurance for risk-averse workers. The other side of unemployment insurance is that the provision of unemployment insurance does not come without adverse incentive effects such as reduced search effort. Therefore the challenge is to find an optimal balance between the insurance benefits and the adverse incentive effects (Fredriksson and Holmlund, 2006). While the reforms made to the unemployment insurance system have had quite a strong emphasis on increasing the financial incentives and promoting employment, i.e. acting as push factors pressuring people from out-of-work situations towards employment, this may have challenged the social protection aspect of the unemployment insurance benefits at least to some extent.

The tightening strategy and increasing incentives strategy have also meant frozen levels of minimum unemployment insurance and of some other supplementary social insurance benefits in some Nordic countries, for example in Finland. This policy has partly been related to the existence of unemployment traps, i.e. the additional disposable income from becoming employed is very small or it does not increase the disposable income at all. According to Honkanen et al. (2007) 17 per cent (around 50,000) of the unemployed were in unemployment trap in Finland, i.e. the additional

disposable income from becoming employed was less than 20 per cent and 4 per cent would not benefit from becoming employed at all. These unemployment traps are most common among those unemployed who receive minimum unemployment insurance.

The fact that the minimum unemployment benefits have not been raised for several years, combined with a much lower level of minimum unemployment benefits in the first place, has led to increased poverty in Finland especially among the long-term unemployed who are no longer entitled to earnings-related benefits (Bolvig et al., 2007).

When increasing incentives it would also be important to take into consideration that in their decisions of labour supply people are concerned about their total net incomes, i.e. take into account also other benefits independent of work status and the incomes of the other members in the household.

How do people view unemployment insurance in the Nordic countries?

In the Nordic countries, surveys of public opinion related to Social policy have revealed that there is still a strong support for the current welfare system and people also appreciate the extensive social security system. For Finland Forma et al. (2007) report results showing such strong support for welfare state in a survey of opinions and choices related to Social policy. This survey was carried out in 2006 for a 3,000 randomly selected Finns between 18 and 75 years of age. The majority of the respondents were not willing to cut social spending even if such cuts would be accompanied by tax reductions.

As for unemployment insurance, 40 per cent of the respondents expressed that they would like to increase the rate of the basic unemployment benefit even if such a reform would require increasing the income tax bill of a median citizen by 10 euros per month. Around one third of the respondents thought that the current level of unemployment benefits was satisfactory. There was also less support for increasing earnings-related unemployment benefits: only 1 out of 5 respondents was in favour of increasing these benefits. There was also clear support for not having any limits on the length of labour market subsidy, while limiting earnings-related unemployment benefits to one or two years. Forma et al. also examined public opinion on the best ways to reduce unemployment. Among the least popular options were targeting tax cuts to high-income earners or reducing the level and length of unemployment benefits.

Albrekt Larsen's (2004) survey on opinions on government spending on unemployment in Denmark and Finland replicated the general finding that Scandinavians shifted their preferences from welfare expansion to welfare maintenance during the 1990s. The survey also revealed that, when it comes to reduction of unemployment benefits, politicians actually face a remarkably conservative public opinion which objects to reductions.

Conclusions

Unemployment insurance system, by reducing financial risks associated with unemployment, encourages workers to accept changes in employment, loss of jobs and transition to new jobs. Unemployment insurance benefits also enable people to spend more time for looking new jobs thus leading to better matches of skills and jobs.

The global financial crisis has severely struck also the Nordic economies, and it is expected to lead to shrinking GDP and a substantial increase in unemployment. In this kind economic situation sufficient social safety nets such as extensive unemployment benefits play a very important role in dampening the effect of the economic crisis on the households and providing economic security. At the same time unemployment insurance benefits also have an important role as an automatic economic stabiliser.

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Juris Krumins¹

THE SOCIAL IMPACT OF DEMOGRAPHIC CHANGES²

The aim of this presentation is a comparison between Baltic States, Nordic States, the larger Baltic Sea region, and Canada on the social impact of demographic changes. In the Human Development ranking the Nordic countries and the Baltic countries are respectively forming quite homogenous groups. However if one takes a closer look at the three main indicators that compose the Human Development index intra group differences are revealed. For instance, Denmark which is ranked 8th according to GDP per capita is only ranked 30th according to life expectancy indicator.

There exists a World population policies inquiry performed by the UN where governments are asked about their views on policies in the areas of population size and growth, population age structure, fertility and family planning, health and mortality, spatial distribution and migration. For the ten countries under scrutiny, aging populations was identified as the major concern of governments. The second concern (in eight of the countries) was size of the working-age population. Adolescent fertility was considered less of an issue as only six countries voiced their concern on this issue. The spatial distribution of population came last as only Finland, Germany and Russia raised this issue.

Declining population and shrinking generations is a problem for many European countries. Number of countries facing a decline of population is increasing compared with those having a positive population growth. The decline is not only due to natural movements of population but also due to migration. The case of Latvia and Estonia shows that the positive net-migration influenced an increase of population over several decades during the soviet period. The proportion of net migration was even higher than for other Northern European countries.

Fertility decline is also a well known phenomenon. Under replacement level of fertility is a long lasting problem in the case of Latvia. The UN Fertility and family survey shows that average number of children ultimately expected by female birth cohorts is slightly above the normal replacement level of generations. This implies that if there would be smart social and demographic policies there is a space for improvement.

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² This paper is an edited transcript of the author's presentation at the Forum. It should be read in conjunction with the power point presentation, annexed in a CD to these Proceedings.

The situation regarding single age groups which comprise university student's ages, the Baltic Countries are better ranked. The generations currently enrolled in university were born at the end of the 80s, but soon there will be a very steep decline in the numbers of secondary school graduates. The real number enrolled students in higher education institutions in Latvia declined at the beginning of the 90s to later increase at the end of the decade. If one looks at the student vs. population ration, Latvia is among the leading countries in Europe and beyond. This reflects a long tradition as historically before WW II Latvia and Estonia shared the first and second place in Europe for relative number of students.

The problem comes when one takes a look at the funding available for students in Latvia as three quarter of students are paying tuition fees to study. There is a big demand for higher education but the state budget can not afford to invest enough money to educate students in universities and other institutions of higher education. There is debate in order to solve this problem. A self imposed solution will come over the next few years as the general student population will shrink due to demographics, which will in turn enable the state to provide funding for a larger percentage. The other proposal, which was introduced at the end of the 90s, is to have partial tuition fees for all students. The proposal was dropped in the face of wide spread student demonstrations. However successful examples exist in Germany and the United Kingdom and are accepted in other countries as well. A policy decision remains to be taken on the type of funding for higher education.

In relation to health the room for improvement is significant regarding life expectancy, with major differences between the three Baltic countries, Scandinavia, the rest of Europe and the CIS. In the mid-60s the difference in male life expectancy between Western Europe and current CIS countries was 8.8 years and now it is more than 19 years. This is surprising in times of peace and subject of much debate among specialists to find solutions for closing the gap. Paradoxically Latvia and Lithuania both saw their life expectancy decline shortly after joining the European Union. There is a rather close correlation between differences in incomes and peoples health. With regards to the Gini coefficient and life expectancy in the transition countries one observes a strong correlation. These inequalities are growing and therefore call for more strict social policies in order to reduce the discrepancy.

There are mostly two groups of causes of death which determined changes in life expectancy during the last fifty years: circulatory system diseases and external causes of death. Not only income inequalities but also health expenditure levels bear responsibility for the worsening of situation in public health. The countries that have lower total health expenditure have higher income inequalities according to the Gini index.

The age structure of populations raises a number of questions. Are elderly people a burden or a resource for society? If one compares the population age composition there are less people in the younger age groups in 2006 than in 1935. The situation in Latvia is comparable of other European countries, only that the number of under working-age population is lower due to declining fertility and more people in retirement ages in the female population.

There are many questions regarding retirement schemes and how to solve the upcoming problems they face. The similarities between the Latvian and Swedish pension systems exist. The question of the retirement age is quite divisive in the EU as half have opted for equal retirement ages for men and women while the other half shows differences. The retirement age has moved up due to unpopular political decisions. In Latvia the question of retirement age was raised. The absolute numbers of pension money recipients is declining due to the raise of mandatory retirement age. One must think about the increase of employment for the age groups 50-64. The male and female population in Latvia is slightly above the EU average, but there is a discrepancy if one looks to the situation in Norway.

The geographical distribution of population and migration shows an urbanization trend like in the rest of Europe. In terms of population concentration in capital cities Latvia ranks third, behind Iceland and Portugal at the EU level with one third of the country's population living in Riga. The same trend may be observed with regards to the distribution of people detaining higher education degrees. The central part of Latvia concentrates more than other regions. The eastern part of the country is historically underdeveloped, which shows in the registered unemployment rates in contrast to the western parts of Latvia.

Estonia and Latvia have a higher proportion of foreign born people residing on their territory than Canada. This was due to high in-migration levels during the Soviet era. The policies and views towards immigration only a few countries consider that the levels are too low. Finland, Canada and Russia have adopted legislation to raise immigration levels. Other countries have decided to maintain current levels. For emigration levels, most countries are satisfied with current levels except Russia.

Eduard M. Lavallo¹

**IS THERE A JUDICIAL LIGHT AT THE END
OF THE SOCIAL POLICY TUNNEL?
NOTES ON THE CONSTITUTIONAL
ASPECTS OF SOCIAL POLICY CREATION
IN CANADA**

In 2006, a leading Canadian advocacy group for social and economic rights expressed an observation common to many Social policy advocates in Canada:

In recent years Canadian governments have come under increasing criticism from United Nations human rights bodies for failing to ensure that all Canadians can realize their social and economic rights. In 1993 and 1998, the United Nations Committee on Economic, Social and Cultural Rights – which monitors Canada’s compliance with its social and economic rights obligations – criticized Canada for its poor record of upholding these rights. The Committee’s concerns included:

- the elimination of national standards for social programs
- cuts to social assistance and inadequate social assistance rates
- inadequate legal protections for women’s rights
- inadequate minimum wages
- unfair treatment of Convention Refugees
- widespread poverty and inequality among Aboriginal communities
- cuts to services for people with disabilities
- the crisis of homelessness in Canadian communities, particularly among youth and young families
- tightened eligibility requirements for unemployment insurance
- the “claw-back” of the National Child Benefit Supplement from families receiving social assistance²

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² Centre for Equality Rights in Accommodation, <http://www.equalityrights.org/cera/index.cfm?nav=prog&sub=escri>

The comments reflect the challenging circumstances facing the many social justice and anti-poverty groups working to secure pan-Canadian economic and social rights as a foundation for Canadian Social policy, creating a dynamic social safety net which would be legally enforceable. Such rights would “embody essential elements for a life of dignity and freedom, including work, health, education, food, water, housing, social security, healthy environment, and culture.”³

The objective of a foundation of economic and social rights that is pan-Canadian is elusive. Although political will is probably the missing ingredient in the actualization of such a policy, Canada’s federal system is a barrier to universality. The possibility of economic and social rights being both adequate and universal can only be achieved through 1) the negotiation of agreements between the provinces and Canada or 2) the possibility for a remedy in the existing constitutional framework through action by the Supreme Court of Canada. Canada’s international obligations under treaties addressing social and economic rights are of little assistance because those obligations are similarly limited by Canada’s federal character.

The inability of the federal power to pursue a pan-Canadian foundation of economic and social rights is rooted in the division of powers in Canada’s constitution. Under the constitution, Social policy is primarily the prerogative of provincial governments.

This constitutional conundrum is illustrated by the first attempt to create a pan-canadian social benefit, unemployment insurance.

In the late 1930s, Parliament considered unemployment to be the most urgent national problem: National Employment Commission Act, 1936, S.C. 1936, c. 7, preamble, and Hills v. Canada (Attorney General), [1988] 1 S.C.R. 513, at p. 534. From this perspective, it enacted the first unemployment insurance legislation: Employment and Social Insurance Act, S.C. 1935, c. 38. However, that Act was declared to be unconstitutional because it related to a matter within the competence of the provinces: Reference re The Employment and Social Insurance Act, [1936] S.C.R. 427, aff’d Attorney-General for Canada v. Attorney-General for Ontario, [1937] A.C. 355 (P.C.). In 1940, an amendment to the Constitution Act, 1867 gave Parliament jurisdiction over unemployment insurance.⁴

Canadian federalism also has its problems with the implementation of international obligations as Canada has no constitutional provisions which allow international treaties to “trump” the division of powers within the Canadian political system.

³ International Network for Economic, Social and Cultural Rights, http://www.escr-net.org/resources/resources_list.htm?cat_id=1326

⁴ Justice Deschamps for the majority Reference re Employment Insurance Act (Can.), ss. 22 and 23, 2005 SCC 56, [2005] 2 S.C.R. 669 Date: October 20, 2005 referring to *Reference re The Employment and Social Insurance Act*, [1936] S.C.R. 427, aff’d *The Attorney-General for Canada v. Attorney-General for Ontario*, [1937] A.C. 355].

A Senate Committee on human rights stated the constitutional problem succinctly:

“Canada is a “dualist” state, meaning that international treaties to which Canada has adhered do not, in and of themselves, alter its domestic law. International treaty law must be incorporated into Canadian domestic law through legislation in order to have direct legal effect. Therefore, while signing and ratifying an international covenant gives the illusion of Canada’s compliance, in reality it has no legal effect in our domestic law. Canadians, including lawyers and judges, know little about international human rights law, although this is slowly changing.”⁵

Dualism, which is prevalent among Commonwealth states, is in contrast with the “monist” approach dominating in the United States and among states with a civil law tradition. In a monist system, duly ratified treaty provisions that are self-executing (i.e., capable of judicial application without further legislative action) automatically become part of the state’s domestic law and can override prior conflicting statute law.”⁶

The practice of creating pan-Canadian economic and social instruments and standards through agreements between the federal and provincial agreements has a long history:⁷

Looking back at the first example, the 1935 Unemployment Insurance Act (referred to above) was struck down by the courts which argued that under the British North America Act, Canada’s constitution; only the provinces could enact such legislation within their jurisdiction. Subsequently the federal government established the Royal Commission on Dominion/Provincial Relations to clarify the roles of the federal and provincial governments. “The Commission concluded that the provincial government should retain responsibility for unemployed people who were unemployable, or the “deserving poor” -- seniors, single-parents, the disabled, and the federal government should have the responsibility for the employable or “non-deserving” poor.”⁸ The Commission thus set the agenda for further discussions on Social policy and particularly income support.

In 1943, the *Report on Social Security for Canada* was issued and detailed the need for comprehensive and universal social programs. The report was mostly ignored but affected substantially the Social policy sector because it advocated an integrated and comprehensive system of income protections, job training, and a commitment to raising living standards.

5 Government of Canada (2001). Senate. Promises to Keep: Implementing Canada’s Human Rights Obligations. Report of the Standing Committee on Human Rights, p.x.

6 Thomas Buergenthal, “Modern Constitutions and Human Rights Treaties,” (1979) 36 *Columbia Journal of Transnational Law* 211, at 213 and 215-19; and Committee evidence, 1 October 2001 (Peter Leuprecht).

7 An easily accessible source for the history of Canadian Social policy is available through Stephen Hick’s excellent “Canada’s Unique Social History”, <http://www.socialpolicy.ca/cush/index.htm>. I am indebted to this site for this short historical review.

8 <http://www.socialpolicy.ca/cush/m3/m3-t20.stm>

From 1941 to 1974, the Federal government made substantial advances in creating economic and social benefits, but in each case they required the agreement of the provinces.⁹

But the development of negotiated economic and social rights through Federal action or action between the Federal government and the provinces has an ebb and flow quality. Then as now, the economic and social rights of Canadians were subject to the vagaries of the free market cycle and the ideological complexion of federal and provincial governments.

The period of advances was followed by a period of decline and retrenchment in which the scope and affect of social welfare legislation was eroded through: increased demands on expenditures; expansion of corporate tax deductions; growth in public debt; adoption of monetarist policies seeking to control inflation, and giving a lower priority to social benefits. The Canada Health and Social Transfer (CHST), launched by the Canadian government in the 1995 federal budget, consolidated federal participation in health, education and social assistance. The CHST's net effect was a retreat from federal responsibility for the content, standards, and universality of Social policy to the extent that it was supported by fiscal transfers to the provinces. The Program also resulted in considerable reduction in funding to the provinces.

The following year (1996) the Federal government and provinces created the "Social Union". "The "social union" initiative is the umbrella under which governments concentrate their efforts to renew and modernize Canadian Social policy. It focuses on the pan-Canadian dimension of health and Social policy systems, the linkages between the social and economic unions, and the recognition that reform is best achieved in partnership among provinces, territories and the Government of Canada. The primary objective of the social union initiative is to reform and renew Canada's system of social services and to reassure Canadians that their pan-Canadian social programs are strong and secure. In working to build a strong social union, the Government of Canada and the provinces and territories have reached a broad consensus that the first priorities should be children in poverty and persons with disabilities."¹⁰

First Ministers created the Federal-Provincial-Territorial Council on Social Policy Renewal in 1996 and directed it to guide the social union initiative. The Council monitors work on overarching Social policy issues and, as well, coordinates and supports "sectoral" councils that examine cross-sectoral issues such as supporting children and persons with disabilities. The Council includes representation from nine

⁹ Legislation included the following: Unemployment Insurance Act, 1940; Family Allowance Act of 1944; Old Age Security Act, 1951; Old Age Assistance Act, 1951; Unemployment Assistance Act, 1956; Canada/Quebec Pension Plan, 1965; Canada Assistance Plan, 1966; Unemployment Insurance Act, 1971. In 1966, the federal government passed the Medical Care Act, providing for contributions to provincial medical-care insurance plans provided that such plans met the central federal goal of ensuring universal coverage to provincial residents for a comprehensive range of general practitioner and specialist services, available to all regardless of age or condition or ability to pay, and upon uniform terms and conditions. By 1971 all provinces were participating under the terms of the legislation.

¹⁰ Government of Canada. Social Union. http://www.socialunion.gc.ca/menu_e.html

provinces, three territories and the Government of Canada. Quebec has declined to join this effort.¹¹

At this date, the “Social Union”, a remarkably progressive term, but lacking scope and urgency, is the highest development in the development of an instrument to produce pan-Canadian economic and social rights. It falls far short of a real instrument to secure economic and social rights such as the Social Charter (Council of Europe).

As an alternative to the absence of political will to produce a more ambitious agreement and mechanism to further economic and social rights, some advocacy groups have looked to the courts for potential relief, seeking universal minimal equality in social status or social condition. This consideration received both a set back and a weak affirmation in the case: *Gosselin v. Québec (Attorney General)*, [2002] 4 S.C.R. 429; 2002 SCC 84 (December 19, 2002).

“Louise Gosselin was subject to s. 29(a) of the *Règlement sur l’aide sociale* a regulation under Quebec’s *Loi sur l’aide sociale* (L.R.Q., c. A-16) which established a reduced assistance for those under 30 who were employable and not engaged in workfare. This class of recipients received, during the relevant period, \$173 rather than \$434. The reduced rate for employable individuals under thirty, however, actually preceded any workfare and trainfare programs. It is essentially undisputed that the reduced rate was grossly inadequate. It constituted less than 20% of Statistics Canada’s Low Income Cut-Off – the lowest rate in Canada. Ms. Gosselin was periodically homeless and slept in shelters. She lived in an unheated apartment for a winter. When she rented a room in a boarding house, she had no money left for food; and a man from whom she was receiving food attempted to rape her. She felt compelled to agree to live intimately with a man for whom she had no affection, merely to receive basic necessities. Ms. Gosselin alleges that the regulation violates sections 7 and 15 of the *Canadian Charter* as well as section 45 of Quebec’s s.45 *Charte des droits et libertés de la personne*.¹²

The *Gosselin* case provided the first time the Supreme Court would consider whether denying members of a disadvantaged group adequate financial assistance violates the *Charter of Rights and Freedoms*, an essential part of the Canadian Constitution. At issue was whether the Court would interpret the right to “security of the person”, established in section 7 of the *Charter* and the equality rights under section 15, in such a way as to impose positive legal obligations upon governments to

¹¹ Cf. http://www.socialunion.gc.ca/sufa/Three_Year_Review/e/tyrsufa.html. On February 4, 1999, First Ministers (except the Premier of Quebec) signed *A Framework to Improve the Social Union for Canadians*. “This Agreement, which has since become known as the Social Union Framework Agreement (SUFA), was based on mutual respect between orders of government and reflected governments’ desire and willingness to work more closely together to meet the needs of Canadians.” For an insightful review of the options in models of federal-provincial relations see Keith G. Banting, “Social Citizenship and the Social Union in Canada”, <http://www.irpp.org/archive/policyop/nov98/banting.pdf>

¹² From the review of the case by the Charter Committee on Poverty Issues, granted intervener status in the case by the Supreme Court in August, 2000. <http://www.povertyissues.org/back.htm#case>

ensure an adequate level of income for Canadians unable to provide for themselves.¹³ Lower courts, to date, have not included adverse social and economic status within the scope of ss. 7 and 15 of the *Charter*, on the basis that “economic rights” are outside of the rights by the *Charter* or the courts lacked competency in the review of government fiscal policy. A favourable ruling would expand legally enforceable economic and social rights to adequacy of a minimal standard of living.

The absence of such rights was the subject of criticism by the United Nations Committee on Economic, Social and Cultural Rights when it reviewed Canada’s compliance with the International Covenant on Economic, Social and Cultural rights in Geneva in 1998.

386. The Committee notes that since 1994, in addressing the budget deficits by slashing social expenditure, the State party has not paid sufficient attention to the adverse consequences for the enjoyment of economic, social and cultural rights by the Canadian population as a whole, and by vulnerable groups in particular.

387. The Committee heard ample evidence from the State party suggesting that Canada’s complex federal system presents obstacles to the implementation of the Covenant in areas of provincial jurisdiction. The Committee regrets that, unless a right under the Covenant is implicitly or explicitly protected by the Canadian Charter through federal-provincial agreements, or incorporated directly in provincial law, there is no legal redress available to either an aggrieved individual or the Federal Government where provinces have failed to implement the Covenant. The State party’s delegation emphasized the importance of political processes in this regard, but noted that they were often complex.

388. While the Government of Canada has consistently used Statistics Canada’s “low income cut-off” as a measure of poverty when providing information to the Committee about poverty in Canada, it informed the Committee that it does not accept the low income cut-off as a poverty line, although it is widely used by experts to consider the extent and depth of poverty in Canada. The absence of an official poverty line makes it difficult to hold the federal, provincial and territorial governments accountable with respect to their obligations under the Covenant.¹⁴

The case was lost but the fact that several judges dissented indicates there may be a small opening to infuse s. 7 with the right to compel the state to provide a right

¹³ Canadian Charter of Rights and Freedoms, <http://laws.justice.gc.ca/en/charter/index.html>. Section 7 reads as follows: 7. Everyone has the right to life, liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice. The relevant part of section 15 reads as follows: 15. (1) Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

¹⁴ United Nations, Economic and Social, Official Records, 1999, Supplement No. 2, E/C.12/1998/26) Supp.2, Report on the nineteenth and eighteenth sessions(27 April_15 May 1998, 16 November_4 December 1998)pp. <http://www.un.org/esa/documents/ecosoc/docs/1999/e1999-22.htm>. For the Canadian response to the questions put by the Committee see: <http://www.canadiansocialresearch.net/uncan.htm>.

to an economic and social minimum and have the definition of that established by the courts.

Two of the nine judges did not concur with the majority of the Court. The dissenting judges referred to comments in previous cases that s. 7 was not merely a section which remedied an overt act by the state threatening the life or liberty of a complainant.

In *Reference re ss. 193 and 195.1(1)(c) of the Criminal Code (Man.)*, [1990] 1 S.C.R. 1123 (“*Prostitution Reference*”), Lamer J., as he then was, held that s. 7 was not necessarily limited to purely criminal or penal matters (p. 1175). Nonetheless, he did maintain that, given the context of the surrounding rights and the heading “Legal Rights” under which s. 7 is found, it was proper to conclude that “the restrictions on liberty and security of the person that s. 7 is concerned with are those that occur as a result of an individual’s interaction with the justice system, and its administration” (p. 1173).

Justice Louise Arbour argued an expanded application of s. 7. Her remarks are most instructive and present the strongest argument to date arguing that there is already a basis in the Canadian constitution for a foundation of economic and social rights.

308.... the s. 7 rights to “life, liberty and security of the person” include a positive dimension. Few would dispute that an advanced modern welfare state like Canada has a positive moral obligation to protect the life, liberty and security of its citizens. There is considerably less agreement, however, as to whether this positive moral obligation translates into a legal one.¹⁵

309.... This Court has never ruled, nor does the language of the *Charter* itself require, that we must reject any positive claim against the state — as in this case — for the most basic positive protection of life and security. This Court has consistently chosen instead to leave open the possibility of finding certain positive rights to the basic means of subsistence within s. 7. In my view, far from resisting this conclusion, the language and structure of the *Charter* — and of s. 7 in particular — actually compel it.¹⁶

On the established law that economic rights are not protected by the *Charter*, Justice Arbour further stated:

.... the rights at issue in this case are so connected to the sorts of interests that fall under s. 7 that it is a gross mischaracterization to attach to them the label of “economic rights”. Their only kinship to the economic “property” rights that are *ipso facto* excluded from s. 7 is that they involve some economic value. But if this is sufficient to attract the label “economic right”, there are few rights that would not be economic rights. It is in the very nature of rights that they crystallize certain benefits, which can often be quantified in economic terms. What is truly significant, from the standpoint of inclusion under the rubric of s. 7 rights, is

¹⁵ *Gosselin v. Québec (Attorney General)*, [2002] 4 S.C.R. 429; 2002 SCC 84 (December 19, 2002), PDF version.

¹⁶ *Ibid*, p.44.

not therefore whether a right can be expressed in terms of its economic value, but as Dickson C.J. suggests, whether it “fall[s] within ‘security of the person’” or one of the other enumerated rights in that section. It is principally because corporate-commercial “property” rights fail to do so, and not because they contain an economic component *per se*, that they are excluded from s. 7. Conversely, it is because the right to a minimum level of social assistance is clearly connected to “security of the person” and “life” that it distinguishes itself from corporate-commercial rights in being a candidate for s. 7 inclusion.¹⁷

And further,

319....there is a suggestion that s. 7 contains only negative rights of non-interference and therefore cannot be implicated absent any positive state action. This is a view that is commonly expressed but rarely examined. It is of course true that in virtually all past s. 7 cases it was possible to identify some definitive act on the part of the state which could be said to constitute an interference with life, liberty or security of the person and consequently ground the claim of a s. 7 violation. It may also be the case that no such definitive state action can be located in the instant appeal, though this will largely depend on how one chooses to define one’s terms and, in particular, the phrase “state action”. One should first ask, however, whether there is in fact any requirement, in order to ground a s. 7 claim, that there be some affirmative state action interfering with life, liberty or security of the person, or whether s. 7 can impose on the state a duty to act where it has not done so. (I use the terms “affirmative”, “definitive” or “positive” to mean an identifiable action in contrast to mere inaction.) No doubt if s. 7 contemplates the existence only of negative rights, which are best described as rights of “non-interference”, then active state interference with one’s life, liberty or security of the person by way of some definitive act will be necessary in order to engage the protection of that section. But if, instead, s. 7 rights include a positive dimension, such that they are not merely rights of non-interference but also what might be described as rights of “performance”, then they may be violable by mere inaction or failure by the state to actively provide the conditions necessary for their fulfilment. We must not sidestep a determination of this issue by assuming from the start that s. 7 includes a requirement of affirmative state action. That would be to beg the very question that needs answering.

320....By finding that the state has a positive obligation in certain cases to ensure that its labour legislation is properly inclusive, this Court has also found there to be a positive dimension to the s. 2(d) right to associate (*Dunmore v. Ontario (Attorney General)*, [2001] 3 S.C.R. 1016, 2001 SCC 94). Finally, decisions like *Schachter v. Canada*, [1992] 2 S.C.R. 679, and *Vriend, supra*, confirm that “[i]n some contexts it will be proper to characterize s. 15 as providing positive rights” (*Schachter, supra*, at p. 721). This list is illustrative rather than exhaustive.

323....Given this, if some of these “principles of fundamental justice” in ss. 8 to 14 entrench positive rights, one should expect that s. 7 rights would also contain a positive dimension. No doubt this is what prompted Lamer C.J. to make the

¹⁷ Ibid, p.45

following observation in *Schachter, supra*, at p. 721: “the right to life, liberty and security of the person is in one sense a negative right, but the requirement that the government respect the ‘fundamental principles of justice’ may provide a basis for characterizing s. 7 as a positive right in some circumstances”.

361 Beyond that, however, the statements also confirm that in some contexts the fundamental freedoms enumerated in the *Charter* place the state under a positive obligation to ensure that its legislation is properly inclusive. Indeed, as I have already stressed, positive rights distinguish themselves from negative rights precisely in that they are violable by mere inaction, such as the failure on the part of the state to include all those who should be included under a regime of protective legislation. Thus, in holding that the state cannot shield itself from *Charter* scrutiny under the pretext that underinclusive legislation does not constitute active interference with a fundamental freedom, *Dunmore* affirmed that the *Charter* provides for positive rights.¹⁸

Justice Arbour’s dissent is persuasive—she was joined by three colleagues (4 out of 9) in her view that Quebec’s legislation infringed s.15 of the Charter of Rights and Freedom and discriminated against the appellant. On the larger question of whether the state has a positive duty to provide basic social assistance, only Justices Arbour and L’Heureux-Dubé adopted this position.

Whether the dissent of Justices Louise Arbour and Claire L’Heureux-Dubé, who found violations of both Section 7 and 15, is an aberration or a wedge, which a future case in a setting of increased economic decline and hardship produces a different outcome, is unpredictable. Gwen Brodsky, a veteran lawyer in the social policy arena, points out that several Justices argued that Section 7 might be the basis for claims establishing a “positive state obligation”.¹⁹ Ms. Brodsky goes on to argue that the “...dispute before the Court was not based on theoretical approach, but rather on assessment of the evidence.”²⁰

Whether one takes an optimistic or pessimistic view of the legal path of the *Charter* to securing universal economic and social rights in Canada, it remains a path.²¹ The Court’s role in enhancing human rights in general is an impressive one. It is not outside of the realm of possibility that judicial activism may produce enhanced social and economic rights. Considering Canada’s fractured federal mosaic and lack of political will, as with human rights, the legal route may afford the best results. This assessment creates a substantial expectation:

...the idea that the right to equality, as it had been reformulated during the repatriation debate with the direct involvement of equality seeking constituencies, was

¹⁸ *Ibid*, p.46

¹⁹ Gwen Brodsky “Gosselin v. Quebec (Attorney General): Autonomy with a Vengeance”. Paper copy of article prepared for Canadian Journal of Women and the Law, 2004 volume 16 numéro 2, 5.

²⁰ Brodsky, *op.cit.*

²¹ The “legal” path raises the issue of the indivisible connection between substantive rights and access to litigation. For an articles and resources providing an excellent overview of the issues of access to litigation see the web site *20 years of the equality clause*, http://www.20years.ca/index_en.html.

expansive enough to encompass the kinds of social and economic rights that, in other jurisdictions and in international law, would be enumerated separately. While there had been a few lonely voices during the repatriation process advocating inclusion of explicit reference to the rights in the *International Covenant on Economic, Social and Cultural Rights*, the primary energy surrounding social rights protections in Canada was focused on the entrenchment of a broad right to substantive equality that would include social and economic rights in order to be meaningful to peoples' real struggles for dignity, security and social inclusion. Thus, a recurrent theme in the submissions from the major equality-seeking groups to the Boyer Committee was that equality must be interpreted and applied broadly enough to adequately implement Canada's obligations under international law with respect to social and economic rights, as well as civil and political rights, and to provide political, judicial and administrative remedies to the concrete issues of inequality faced in peoples' everyday lives.²²

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²² Bruce Porter, *Twenty years of equality rights: reclaiming expectations*, http://www.20years.ca/index_en.html. In 1985, the Federal Government established a Sub-committee, chaired by Patrick Boyer M.P., of the Standing Committee on Justice and Legal Affairs, with authority to hold consultations and make recommendations for changes to federal legislation, policies and programs so that they would conform with section 15. Cf. Canada, The Sub-committee on Equality Rights of the Standing Committee on Justice and Legal Affairs, *Minutes of Proceedings* First Session of the 33rd Parliament, Vol. 3 (April 17, 1985)

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Ernie S. Lightman¹ and Graham Riches

CANADA: ONE STEP FORWARD, TWO STEPS BACK ?²

Introduction

In the early 1900s, Wilfrid Laurier, the Prime Minister of Canada stated that ‘the twentieth century belongs to Canada’. Few would have challenged him, for Canada had seemingly infinite natural resources in great demand in the United States, Europe and (in later years) the countries of the Pacific Rim; there was an endless supply of hard-working, white immigrants mainly from Central and Northern Europe, bringing with them traditions of self-help and social solidarity; railways had been laid to link the vast reaches of the country from one side of the continent to the other; and Canada was at peace with its only land-based neighbour, a relationship certain to grow closer with the passing years.

The century, as it evolved, did not prove Laurier entirely correct. Though the natural resources generated massive wealth for some, at the beginning of the 21st century much of this wealth is draining abroad as Canada’s natural resources are now largely foreign- owned: world economies have substantially shifted from a resource base to an information and technology base, areas in which Canada has no particular comparative advantage; immigration through the century shifted to include many new arrivals from the Third World, resulting in racial problems previously unanticipated; aboriginal peoples (both First Nations and Inuit) neither assimilated into the mainstream nor died off, but instead remained in poverty and squalor, with average life expectancies of about 35 years, glaring testimonies to the worst excesses of capitalist exploitation; intimacy with the United States proved a mixed blessing, at best, as resources and jobs flowed south and cultural/political/military domination came north.

Social solidarity in Canada was increasingly replaced by a Darwinian individualism and belief in the unconstrained market. Since the early 1980s, charitable food banks have become the main response to growing hunger, particularly among children; women’s rights have been seriously eroded through cuts to child care and equity programmes; and in 2007 homelessness in major cities such as Toronto and

¹ Ernie S. Lightman, University of Toronto, Canada.

² Lightman, E. and G. Riches, “Canada: one step forward, two steps back?”, in P. Alcock and G. Craig (eds), *International Social Policy, 2nd edition* (Basingstoke: Palgrave/Macmillan, 2009, forthcoming)

Vancouver, to say nothing of the housing blight in First Nations and northern Inuit communities, remains a national disgrace.

The twentieth century produced considerable aggregate economic wellbeing for Canada, but the equity - the distribution of the spoils of this growth - proved far less acceptable. A recent United Nations Report (UNDP 2006: 283) ranked Canada sixth among 21 developed countries in terms of its Human Development Index (HDI) for 2004, a decline from first place in 1995. Canada also placed sixth on the Human Poverty Index for OECD countries, Central and Eastern Europe and the CIS (*Ibid.*: 295). In other words, Canada was a great place to live, but not for the poor or marginalized. And, despite a decade of massive federal budget surpluses (projected at \$10.8 billion for 2007-08, *Economic and Fiscal Update*, Canada 2006), the disparities between the haves and have-nots have clearly been widening in the face of radically neo-conservative governments in several provinces, and the election of a minority conservative Federal government in 2006.

In the past, the most serious threat to Canada, however, did not emerge from the growing economic disparities between rich and poor. Rather, Canada's very existence as a country came under fundamental challenge because of the separatist movement in the largely French-speaking province of Quebec. The most recent referendum on separation in Quebec voted against secession from Canada by the narrowest of margins (50.4 per cent to stay: and among the French-speaking population there was a clear majority in favour of separation). Though the threat of separation by Quebec has been present at least since the first election of a separatist provincial government in 1976, and though separatism seems relatively dormant today, the broader issue of conflict between the federal government and the provinces has been pervasive throughout Canada's history. To understand Canada, and the past and future of Canadian social welfare in particular, it is essential to plunge into the muddy waters of federalism, of federal-provincial agreements and conflicts, of shared and joint and exclusive responsibility for the delivery of various social programmes and of restricted and unlimited access to the tax base.

Overview

In framing the *British North America Act* (1867), the Fathers of Confederation in Canada, unlike the architects of the United States constitution a century earlier, opted for a highly centralised federal state. High on their agenda was the economic development of the vast country, and to attain this goal efficiently most powers would be lodged at the central level. Thus the federal government was given unlimited powers of taxation, while the provinces were restricted to certain enumerated categories of 'direct' taxes; service-delivery responsibilities of the federal government were substantial (within the context of what a government was expected to do in 1867), while the provinces had much more limited tasks to perform. Just as the passage of time, reinforced by court interpretations, reversed the original intentions for the American federal system, so too a series of early Canadian Supreme Court decisions headed it in the direction of a highly decentralised federal state. This resulted in provinces having exclusive jurisdiction (formally at least) over the Social policy

arena which barely existed in the early years of the century and which has shown exponential growth over the years.

However, there are significant differences between the provinces. Oil-rich Alberta, heavily influenced by immigration from the United States, manifests residual and market-based approaches to social welfare. Conversely, the neighbouring province of Saskatchewan, settled by European immigrants, has reflected social democratic ideals; Quebec's Social policy prior to the 1960s was dominated by the Church whilst today the state is a significant force in health, income security and social services. Today Quebec has a very exciting programme of universal day care at a cost of C\$7 a day whilst Ottawa has ended funding for publicly and non-profit childcare in favour of for-profit services. And, in more recent years, the need to placate the separatist tendencies in Quebec (by showing how national and cultural aspirations of the French-speaking population could be satisfied whilst remaining in Canada) has led to what some today would suggest is the world's most decentralised but still functioning federal state.

Thus, there emerged over time the central, recurring and fundamental dilemma of Social policy in Canada: the imbalance between fiscal capacity and responsibility for the delivery of services in a federal state. Today, Social policy, including health and post-secondary education comprises the largest share of governmental fiscal responsibility in Canada: but the provinces lack the necessary tax base to pay the bills. The result has been a series of creative, often acrimonious, frustrating and seemingly permanent federal-provincial negotiations, leading to tax-sharing arrangements, shared-cost programmes and even constitutional amendments. The most recent of these ritual dances - labelled the 'Social Union' talks - was met with massive public indifference in 1999, as the federal and provincial governments attempted to disentangle their respective areas of in terms of both service delivery and fiscal capacity. While a full historical understanding of Canadian social welfare state would require a review of provincial, municipal and First Nations social programme developments, this chapter focuses principally on federal Social policy. As such it is primarily concerned with developments in the field of income security (see Box 3.1) and health care (Box 3.2).

Esping-Andersen has located Canada within the cluster of liberal welfare state regimes, along with the United States and Australia, in contrast to the corporatist cluster comprising Austria, France, Germany and Italy, and the social democratic grouping of the Scandinavian countries (1990). This 'liberal' categorisation of Canada is in many ways correct. Yet, it is important to note that post-Second World War, at least until 1988 when the North American Free Trade Agreement (NAFTA) began to bind Canada and the USA more closely together, Canada's more collectivist social policies (such as family allowances, old-age security, medicare) set it apart from its more individualist and residual neighbour to the south. Indeed Lightman (1991) documents identifiable differences in attitudes to the welfare state between Canada and the USA, though he expresses apprehension about whether these differences would be sustainable over time in a context of free trade between the two countries. In retrospect these concerns were well-founded.

The Early Years to 1945

In the years after Confederation, there was little role for government except to promote the economic development of the vast frontier. Social needs, when they were acknowledged, would be met by voluntary and charitable, often church-based, local organisations. Customs and excise duties were the main source of government revenue, and it was not until the First World War that the first personal income tax was introduced, a ‘temporary, emergency measure’, which was never removed. The first system of workers’ compensation was introduced (1914 in Ontario) as an

Box 3.1 Income Security

(All federal schemes unless noted otherwise)

Early Development

Income maintenance developed with an employer-funded workers’ compensation scheme in 1914 covering most of the paid labour force. In the 1940s, following the UK Beveridge model, insurance-based schemes were introduced, including:

- Unemployment insurance, funded jointly by employers and employees - frequent eligibility changes; replaced by Employment Insurance (see below);
- Family allowances (non-contributory) for all children, funded from general taxation;
- Old-age security pensions, also funded from general taxation.

High Tide (1960s)

Further developments included:

- Canada Pension Plan (1965), contributory premiums for all earners; pay-as-you-go replaced by fuller funding in 1998); .
- Canada Assistance Plan (1966), basic public assistance, based on determination of need, funded by taxation jointly from federal and provincial governments;.
- Guaranteed Income Supplement (1967), means-tested benefit for poor elderly, funded from general taxation.

A Period of Increasing Selectivity and Steady Cuts (1970s onwards)

- Child Tax Credit (1978) and Canada Child Tax Benefit (1998), for children in low-income families, funded from general taxation and delivered through tax system; CCTB for working poor only; and the Universal Child Care Benefit (2006) which replaced the former Liberal government’s proposed national and universal child care programme;
- Registered Retirement Savings Plans, for those with taxable income: pensions for higher earners, highly regressive;
- Employment Insurance, limited scheme, funded 60:40 between employers and employees;
- Canada Health and Social Transfer (1996) provides block funding to provinces, resulting in sharp cutbacks in provincial social assistance programmes.

Box 3.2 Health and Social Services

- These areas are constitutionally the responsibility of the provincial governments, though there is usually a federal role in funding and, at times, in setting Canada-wide standards for service delivery.
- Service delivery is a provincial responsibility though this can be devolved to municipalities, voluntary agencies or NGOs, and/or to the commercial (for-profit) sector.
- Variations across provinces in the sharing among government, voluntary and commercial sectors are substantial and cannot be readily summarised, except to note that the neo-conservative provinces (mainly Alberta) tend to rely most on the commercial sector; others use a mix; while in Quebec the state has traditionally assumed an active role, viewed as an agent of nation-building.

Education - a provincial responsibility with major federal financial support for post-secondary education and manpower training. Federal support was cut with the introduction of the Canada Health and Social Transfer (CHST) in 1996.

Health: Hospital Insurance - since 1954, this covers all (non-physician) insured health services in hospitals. Financing varies across provinces, usually based on general taxation revenues with some element of premiums in certain provinces.

Health: Physician Services - since 1966, all insured health services, including doctors, are covered in a universal health care programme for all residents, with no user fees or other charges at the point of use. Coverage is portable (from province to province) and administered by a public non-profit agency in each province. The definition of 'insured services' varies across provinces and there are differences in financing including premiums, payroll taxes and (primarily) general revenues.

Royal Commission on the Future of Health Care in Canada (2002). This report proposed sweeping changes to ensure the long term sustainability of Canada's health care system including a *Canada Health Covenant*, updating of the *Canada Health Act* (1984), an established funding base and targeted funding (rural and remote access, diagnostic services, primary health care, home care and catastrophic drugs) and proposals regarding the integration of priority home care services, wait list management and a national personal electronic health record system. The overall intention of the Commission's recommendations, otherwise known as the Romanow Report after the commissioner and former premier of Saskatchewan, was to preserve the universality and integrity of Canada's Health Care system.

Personal Social Services (family services; child care; youth services; home care) - also a provincial responsibility with federal financial support, often on a project or area basis. Substantial devolution to municipalities, NGOs, voluntary agencies and the commercial sector, which varies across provinces depending on factors such as ideology and local fiscal capacity. No summary data are available.

Box 3.2 cont'd

Housing - until the 1990s there was always a major federal role, primarily in the financing area. In the last number of years, Ottawa (home of the federal government) has ceded this area to the provinces. The result has been a dramatic increase in homelessness, Canada-wide, and in many provinces a complete end to the construction of co-op, non-profit and low-income housing. Recent bilateral agreements with the majority of provinces suggest a more active federal funding role in support of affordable housing.

Immigration - this is an area of shared federal-provincial responsibility, though only Quebec has chosen to assume an active role as it seeks to ensure a large French-speaking population in that province. Other provinces rely largely on federal decision-making.

First Nation Peoples- Inuit and status Indians hold a sovereign status and attempt to negotiate with the federal government as equals, as sovereign peoples with Aboriginal rights and treaties. They formally refuse to deal with provincial governments, though there is some involvement with the delivery of personal social services. Metis (mixed French-Aboriginal) peoples also claim Aboriginal rights by virtue of their share in Indian Title.

employer-funded and operated programme; employees were denied the common law right to sue for job-related injuries, but instead payments were allocated administratively.

The Great Depression hit Canada hard, as foreign markets for the natural resources (wheat, fish, minerals, wood and paper) largely disappeared. By the end of the 1930s, unemployment was so severe that a national unemployment insurance scheme became necessary. Only the federal government had the capacity (and the interest) to develop such a programme, but employment was deemed to be within provincial jurisdiction: the solution was to enact a formal constitutional amendment (which, at the time, had to be formally passed as a statute by the British Parliament), so that today unemployment insurance remains the only significant social programme exclusively within federal jurisdiction. The first Canadian unemployment insurance programme became law in 1940. This period reflected a limited role for the state and a primary reliance on the church and voluntary sector.

Postwar: The Influence of Keynes and Beveridge

As in the rest of the world, the Great Depression did not simply 'burn out' and end on its own. The onset of the Second World War gave policy-makers everywhere a clear example of how government spending could draw a country (or a world!) out of recession. The ideas of Keynes seemingly worked in practice, as unemployment disappeared almost overnight. As the war began to wind down and Germany's defeat appeared inevitable, policy-makers in Canada began to fear for the postwar period.

There was a concern that with the end of government spending on war-related matters, aggregate demand would decline and the country would slip back into recession. In 1943, the Report on Social Security in Canada (otherwise known as the Marsh Report after its author who had both worked with Beveridge and was a disciple of Keynes) was released and it represented, in modified form, Canada's own version of the Beveridge Report. (Canada 1943) Whilst it was not as comprehensive as its British counterpart, it nevertheless firmly placed Canada in the Keynes-Beveridge tradition.

In part to ensure the adequacy of consumer demand in the postwar period, 1945 saw the introduction of Canada's Family Allowance (FA) programme, a universal non-taxable monthly payment to the mother for every child (to age 16). This was followed in 1952 by Old Age Security (OAS), a universal, non-taxable monthly payment to every senior over the age of 65 who met a residence (but not a citizenship) requirement. These two federal programmes, together with the Unemployment Insurance scheme and the National Housing Act of 1944, formed the foundation of Canada's welfare state.

Family Allowances

The family allowance programme was of limited importance operationally, as the monthly payments were small to begin with and were not increased regularly thereafter. The major importance of the programme was perhaps symbolic, in that it spoke to universality, social solidarity and the legitimacy of claims upon the state to assist in the costs of rearing children. In 1984, when Brian Mulroney led the Conservative Party in the federal election, he ran on a mildly anti-welfare platform, making great rhetorical statements about the waste involved when his personal banker received a government cheque each month. Women's groups, in particular, pointed out that the cheque was payable to the banker's wife, rather than the banker, and thus helped, in a modest way, to redress income and power imbalances within families. A later book, entitled *The Wealthy Banker's Wife* (McQuaig 1993), documented in some detail the extent of financial benefits delivered to upper income groups in Canada through the tax system. It made the simple point that relatively few dollars every month directed to children were trivial alongside the other substantial advantages which a regressive tax system provided to the rich. When the Family Allowance programme was terminated by Mulroney in 1992, replaced by a means-tested child benefit, the maximum monthly payment per child was hardly enough to make a significant impact upon a family's living standard.

Old Age Security

In contrast to FA, OAS was built on the assumption that many seniors had no personal savings or other sources of income, and that they would be completely financially dependent upon the monthly government cheque. The amounts were more substantial than the Family Allowances and provided an income that was almost sufficient to live on. There has always been considerable political support for this programme: though its net benefit was reduced in later years by making payments taxable, a major government initiative fundamentally to revamp the programme was

suddenly abandoned in 1998 when it was clear that public support was not there. The proposals were badly designed, in that the targeting to the poor came at the expense of the middle class and the benefits were to be based on family, rather than individual, incomes, thereby reinforcing woman's traditional financial dependence upon the male earner. But, arguably, the OAS programme was also seen as important in its own right, with many seniors arguing the case for social rights and entitlements. The postwar years witnessed an increasing role for the state, with heavy reliance on the voluntary sector.

1965-73: High Points of Welfare State Development

Canada reached the high point in its welfare state development during the 1960s. Three important pieces of legislation, within a two-year period, formed the reference point against which all subsequent retrenchments may be assessed. Except only for an expansion of the unemployment insurance scheme in 1971, virtually all Social policy activity since 1973 has consisted of cutting benefits, restricting entitlements and narrowing the boundaries of the public sector.

Canada Pension Plan

The Canada Pension Plan (CPP 1965), the Canada Assistance Plan (CAP 1966) and Medicare (1966) were the three landmark programmes of the federal government. CPP, whose introduction was strenuously opposed by private insurance lobbies, was a contributory (employer and employee equally) earnings-related, occupationally-based pension scheme for those in the paid workforce. The ceiling for maximum contribution was reached at a relatively low level of earnings, which meant that the greatest benefit was derived by the lower middle classes. The programme included a disability pension (Canada's only system of publicly-administered disability insurance), child and survivor benefits and a small death benefit.

Because the government wished the initial benefits to be available quickly, CPP was largely funded on a pay-as-you-go scheme, in which premiums are credited to general government revenues and current benefits are paid from the same source. This approach stands in contrast to building a fund, as is done with private insurance: Quebec, which chose to operate its own parallel Quebec Pension Plan, used the funded approach which today has yielded massive revenues, invested for public social purposes.

It should be noted that, in 1967, the Guaranteed Income Supplement (GIS) was introduced as an add-on to OAS for those seniors who had not paid into the CPP scheme and who lacked private resources. The GIS was means-tested and based on family rather than individual income; this typically disadvantaged women as their independent access to financial support was replaced with a dependence on the income of the male wage-earner in the household. Though the importance of the ideological shift in moving from the universal entitlements of the OAS to the Poor Law tradition embedded in the GIS should not be underestimated, the two programmes together have largely served their intended purpose. Today, serious poverty among seniors is relatively rare in Canada, compared to most developed countries.

However, during the 1990s a crisis emerged with respect to anticipated future payments out of CPP, resulting from a major demographic bulge as the postwar 'baby boomers' approach retirement. The numbers expected to claim CPP in the early years of the next century would place a massive financial burden on a decreasing labour force, which would have to pay for the benefits out of current taxation. The year 1999 saw a major increase in CPP premiums, and further options now being considered include raising more money (for example through further increases in premiums or raising the ceiling on covered earnings) or decreasing future payouts (by decreasing payments or by delaying the age of retirement, both of which are probably politically unacceptable). While some have even called for the abolition of CPP and its replacement by compulsory, tax-supported private savings schemes in which people would have greater control over the investment possibilities for their 'own' contributions, the CPP does now appear to be in a more secure position.

According to Denison, CEO of the Canada Pension Plan Investment Board, its assets today are worth more than 110 billion \$Canadian with its investment programme producing investment income of more than \$41 billion for the CPP fund. In the past four years its annualized real rate of return was 11.5% which according to Canada's Chief Actuary is comfortably above a long term 4.2% real rate of return. (AARP International 2007)

Canada Assistance Plan

The second Act, the Canada Assistance Plan (CAP) must surely stand as one of the most progressive pieces of social legislation in Canadian history and a prime example of cooperative federalism. CAP constituted the basic public assistance programme, the final and ultimate safety net, and also provided federal funding to support the development of provincial personal social services, including child welfare. Ottawa, because it wished to act in this area, offered to cost-share with the provinces provided they met certain basic conditions (set by Ottawa). The federal government would pay 50 per cent of all eligible provincial expenditures on public relief, without absolute limit. These national standards (as they are known) included eligibility for assistance based solely upon a determination of need; the right to income in any province without a minimum residence requirement; and the right to appeal. The provinces were given considerable latitude in assessing whether an individual was, in fact, 'in need', but once this condition was satisfied no further barriers could be imposed upon the receipt of benefits. This meant, in practice, that receipt of public assistance could not be conditional upon the performance of any task (such as workfare or enrolment in a training programme).

The right to benefit was absolute and unconditional. In practice, however, provinces used their discretion to determine whether an individual was 'in need' as a way of separating the deserving from the undeserving claimants and the adequacy of provincial welfare benefits have remained a contentious issue. They have always fallen well below Statistics Canada's low income cut-offs ('poverty lines').

Almost immediately upon its enactment, CAP became a source of controversy. Critics on the right attacked its allegedly generous eligibility terms, arguing for a tougher and more punitive American-style welfare programme. Far more significant,

however, was the opposition to CAP from within the federal bureaucracy. Senior Department of Finance officials did not like the open-ended federal financial obligation: for planning purposes, it was difficult to prepare the annual federal budget without knowing the final total obligation for CAP until after the end of the fiscal year when the provincial bills were submitted for reimbursement. (Federal scrutiny of eligible provincial expenditure was also weak, or perhaps non-existent, from an auditing perspective.) Thus, virtually from the first day, the Finance Department began its quest to eliminate CAP, a task made more difficult by the belief that though CAP was a piece of federal legislation, most believed it could only be altered with the unanimous consent of all provinces. While CAP was under constant scrutiny, it survived relatively unscathed until 1991 when, as part of a federal expenditure control programme and at a time of high unemployment resulting in great demands on CAP, Ottawa unilaterally imposed an absolute ceiling on the dollars it would contribute in the three wealthier provinces of Ontario, British Columbia and Alberta. In these three settings, the federal contribution dropped well below the 50 per cent level specified in CAP - to 32 per cent in Ontario in 1991-92. (Graham and Lightman 1992) Court action determined that the federal government had the unilateral right to alter its own legislation and that there was no legal obligation to secure provincial approval.

In 1996, the Department of Finance finally got its way when, as a result of the Canada Health and Social Transfer (CHST), CAP was abolished and replaced by per capita, essentially unconditional, grants to the provinces as part of a major restructuring of federal-provincial fiscal relations. The end of the conditions for federal payment to CAP meant the provinces were now free to 'experiment' with American-style welfare reform and new ways to deliver public assistance. While Alberta and Saskatchewan had experimented with workfare - work as a condition of receiving assistance - by the late 1990s, such programmes became established across the country. There is no evidence that workfare actually created jobs or even improved employability on a wide scale, but rather the programme served a largely symbolic purpose, a punitive and inefficient exercise carried out on the backs of the poor. (Shragge 1997)

Currently, there is important advocacy led by the Canadian Council on Social Development, to introduce a Canada Social Transfer with earmarked funds and conditions for social programs including welfare. If enacted, such social spending would not be lost by the provinces as they respond to the more politically driven health and post-secondary education demands of the wider public. However, in the current political climate it is difficult to see the introduction of such a measure.

Medicare

The real jewel in the Social policy crown of the 1960s was Medicare, involving a uniquely Canadian approach towards ensuring health care for all. Though many Canadian social programmes were built upon early British experiences, the NHS model was deemed unacceptable for Canada, in part because of the even greater political power of the Canadian medical profession and its linkages with more extreme US medical lobbies. The Canadian story began in 1954 when hospital health care was provided without user charge. Because virtually all hospitals were publicly-owned and operated on a not-for-profit basis, there was little organised opposition to the

early moves - particularly as physicians continued to be paid on a fee-for-service basis and their perks were not touched. By the 1960s, however, it was clear that free (at the point of use) health care in hospitals induced people to use that high cost mode of service provision compared to less costly alternatives in the community (such as visiting a doctor's office).

In 1962, in the face of a doctors' strike, Saskatchewan introduced Canada's, indeed North America's, first medical insurance scheme. The scheme proved successful and the Royal Commission on Health Services Report (Canada 1964) led to the introduction in 1966 of Medicare across the country. For jurisdictional reasons, Ottawa's role was limited to sharing costs with the provinces, though in this case there were five key principles to be honoured in order to secure federal monies: universal access; public administration; no user fees; portability; and comprehensive coverage. Whilst Medicare since its inception has enjoyed considerable public support, there have been continuing pressures favouring privatisation. In 1984 the Canada Health Act was introduced with the intent of safeguarding Medicare from the threat of user fees/extra-billing. More recently, since 1995, Medicare has again come under serious attack largely because of federal and provincial underfunding. However, Ottawa has consistently used its cost-sharing powers to withhold payments from provinces that were not in compliance with Medicare's five principles. In the end, the provinces inevitably fall into line.

The release in 2002 of the report of the Royal Commission on the Future of Health Care in Canada (see Box 3.2) was a response to continuing public uncertainty about the future of universal health care in Canada. While the Romanow report rejected the privatization of the health care system, there remains a strong lobby led by the President of the Canadian Medical Association to introduce privatized medicine. Indeed, in 2005, the Supreme Court of Canada in a split 4-3 decision ruled that the Quebec Government could not disallow people from using private insurance to pay for health care procedures under Medicare. The debate about public versus market models of health care remains very much alive.

Unemployment Insurance Expansion

By 1970, it was clear that many Canadians still fell through gaps in the income security net, but that substantial expansion of CAP was neither feasible nor desirable. As a result, the Minister responsible for Unemployment Insurance (UI) developed a major expansion of that programme: generous maternity benefits were introduced and, perhaps more importantly, seasonal benefits were introduced: many industries in Canada have very short seasonal work periods through the year. Fishing in the Atlantic region, for example, can occur for as few as 10 or 12 weeks (due to the hostile climate), and there are few alternative sources of regional employment for the rest of the year. Logging in many areas is subject to similar seasonal limitations. The 1971 UI amendments drastically reduced the number of weeks of work required to qualify to as few as 12, depending on the regional unemployment rate. The result was a famous 12/40 scheme, in which some people contributed to UI for 12 weeks and drew benefits for the remaining 40. In effect, whatever actuarial or insurance base UI may originally have had, was replaced with an income redistribution focus in which

the wealthier provinces transferred funds (through UI premiums) to poorer provinces (where benefits dramatically exceeded contributions). The 1965-73 period proved to be that of maximum state involvement, with a more limited role for the voluntary and private sectors, especially in health care.

International Covenant on Economic, Social and Cultural Rights

In 1966 Canada signed the *International Covenant on Economic, Social and Cultural Rights* (ICESCR) which it ratified in 1976. The significance of Canada's ratification of the ICESCR is that as a State Party to the covenant and as a primary duty-bearer, all levels of government of Canada are bound by the obligation under international law to achieve the progressive realization of the right of their citizens to an adequate standard of living and to food, clothing and shelter. However, such rights are not constitutionally entrenched in Canada and only find, at best, weak expression in the *Charter of Rights and Freedom* (1982). However, the ICESCR and Canada's later ratification of the *Convention on the Right of the Child* (CRC) continue to be important benchmarks against which to judge Canada's record in relation to progressive welfare state development.

Cutting Back: The Arab Oil Embargo and After

Canada's welfare state was at its most fully developed during that period to 1973. Since then, it has been a story of continuing cutbacks and a slow decline from institutional to residual arrangements. Though Canada was at least self-sufficient in oil, on a net basis, prices were those of the world markets, set by the multinational companies. Thus Canada was fully affected by the huge increases in world oil prices. Many social benefits and other government spending were indexed to the rate of inflation, and thus overall nominal public sector spending rose rapidly. Revenues, however, did not increase commensurately, as this was the era in which Ottawa discovered the beauty of tax expenditure. Exemptions, deductions, credits and other measures to reduce tax liability began to proliferate through personal and corporate tax systems: through them government was able to target tax relief very specifically without the visibility associated with direct government spending. As a result, tax revenues lagged behind spending, and substantial deficits began to accumulate, steadily increasing the total public debt.

A major review of the social services was begun in the early 1970s, a process that involved extensive consultation with stakeholders. However, in 1976, the election of an avowedly separatist government in Quebec threw all the planning into disarray. Federal Prime Minister Trudeau, an implacable foe of the provincial government, was determined to show Quebec that their national aspirations could be met within a decentralised Canadian federal state. As a result, the social service review was aborted and, in 1978, Established Programs Financing (EPF) was put forward as Ottawa's answer to separatism. This Act combined all federal contributions in three areas of hospital care, Medicare and post-secondary education into one lump sum block grant to each province, to be given annually with an automatic escalator provision based on factors such as population change. There were few conditions attached to the use of the

funds (except continuing adherence to the principles of Medicare and a requirement that the funds be spent in the three designated areas). In this way, provinces were given considerable discretion over the allocation of federal (and provincial) monies and were thereby encouraged to determine their own priorities.

There was fear, however, within the Social policy community of a possible displacement effect by the provinces, through which the EPF dollars would be spent in the designated areas, but other provincial discretionary money would be reallocated away to other areas (such as building highways): there was no federal requirement that total provincial spending in the three areas would be required to increase, or even remain constant.

Refundable Child Tax Credit

An interesting innovation occurred in 1978 when Ottawa decided to use the personal income tax system to distribute child benefits. The refundable child tax credit (RCTC) involved a selective cash payment steeply tapered so benefits went to the very poor, and the cut-off point was relatively low on the income scale. Eligibility was based on taxable income and those persons who paid no income tax (due to low income) would receive a cash refund from the federal government. Payments were monthly, based on the previous year's income-tax return, and the programme met with general approval: though it was highly selective, the means-testing was through the tax return (and was thus impersonal and non-stigmatising) and the targeting seemed to work in that the desired population group actually appeared to receive the benefits. In 1984, Brian Mulroney became Prime Minister. His attacks on universality, noted earlier, resonated well with the public, and federal Department of Finance officials began a long march to reduce spending and the deficit, and also to remove Ottawa from any role as a direct provider of social services. Benefits were reduced, in real terms, through complex procedures such as partial de-indexation (benefits no longer rising in line with inflation). These approaches, buried in fiscal jargon, were of little interest to the broader public, but did result in significant decreases in the purchasing power of benefits. Mulroney's attempts to reduce the deficit appeared to contain more rhetoric than substance, though whatever strides were made were largely on the backs of the poor, described as 'Social policy by stealth'. (Battle 1996)

A Fuller Assault: The Mid-1990s

Talk of the importance of deficit reduction continued through the Mulroney years, but it was not until the Liberals returned to power 1993 that action began in earnest. Reducing the federal deficit to zero was deemed essential to retain the confidence of the business community, domestically and abroad. This was to be achieved through a fundamental restructuring, downsizing and downloading of federal Social policy responsibilities.

In 1996, CAP was terminated; with it went the conditions for federal cost-sharing and national welfare standards. Ottawa's payments to the provinces for CAP were combined with the EPF monies to produce a single lump sum annually, known as the Canada Health and Social Transfer (CHST). There were virtually no federal

restrictions on the use of this money, except for continuing adherence to Medicare principles. However, in the process of combining the various payments, Ottawa also moved to reduce its total fiscal contributions, so that CHST actually entailed a very substantial decrease of \$6 billion in federal transfers to the provinces. In addition, the provinces were now free to cut back on welfare (formerly delivered through CAP and subject to a variety of conditions) and to introduce programmes such as workfare for claimants. Some of the provinces, such as wealthy Ontario, now ruled by a neo-conservative government, piggy-backed their own cuts onto federal cuts to social programmes. At the time it was feared that battles for funding among the areas covered by the CHST would advantage the politically powerful (Medicare and the doctors' lobbies) at the expense of the weaker and less popular areas (assistance for the poor). (Torjman and Battle 1995)

The federal government also terminated its extensive involvement in social housing. Ontario followed suit by also withdrawing and downloading all responsibility for social housing to the municipalities; these were clearly incapable of responding given their limited tax bases. Major changes also occurred to the unemployment insurance programme in 1997. Now renamed Employment Insurance (EI), benefit levels were cut modestly, and eligibility tightened dramatically. Whereas in the early 1990s, over 80 per cent of unemployed persons received benefits from UI, after the reforms less than one-third of the same population qualified for EI. For many years earlier, premiums had increased regularly, and the UI fund built up a surplus far in excess of what might be required in times of serious recession: each year the Finance Minister made a bookkeeping transfer of the UI surplus into general revenues, and so was able to use the money to reduce the deficit. The struggle was ultimately successful, and the last federal budget of the century was the first in many years to produce a budgetary surplus, thanks in part to the appropriation of the UI/EI surpluses over many years.

Since then, as noted previously, there has not been a federal budget without a massive surplus. Canada's failure to make a significant reduction in the 15% rate of child poverty in 2005 - it ranked 19th out of 26 OECD countries studied (UNICEF 2005) - or to close the growing income gap between rich and poor has not been dictated by budget shortfalls, but rather by deliberate policy choice. Indeed as the UNICEF study states, variation in government policy appears to account for most of the differences in child poverty levels between OECD countries. (*Ibid.*)

The Long Road Back: Towards and into the New Century

Three new federal initiatives emerged in the last years of the twentieth century, all in response to the extreme cuts earlier imposed through the CHST.

Millennium Scholarship Fund

As part of a Millennium effort to improve access to higher education in Canada, the Prime Minister announced substantial new funding for a federal scholarship fund. The details were consciously vague, but the scheme was presented in a context of human capital investment for the future. Though the provinces had been informed of the plan

in advance, they were not really consulted at this intrusion into their constitutional domain, and argued that they wanted to control the money, to direct as they saw fit within the realm of higher education. The scholarship fund was never presented as part of a comprehensive strategic government review of Canadian higher education funding, but was widely seen as simply a federal attempt to solve a problem by throwing money at it. The government soon went on to new issues, believing that it had now 'solved' a major problem of inadequate investment in human capital in Canada.

Canada Child Tax Credit (CCTC)

In 1998, a Canada Child Tax Credit (CCTC) was introduced, the first substantial new social programme in over a decade. The federal programme, developed in conjunction with the provinces, was targeted specifically to the working, rather than the welfare, poor. It was designed to replace a variety of previous federal child-focused initiatives. As with the previous RCTC, eligibility was to be determined and payments to be delivered through the income tax system. Maximum payments were to go to the very poor, with a tapered reduction as earned income increased. Although payments were to be made to all low-income households, provinces were permitted to reduce welfare payments, dollar for dollar, provided the funds would be reinvested in child-focused programmes such as expanded child care; the working poor, by contrast, would suffer no income reductions and would be better off as a result of the programme. The payment amounts were sufficiently large that within a few years it was anticipated that most poor children in Canada would be supported through the CCTC and would be removed from the welfare rolls. The two major criticisms of the programme were that there was no benefit for families on welfare (who, arguably, needed the most help), and there were no meaningful measures to ensure appropriate provincial reinvestment of the funds clawed back from those on welfare.

Health Care

Federal discussions concerning a national pharmacare plan (Canadian prescription drug prices being among the highest in the world) and a coherent system of home care, in the face of hospital and institutional closures and an aging population, were brought forward. The provinces wanted no part of these schemes, but instead wanted the money back which had been removed with the introduction of the CHST. Ottawa, for its part, was ready to invest in health care out of its newly-discovered surplus, but did not trust the provinces - particularly extreme neo-conservative Alberta and Ontario - to spend the money 'appropriately'. There followed an extremely complex set of negotiations which were under pressure to deliver, as inadequate access to health care was now ranked by polls as Canadians' top concern, and the leading contenders for the succession to the Prime Ministership all felt the need to highlight social agendas.

Failing the most vulnerable

In the early years of the twenty-first century, the outlook for progressive Social policy remains uncertain at best and bleak at worst, and especially for Canada's most

vulnerable populations. On the brighter side it can be claimed that the Canada Pension Plan is now in a more secure position which is no doubt satisfying to aging baby boomers. Also it can perhaps be said there is growing attention to the supply of social housing and a recognition that the issues of homelessness and mental illness are inextricably linked. Yet for children the continuing lack of a national child care plan remains an affront to women who must work outside the home to ensure bread is on the table. Disturbingly 824,000 people turned to a charitable food on a monthly basis in 2005, an increase of 24% since 1997 and 118% since 1989 when such data was first collected. Forty one per cent of food bank users are children and young people. (CAFB 2005) In 2001 the *Canadian Community Health Survey* reported 3.7 million Canadians, (15%) of the population, living in food insecure household while a more restrictive CHHS survey conducted in 2004 reported a figure of 2.1 million hungry Canadians or 6.8% of the population. (Tarasuk and Power 2006) As the state has turned away, charity has moved to fill the gap but is often unable to cope. (Riches 2006)

In short, the basic human needs of food, clothing and shelter are being neglected by the state which continues to act in violation of its obligation under international law as ratified in the ICESCR and the CRC. In May 2006 the UN Committee on Economic, Social and Cultural Rights noted 23 areas in which Canada and the provinces were in domestic non-compliance with their obligations including lack of legal redress available to individuals when governments fail to implement the Covenant; absence of an official poverty line; insufficiency of minimum wage and social assistance benefits; failure to include domestic violence as a specific offence in the criminal code; high level of food bank usage due to insufficient social assistance; and the fact that the Federal Government, in its Fifth Periodic Report to the UN Committee provided insufficient evidence indicating that the National Homelessness initiative was achieving success. Estimates of homelessness in Canada today range from 100,000 - 250,000 people. (UNESC 2006)

First Nations

Crucial to any understanding of the development of the Canadian welfare state must be the consequences of Social policy for Aboriginal peoples. Whilst the 1763 Royal proclamation by the Crown recognised Aboriginal title to land in British North America not ceded to or purchased by the Crown (Vedan and Tester 1998), Aboriginal peoples in Canada continue to struggle for the right to govern themselves, and to control social programmes and child welfare. The Indian Act of 1876 established a separate authority for services to native peoples based on treaty obligations incurred by the Crown and, subsequently, on the Indian Act itself. (Armitage 1996) In 1951 the Act was amended with the result that provincial laws of general application such as child welfare applied to Indian living on reserves. (*Ibid.*) This did not lead to common standards and well-provided services but to 'an incredible disparity in the quality of child welfare programs available to Status Indians from one province to another' resulting in unequal treatment of Indian children across Canada. (Johnston quoted in *Ibid.*:123). As First Nations communities seek control of their own child

welfare arrangements, they now have to contend with both federal and provincial jurisdictional issues. In 1996, the Report of the Royal Commission on Aboriginal Peoples provided a comprehensive analysis of the profound issues confronting Aboriginal peoples. The federal government offered a Statement of Reconciliation in 1998 and a \$350 million healing fund to be administered by Aboriginal peoples. (Vedan and Tester 1998) It seems doubtful whether such gestures can atone for past wrongs or hold out much promise for significant change.

In 2006, the former Liberal Government, shortly before its loss at the polls, negotiated the \$5.1 billion *Kelowna Accord* with Canada's Aboriginal leaders and had the full backing of all provincial and territorial premiers. Designed to overcome the devastating poverty and social exclusion experienced by First Nations people through significant support for education, health, housing and economic opportunities, the *Accord* was abandoned by the minority Conservative Government which won the 2006 election. This was yet another setback for First Nations peoples.

Future Prospects: Government as Dilettante

It is difficult to look to the future with much optimism about the prospects for Canadian Social policy. Universality is seriously wounded, if not dead, and residual welfarism rules. The rise and institutionalisation of food banks are at once symptoms of the breakdown of the social safety net (in terms of the gaping holes left by the changes made to unemployment insurance and public assistance) and symbols of this new residualism and lack of regard for the citizenship rights of the poor and vulnerable, many of whom are women and children. (Riches 1997) Hunger, homelessness, child poverty, unemployment, and the continuing exclusion of First Nations peoples, crowd the Social policy agenda.

There is a deep irony in all of this, given the introduction of the Charter of Rights and Freedoms in 1982 and the ratification by Canada over the years of a number of United Nations human rights conventions. These include the 1976 ICESCR and the 1991CRC which commit governments, internationally and domestically, to respect, protect and fulfil their obligations to meet basic human needs and assert the rights of their peoples. However, the fact is that over the past two decades the Social policy landscape in Canada is littered with cutbacks and denials of entitlements. It has truly been a case of one step forward, two steps back.

Through the 1990s, the justification for the cuts was based on economic imperatives, the need to reduce the debt and balance the budget; by 1998 the federal budget acknowledged the end of deficits and the arrival of an era of surpluses. This then loosened the gates on the more overtly ideological debates about the future of Social policy in Canada, debates that are certain to continue well into the future. Some have argued that surpluses should be directed towards reducing the aggregate debt, a rather pointless exercise given that it is really only the carrying costs on the debt which are relevant for policy purposes. (Mendelson 1998) The more crucial debates are between the desirability of tax reductions, which will inevitably be regressive in impact, and social reinvestment of the surpluses to rebuild the infrastructure - both human and physical capital - which were decimated in the last decades. But the debate may well

be an uneven struggle: of the five parties currently in the House of Commons, none is prepared unambiguously to argue the case for social investment, and two parties at least are reaching for the far right end of the political continuum. Over a decade of free trade with the United States (since 1988) has not produced clear economic gains to the majority of the population, but the greater intimacy has led to increased cultural domination and hegemony: classic American values of extreme individualism and reliance upon voluntary charities combined with the unpaid labour of women in the home are now promoted as legitimate and appropriate paths to the future in Canada. The early British welfare state legacy is fading fast, if it has not already disappeared. Homogeneity in the message of the media is virtually complete with quasi-monopolistic control of the newspaper industry and little to choose among the radio and television options.

The transition in Canada from a modest welfare state to a more market-oriented society occurred quickly and with little debate. The shift has largely been from government and well-funded non-government organisations directly to the for-profit world, private charity and the exploitation of women. Canada was in a fortunate position, potentially, and had the opportunity to learn from the mistakes made abroad. Britain's experience with Thatcher clearly showed that ideological purity is not enough to meet basic human needs, and that the ideology of the right is perhaps more frightening than that of the left, given that the right, in power, actually attempts to implement its ideology. The end of the Thatcher years left a Britain that was certainly wealthier overall, but it was also a Britain that was deeply unequal in access to income and wealth, starved of compassion and institutional help for the vulnerable.

While Mulroney engineered the shift to the right in Canada, it was not really until Thatcher and indeed Reagan and Bush in the United States had all left office that Canada began its plunge to the abyss of the market. So history is perhaps doomed to repeat itself, and Canada seems fated to follow the neoconservative path, knowing full well the direction in which it leads. The Americanisation of Canada's welfare state seems increasingly assured, confirming Esping-Andersen's view that Canada is firmly situated within the liberal welfare-state regime. The prospects for a middle way as typified by Blair, Jospin and Schroeder, let alone the Scandinavian examples, which perhaps offer more caring and less punitive models for Canada to follow, seem unlikely. The highly decentralised nature of the Canadian federation, and by implication its welfare state, is a complicating factor, as is the continuing threat of Quebec separation. In other words the recurring crisis of federalism makes it difficult to predict the future. However, what is clear is that if the twentieth century did not exactly belong to Canada, it seems highly improbable that Canadian social welfare will provide a beacon for its citizens and the international community in the twenty-first century.

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Rianne Mahon¹

WORK-FAMILY (IM)BALANCE IN CANADA

The issue of work-family balance (broadened to work-life balance² in Canada during the 1990s) has been placed on the agenda of OECD countries as a result of changing families, demographic challenges and transformations in the world of work. Together these have given rise to new needs – for child and other (e.g. elder) care services as well as for time to care. As the OECD (2007) recognised, governments have a role to play to ensure that quality care services are available in sufficient quantity where they are needed, and, through legislation and social insurance, to create a work time regime favourable to reconciling work and life. Yet needs are not always translated into public deeds, and even when they are, needs can be responded to in different ways, as is well recognised in the literature on welfare regimes.³ Some policy responses go much further toward promoting gender and other forms of social equality, while others give greater sway to market forces and/or try to reinforce a modified male breadwinner-female domestic caregiver family form (Mahon, 2006).

Canada's Social policy regime clearly belongs to the (mainly Anglo-American) "liberal" family, where markets and families retain a key role, supplemented by modest state supports largely targeted at those in considered most vulnerable.⁴ Its labour market regime is similarly organised along liberal lines, characterised by relatively low levels of unionisation, especially in the private sector, with bargaining mainly decentralised to the firm or plant level, and a limited role for the state. No surprisingly, therefore, Canada's responses to the challenge of work-life balance reflect this liberal market-centred orientation, although there have been some attempts to modify this. In particular Canada has a federal state structure, in which the provinces – and increasingly, municipalities – have an important role to play. While this can create barriers to the construction of effective pan-Canadian work-life balance policies, as we shall see, at the same time it leaves room for sub-national innovation. With regard to work-life balance in particular, the francophone province of Quebec has been especially innovative, developing policies that move toward the Nordic

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² It was broadened to "life" in recognition of the multiple demands on people's time over the life cycle, as well as the need for further training/education associated with many of the jobs in the "knowledge-based" economy (Fudge, 2006:18).

³ The classic reference here is Esping-Andersen (1999). While critics have pointed out that his liberal, conservative, and social democratic regime typology is insufficient to incorporate the numerous varieties of regime across the world and for its failure to grapple seriously with the issues raised by feminist scholars, it does provide a useful starting point.

⁴ This follows Esping-Andersen's (1999) well-known classification scheme of liberal, conservative and social democratic.

social democratic model. As we shall see, while its achievements have been the most striking, it is not alone in this regard. In contrast to Quebec, however, the oil-rich prairie province of Alberta has chosen policies that reflect a blend of neo-liberalism and social conservatism.

The first section of this paper provides an overview of the changes that have helped to place work-life balance on the political agenda in Canada. The second section looks at policies regarding care services, with a particular emphasis on child care. The final section takes up the issue of time to care.

Changing Context, New Challenges

This section provides a brief overview of the changing socio-economic context that has given rise to public concerns about work-life balance. While the focus will be on Canada as a whole, attention will also be paid to inter-provincial variations, given the important role played by the provinces within the Canadian state system. Particular emphasis will be placed on Quebec and Alberta, which have developed quite different welfare and labour market regimes.

Changing demographics have helped to highlight the need for public action to secure work-life balance because governments are concerned to maintain fertility rates without sacrificing other objectives, and because of the care needs associated with an ageing population. As in many other OECD countries, the fertility rate (1.5) is below the replacement rate. While this is the case in all parts of Canada, birth rates vary across the country. In recent years, the highest birth rates have been in the three prairie provinces (Manitoba, Saskatchewan and Alberta),⁵ with the lowest in the Atlantic provinces of Newfoundland, Nova Scotia and New Brunswick, as Table one shows. Quebec's fertility rate is close to that of Ontario, the most populous province in Canada and one with a similar economic base.⁶ Despite the fall in fertility, women's rising labour force participation rates together with immigration, which remains relatively high,⁷ have helped to maintain the proportion working age adults in the population as a whole. In 2003, nearly two-thirds of the population was of working age, while the proportion of senior citizens (13%) remained lower than that of children under fifteen (18%) (OECD, 2005: Table 2.2: 37). Nevertheless, the combination of lower fertility rates and greater longevity will mean that by 2020, those over 65 are expected to account for as much as 40% of the adult population (OECD, 2005:38). Although "active ageing" policies may mean that a number of

⁵ For Saskatchewan and Manitoba in 2003, the rate was around 1.8, with a significant portion of this accounted for by the higher birth rate in Aboriginal families, which account for about 13% of the populations of these provinces – the highest share among the provinces. In Alberta it was 1.69. The Atlantic provinces had fertility rates between 1.3 and 1.4, with the highest (1.46) in Prince Edward Island, which was equal to that of Quebec and Ontario (Vanier, 2004: 4).

⁶ Manufacturing is centred in the provinces of Ontario and Quebec, with the other provinces much more dependent on resource extraction.

⁷ In 2003, over 18% of the population were foreign born (OECD, 2005: Table 2.2: 37). Immigrants accounted for over ¼ of the population of Ontario and British Columbia (2001), but the highest concentrations are in Canada's major cities – Toronto, Vancouver and Montreal.

those over 65 will remain economically active for some time, the rising share of frail elderly will generate a growing need for elder care.

In the past, women provided the bulk of care for very young children, the sick and the frail elderly. This is no longer considered an option in Canada, nor has it been for several decades. Women's labour force participation rates are among the highest in the world, a trend which set in during the 1970s. Whereas in the 1961, the male breadwinner-female caregiver family was the norm, accounting for 68% of families, by 2001 the dual earner family accounted for 62% of families, with male breadwinner families accounting for a mere 15% (Arthurs, 2006: 18). In fact while men's labour force participation rates dropped from 77.6% in 1976 to 73.6% in 2003, women's rose from 45.7% to 61.6% (Vanier, 2004: 68). Initially the expansion was led by women in Western Canada and Ontario, but over the last two decades, labour force participation rates for women with children under six in Quebec and Atlantic Canada have caught up with and in fact have surpassed the rate, in Alberta. As Roy notes,

The lowest participation rate was for mothers in Alberta, which at 64.9% was over 10 points less than in Quebec. Manitoba was next at 68.7%, followed by Newfoundland (68.8%), BC (69.0%) and Saskatchewan (70.9%). Ontario equalled the national average at 71.9%. These relative standings are the complete opposite of the 1960s and 1970s, when participation rates in the west were ahead of the east(2006, 3.3).

It should also be noted that Canadian women's labour force participation does not conform to the "M" pattern – i.e. labour force participation prior to marriage and children, temporary withdrawal while the children are young, followed by return to the labour force – found in some other OECD countries, as Table 1 suggests. While mothers in Alberta and British Columbia exhibit a greater propensity to spend the early years at home even in those provinces, this is clearly no longer the norm.

Canada also has a relatively high share of lone parent families – approximately one in five, most of which are headed by women. In the past, social assistance policies made it possible for lone parents to stay at home with their children but since the 1980s, federal and provincial policies have placed increasing emphasis on "activating" lone parents.⁸ Now "most provincial authorities...require sole parents on income support to look for work as from an early age (varying from six months to six years) of their youngest child" (OECD, 2005: 26). As a consequence of this and of changing gender norms, the employment rate of lone parents with children under 16 jumped from 54.5% in 1981 to 76.6 in 2006.⁹ Quebec experienced the most substantial change – from 47% in 1981 to 71% in 200 (OECD, 2005: 18; Vanier, 2004:86). This is interesting to note because Alberta is the province where lone parents are

⁸ Bashevkin (2003) describes the federal government's workfare turn in the 1990s, but Lord's (2008) dissertation documents the earlier shift to "activation" in federal policy and in the province of Nova Scotia.

⁹ Table 6, www.statcan.ca/english/freepub/89F0133XIE/2006000/tables/tab6htm accessed 29 June 2008. The rate for lone parents with children 3-5 was 66.2% and for mothers with youngest child under 3 it was 46.3% in 2006.

considered employable when the youngest child is as young as six months old (Jenson and Thompson, 1999: 32), whereas lone parents in Quebec are exempted from mandatory job search until their youngest child reaches the age of five.

These changes in families, in combination with the demographic changes noted above, have highlighted the importance of reconciling work and life. As the Arthurs report noted,

Families with two working partners...must somehow find time not only for two careers, but for the child-rearing and care-giving tasks that were formerly performed almost exclusively by women who did not enter the waged workforce. Canada's growing complement of single-parent families faces similar pressures in even more extreme form. So too do those people who care for family members who are aged, chronically ill, or both. (2006:20)

For lone parents, especially those working full time, which many in Canada do, the conflict between work and family life is likely to be substantial, as they cannot rely on support from the other parent.

Concerns about work-life balance are not driven by demographics and changes in families alone. The world of work has also changed, in many respects in ways that have exacerbated the potential conflicts. The link between the demands of a "knowledge-based economy" and the need for time away from work for further training or education has already been noted. More broadly, the growing importance of private service sector employment and restructuring (outsourcing/contracting out) in the goods-producing and public sectors, where the Fordist standard work model once prevailed, have resulted in what has been called "hours polarisation", i.e. an increase in long hours employment for some, short or uneven (part time, temporary work), for others. As a recent survey of employees working for large public and private sector employers across Canada noted, "the considerable restructuring that has taken place within many Canadian workplaces over the past few decades and workplace practices that are driven by concern for the 'bottom line'...have taken a toll on both employers and employees alike...employee engagement and organizational commitment have been negatively impacted, productivity has declined, workloads have increased, demands on Canada's health care system have escalated, and the incidence of stress, burnout and work-life conflict has risen dramatically" (Higgins, Duxbury and Lyons, 2006:31).

The studies done by Higgins et al document the resulting stresses encountered by managers and professionals due to the increased demands at work. There are, however, differences in the degrees of stress experienced across the country, with Quebec employees generally "less likely to perceive that their work demands interfere with their ability to meet family role responsibilities" than those on the prairies and in BC (Duxbury and Higgins, 2003, 45). As we shall see, Quebec is also the province with the strongest union movement and most favourable employment standards legislation, at least with respect to work-family reconciliation and the status of part time workers.

Canadian Policy Research Networks' "vulnerable workers" project documents the other side of work in an increasingly polarised labour market - that associated with

the rise in non-standard, often precarious, employment. By 2002 non-standard work accounted for nearly one third of all jobs – 11% part time, 13% temporary and 15% self-employed (CPRN, 2006:3). Many of these jobs offer low wages. Young people (15-24) accounted for 45 percent of those holding such low paid jobs, but more than 16 percent of those in the key child-bearing years (25-34) and 13% of those aged 35-55 were stuck in low wage jobs (2006:2). Women are disproportionately represented among those holding non-standard jobs, especially part time work, as table 2 suggests.¹⁰ Women, especially young women, are also somewhat over-represented among those with temporary work.¹¹ As a recent Statistics Canada report noted, “In 2004, 30% of these young female employees had temporary work, compared with just 11% of employed women aged 25 to 44 and 9% of those aged 45 and over. At all ages, though, employed women were slightly more likely than their male counterparts to be in a temporary work arrangement” (2006:111). Although men have a higher rate of self-employment, self-employment counts for a rising share of women’s jobs and, as we shall see, this poses problems especially with regard to access to maternity and parental leave – outside the province of Quebec.

These changes in the labour market affect family life. Low wages make it more difficult to decide one can afford to have children, especially in countries like Canada where family benefits have not been generous.¹² The potentially adverse impact of work on women’s (and men’s) decisions to have children is also linked to employment instability, as a Swedish study (DS, 2001) found. In other words, the new world of work not only exacerbates the work-life balance through the “time crunch”, it also makes it very difficult for younger adults to choose to have and raise as many children as they want.

For the most part Canada has followed the “liberal” flexible labour market route, which does little to mitigate these trends, although there has been some progress in terms of support for low income families. This is in marked contrast to the “flexicurity” alternative outlined in the OECD’s updated Jobs Strategy (2006). Again the “social democratic” Nordic countries are among the best examples of the “flexicurity” route. As Esping-Andersen notes, “modest levels of ‘rigidity’ in the Nordic group reflect a strategy of harmonizing flexible employment adaptation with individual security

¹⁰ In comparison with other OECD countries, Canada is a bit below the OECD average for part time work (26.2% versus 26.4 in 2006) for women, but above the average for men (10.9 vs. 8.1). The Netherlands, Australia and Japan all had above average rates for men and women. The countries with the highest rates of part time work for women were the Netherlands, Japan, Australia and the UK but Germany, Italy and Belgium are the countries where part time work is clearly a feminine phenomenon. See Usalcas, 2008, table 4,:14). The share of part time work in Korea is half the OECD average (8.8 vs. 16.1 in 2006), though it is somewhat higher for women at 12.3% (OECD, 2007: 45).

It should also be noted that a lower percentage of Quebec women were engaged in part time work, however, than in the rest of Canada - 23.1% versus 30.4% (OECD, 2005: 17).

¹¹ Here again, Canada is just below the OECD average for men and women (13 vs. 13.1%, 2006) and for women (13.7 versus 14%). This is in marked contrast to Korea, where temporary work accounted for 29.4% of employment and 32.5% of women’s employment (OECD, 2007: 45).

¹² See below for more discussion.

through full-employment promotion, active labour market policy and welfare state guarantees” (1999: 23).

For example, wages and working conditions tend to be better in unionised workplaces yet, in Canada unionisation rates fallen, albeit not as precipitously as in the US. In Canada as a whole, unionisation rates fell from 38% of the labour force in 1981 to 31% in 2004, with most of the decline occurring after the conclusion of the Canada-US free trade agreement.¹³ By 2007, union density had declined further, reaching 29.7%. While unionisation rates in the public sector remain high (71.7%), they have fallen to a mere 17% in the private sector.¹⁴ As more women are concentrated in the public sector, their unionisation rate is slightly better than men’s (30 vs. 29.3), but many also work in the private service sector, where coverage is especially low. There only 12.4% of women are unionised in comparison with 20.9% of men. Unionisation rates among part time workers stand at a mere 22.9%. In terms of inter-provincial variation, Quebec boasts the highest union density (36.4% in 2006) and Alberta the lowest (22.3%).

Nor does Canada do that well when it comes to public investment in human capital. To be sure, Canada has invested substantially in primary and secondary education and, in the most recent OECD’s PISA round, of 31 countries, Canadian students ranked 2nd in reading, 5th in science and 6th in math.¹⁵ Nevertheless there is quite a high dropout rate from high school and “almost half of all young Canadians still do not complete post-secondary education” (Banting, 2006:434). Since the 1990s, moreover, there has been a shift back toward private rather than public investment in human capital, via sharply rising tuition fees for post-secondary education and the shift from grants to loans, engineered by the Canada Student Loan program, which burdens many graduates with substantial debt.

Finally, Canada has never invested substantially in adult education and training (Albo, 1995). The rhetoric of “social investment” aside, Canadian governments have done little to change this. Canada’s investment in active labour market programs remains below the OECD average and tends to focus on employment readiness and job search more than basic training and adult education (Banting, 2006, 436). Thus the Labour Market Development Agreements (LMDA) signed with most provinces 1996-98, supported a work-first approach as “the agreements’ performance indicators (numbers served, number returned to work, savings to the EI account) favour serving large numbers of clients and placing them in the first available job over more involved interventions that might offer recipients skill development” (Graefe, 2006:12). There is also an activation emphasis in the use of U/EI funds, but these programs, which offer a richer array of programs, reserved for the shrinking part of the workforce holding full time, permanent jobs.

During the decades when the above changes were making their impact felt, federal and provincial governments in Canada were also responding to pressures to

¹³ www.statcan.ca/Daily/English/050422/d050422c.htm. Most of the fall occurred between 1989 and 1998.

¹⁴ *Perspectives on Labour and Income* August 2007 (Statistics Canada), p 3

¹⁵ www.pisa.gc.ca/pisa/brochure_e.shtml

cut back social expenditure and to further liberalise the labour market. Throughout the 1980s, formula modifications resulted in falling federal contributions to social programs. In 1979, the government introduced family income testing (for upper income) to unemployment insurance. As a result, high income claimants would “have to pay back up to 30 percent of all UI benefits paid in a taxation year” (Myles and Pierson, 1997:456). A decade later, higher income earners faced a claw back of family allowance and OAS benefits and, in 1993, universal family allowances were abolished. We have already noted the decline in social assistance rates associated with the workfare turn. The federal Conservative government’s 1990 decision to impose a cap on transfers to the three of the largest provinces through the Canada Assistance Plan (CAP),¹⁶ followed by the latter’s elimination in 1996, clearly encouraged this trend.¹⁷

The deepest cuts were reserved for unemployment insurance, whose generosity came under increasing criticism from the Right. A series of reforms in the 1990s, culminating in the renaming of the program “Employment Insurance” (EI), reduced those eligible from 80 to 40 percent of those out of work (TCSA, 2006: 21). The earnings replacement rate was cut and the income level at which the benefits claw back was introduced was lowered. Those who had quit voluntarily or been fired were declared ineligible. The number of weeks worked required for eligibility was increased, especially for entrants, re-entrants, and frequent claimants, while the duration of benefits was cut, particularly in areas of low unemployment. Thus in Canada’s largest city, only 22 percent of those without work are covered by EI. The gender gap also widened: although the coverage rate for men fell from 49.3% in 1996 to 47.3% in 2004, it fell from 47.3% to 39.7% for women over the same period (Battle et al, 2006: 18).

This is not to suggest that Canadian Social policy has simply followed a straight neo-liberal course of expenditure cuts, new eligibility limits and US-style workfare. In fact, the policy path has been more uneven (Mahon, 2008). At the federal scale, from the late 1990s to 2005, renewed interest in combating child poverty was reflected in the introduction of the National Child Benefit (NCB). The NCB was designed in part to “break down the welfare wall,” by creating incentives for social assistance recipients to work – or for the working poor to keep at it, despite the low rates of pay. In addition to a component offering a child tax credit that provides something (falling as income rises) for four-fifths of families with children under eighteen (Jenson, 2004), the NCB provided a supplement (NCBS) - \$1,000 per child for those with annual incomes under \$22,397, phased out for those with annual incomes over \$32,000 (2002). Unlike the US Earned Income Tax Credit, the NCBS applied to all low income families with children under 18, regardless of whether they were on social assistance or in the workforce. Yet the amount offered was far below the

¹⁶ CAP, established in 1966, was the program through which federal money flowed to support social assistance and other related provincial programs, on a 50-50 matching basis.

¹⁷ CAP, a transfer conditional on provincial co-payment, was rolled into the new (and smaller) Canada Health and Social Transfer (CHST), a block fund, in 1996. The CHST was replaced by the Canada Health Transfer and the Canada Social Transfer in 2004.

estimated cost of lifting children in low income families out of poverty (Armitage, 2003). The provinces, moreover, were invited to “claw back” all or part of the amount paid to social assistance recipients, which funds could then be “reinvested” in children’s services or additional provincial income supplements for low income families. Some provinces, like Quebec, focused on positive incentives to work, while others, including Alberta, made it part of a coercive “work first” set of arrangements (Jenson and Stroick, 2000).

The NCB focused on the problem of child poverty and, to a lesser extent, child development. This seemed to ignore the problem of poverty among working age adults. This issue was taken up by various Social policy organisations, including the Toronto-based “modernising income among working age adults” (MISWAA), which issued its report in the summer of 2005. MISWAA’s core recommendations for the federal government included reforms to EI “to address the significant decline in coverage of the unemployed and related decline in access to employment supports and training; “ and the creation of a new refundable tax credit for all low income working age adults, plus a supplement for low wage workers (TCSA, 2006: 14). Prior to its defeat in the January 2006 election, the Liberal government announced plans to introduce only one of these, and the one that received the most criticism from union and anti-poverty representatives on MISWAA - the tax credit for low income working adults. Not surprisingly, this was one of the few Liberal initiatives that the new Conservative government implemented, as it reflected both governments’ interest in “making (low wage) work pay.”

Again, Quebec took a different approach, with an innovative anti-poverty program inspired by “social justice” concerns.¹⁸ The latter’s framework law looked at poverty as a contravention of human rights. Its strategy for change included meaningful consultation with the community, including low income people themselves; the setting of clear targets and timetables for poverty reduction; establishment of appropriate poverty indicators of progress toward this end; and a comprehensive strategy including raising the minimum wage, improving family benefits for all (but more for those most in need) and public investment in health and social housing.

In general, the federal and provincial initiatives that have gone the furthest toward breaking with a neo-liberal approach have been those that attempt to grapple with work-life imbalance. These will be discussed below.

¹⁸ See Noel (2002), Ninacs et al (2003), and Collin (2007) on the politics behind the development of the Parti Quebecois government’s anti-poverty framework law and the Liberal government’s decision to follow through on this with concrete measures.

Child Care Policy: Two Steps Forward, a Giant Step Back?

Although the British North America Act¹⁹ of 1867 gave the provinces jurisdiction over social programs, since the 1960s²⁰ the federal government has been involved in shaping the (uneven) development of a pan-Canadian child care system, albeit in ways that have left substantial room for inter-provincial variation. For the most part, its policies have reflected the liberal nature of its welfare regime: supporting the growth of a market for child care via fee subsidies targeted on those “in need”, via CAP, and a child care income tax deduction, of particular benefit to families with higher incomes. There have been efforts to create a genuine pan-Canadian child care system, however, initially in the name of gender equality and, more recently, in the name of early child learning and care. These have resulted in some incremental improvements, but all too frequently, attempts to create a universally accessible, high quality learning and care system have thusfar yielded little. While these federal initiatives - and setbacks - have had an impact on provincial policies, the latter have also been able to forge their own policies. As we shall see, Quebec stands out in this regard, but other provinces – and certain municipalities – have also taken steps toward a child care system designed along Scandinavian lines.

While the federal government’s decision to include “day care” as one of the services it was prepared to co-fund under CAP came as women’s labour force participation was beginning to rise in the 1960s, its initial focus was on making it possible for women “in need” to choose labour force participation (Mahon, 2000). It was only with the Royal Commission on the Status of Women (1970) that day care was framed as a service needed by all women if gender equality was to be achieved. Although this did result in the widening of the definition of “in need”, potentially to include middle class families, neither the Royal Commission’s recommendations, nor reports of the subsequent Abella and Cooke investigations, proved sufficient to secure a universal pan-Canadian child care system.²¹ The federal government’s contributions to child care continued to be primarily defined by CAP. This resulted in a system with the following features:

- It was a cost-sharing agreement between the federal government and the provinces. Municipalities were not involved, except in Ontario and Alberta;²²

¹⁹ The BNA Act of 1867 functioned as Canada’s de facto constitution until the 1980s.

²⁰ To be precise, the federal government was also involved in funding day care spaces for the children of mothers working in war-related industries in Ontario and Quebec during the Second World War. At the end of the war, however, it terminated the program. Only Ontario retained an involvement in day care until the 1960s.

²¹ The Mulroney government did introduce child care legislation in 1987, but this was not supported by child care advocates and their allies in the women’s and trade union movements. See Mahon and Phillips (2002) for an account of this.

²² In Alberta, lasted until the late 1970s/early 1980s, when the provincial government centralised control of regulation and financing of child care for pre-school children. Ontario is the only province where municipalities retain a substantial role in financing and planning childcare.

- There was no ceiling on federal funding, but the provinces had to pay 50 percent. This proved harder for the poorer provinces, a fact recognised by the Cooke Task Force, which recommended differential federal contributions – from 25 to 75 percent, depending on provincial capacity, to no avail;
- Under the “welfare services” route, introduced in the 1970s, the federal government made funds available for more than fee subsidies, but funding was limited to public or non-profit providers. This influenced the pattern in many, but not all provinces: today 80 percent of all childcare centres are operated under non-profit auspice. Alberta (53%), Newfoundland (70%) and New Brunswick (66%), however, have a high proportion of commercial operators (CRRU: 2008).
- Under CAP, the federal government perpetuated the idea of childcare as a service for families “in need” rather than a universal entitlement. Following the Royal Commission’s report, the parameters were widened, permitting the provinces to subsidise families well up into the middle-income range. None took full use of this option, however, and the “welfare” shadow remained.

As noted, this system allowed for considerable inter-provincial variation in the quantity and quality of child care spaces across the country.

Ontario was the only province to have established machinery to administer a child care system prior to CAP’s passage, and Toronto, now Canada’s largest city, took advantage of this in the 1970s and 1980s to lay the foundations for a universal child care system (Mahon, 2005). Toronto now has the largest child care system in Canada outside Quebec. To achieve this, the municipality has worked with local school boards and others to establish the foundations for a high quality early learning and care system delivered largely by non-profit providers and its standards consistently exceed provincial guidelines. Most recently, the city developed a set of operating criteria built on the values of quality, respect for diversity and parental involvement. Recognising that the quality of care is also dependent on the ability to attract and retain qualified care providers, which depends on wages and working conditions, Toronto pioneered the development of a wage enhancement policy designed to provide fair wages without sacrificing affordability. Toronto has also been a key driver of innovative pilot projects, including the development of an integrated set of children’s services. In all of this, the municipality has come to operate as a “spider in the web” linking child care operators (mainly non-profit), school boards, providers of other children’s services and advocacy groups. Toronto has not been able to realise its vision to the full, however. Although it has laid the foundations for a child care system based on “social democratic” principles, lacking sufficient support from the federal and provincial governments, it is only able to provide spaces for one-fifth of pre-school children and as few as seven percent of school-aged children.

Ironically (in light of later events), the Alberta government was quick to take advantage of CAP to fund child care and throughout the 1970s, it was one of the leaders in Canada, supporting the establishment of a largely municipally-run child care system funded by all three levels of government. The province assumed control of child care for preschool children in the late 1970s, however, and strongly

favoured the growth of for-profit child care²³ (Langford, forthcoming). The 1990s was a period marked by substantial cutbacks and restructuring. With the election of a Conservative government, the budget of municipal affairs was cut in half, as was funding for kindergarten (Miller, 2005:26). Provincial allocations for regulated child care fell from a high of \$67.6 million in 1995 to \$54.3 million three years later. The number of regulated child care places for pre-school children fell from 51,656 in 1992 to a low of 46,238 in 2004 – a cut of more than 10% (Friendly et al, 2007: 226, Table 26). The Alberta government's child care policy also reflects a conservative, neo-familial orientation. Thus in 2003 the government introduced "Kin Care" to enable eligible parents to pay non-resident relatives to care for their children and in 2006 it introduces a "stay at home" subsidy for the children of families with a stay at home parent who are enrolled in an approved early child development program (Friendly et al, 2007: 139) The lack of affordable regulated child care combined with the supports for the children of stay-at-home mothers, in turn, are likely to have contributed to Alberta's shift from having been a leader regarding the labour force participation of mothers to now being one of the laggards, as Table 1 suggests.

Quebec was slow off the mark, despite the emergence of a strong Quebec feminist movement in the 1960s. For a while, grass-roots organizations were able to get access to federal funds through federal programs like Opportunities for Youth and the Local Initiative Projects. These experiments established some core features that would later become part of what is now known as the 'Quebec model', notably the emphasis on parent involvement in decision-making in non-profit, community-based centres and organization at the sub-municipal scale. That model was long in the making, but in 1997 the province introduced its "\$5 day"²⁴ child care program. The core of Quebec's new program is consistent with the 1970s experiments as a key role was allocated to the non-profit, community-based CEPs, responsible to elected boards. More broadly, it has had a substantial impact on the number of spaces available for preschool children, just as the earlier decision by the Ministry of Education substantially improved access to OSH care for school-age children as Table 3 suggests. While Quebec accounts for only 22% of very young children in Canada, it contains 40% of the regulated child care spaces (OECD, 2005: 52). The election of a Liberal government resulted in a rise in the daily fee to \$7, opened the way to funding new for-profit child care and severed the link between the non-profit "*centres de la petite enfance*" (CEPs) and family child care providers. Nevertheless, Quebec's child care system has clearly broken the liberal mould, with its ambition of developing a Scandinavian-style system.

This is not to suggest that Quebec (and, within the limits possible, Toronto) have been the only places where important path-breaking initiatives have been taken. Under social democratic governments British Columbia (in the 1970s and again in the late 1990s) and Manitoba (in the 1980s and since 2000) have taken important steps and, until recently, the city of Vancouver has had a child care plan with "social

²³ Municipalities retained control of child care for school-aged children and a greater proportion of these spaces are under the auspices of non-profit providers.

²⁴ Now \$7 a day

democratic” ambitions.²⁵ None, however, have gone as far as Quebec toward the construction of a universal early learning and child care system.

There have also been persistent efforts to reform at the federal scale. While the earlier push for universal child care under the banner of gender equality yielded limited results, the national children’s agenda launched jointly by the federal and provincial governments²⁶ in the late 1990s led to new federal initiatives. The first, the Early Child Development initiative, involved a federal commitment of \$2.2 billion over 5 years beginning in 2000-2. Provinces could choose from a menu of options, including the “strengthening of early childhood development, learning and care” as one of four areas. It resulted in little new investment in child care, however, with some important exceptions, to be discussed below. The key initiatives were the Multi-lateral Framework on Early Learning and Child Care (2003) and the bilateral agreements negotiated with all ten provinces in 2005. Both sought to entrench the “QUAD” principles across the country (quality, universality, accessibility and developmental in orientation).

The Multilateral Framework Agreement committed the federal government to transferring \$1.05 billion to the provinces and territories over five years. The agreement did not require matching provincial investment and the provinces were free to select from a broad menu of ECEC expenditures, including demand-side measures more typical of a market oriented model – information provision, fee subsidies, quality assurance – and the kind of supply-side measures associated with ECEC as a key part of the social infrastructure – capital and operating grants, training and professional development, and wage enhancements. The Multilateral Framework Agreement did, however, seek to entrench the QUAD principles as it committed all governments to report annually on their investments, specifying efforts to improve availability, affordability and quality.

All ten of the bilateral agreements negotiated in 2005 referred to the QUAD principles and included a commitment to report to the provinces’ respective publics and to exchange information with an eye to contributing to the development of a pan-Canadian quality framework. Moreover, for the first time in over a decade, Quebec was officially included. Yet there were important limitations. Only two agreements made it clear that the funds would only be invested in non-profit operations, while three explicitly stated their intention to fund commercial operations, despite the fact that study after study has confirmed that non-profit operations are much more likely to provide quality care than their commercial counterparts. Only three agreements specified that investments could include innovative programmes in the formal school system – a move which could do much to bridge the divide between child care and pre-school education. Moreover, while eight provinces committed to investing only in

²⁵ In May of this year, Vancouver’s city council, which is dominated by the right-wing NPA, voted to axe the city’s Childcare Design Guidelines, lowering regulations to provincial standards (Vancouver Province, 2.05.08, reported in the CRRU’s “child care in the news” bulletin.

²⁶ Quebec was not signatory to this or to the subsequent Multi-lateral Framework for Early Learning and Child Care. It did, however, receive equivalent funds because its programs were in line with the objectives these sought to further.

regulated ECEC programmes, two did not. One of these was New Brunswick, which has one of the weakest records in this field.

Any progress made through these agreements toward a national vision of child care was extinguished as soon as the Harper Conservatives took office in 2006 and implemented its alternative vision of a federal child care plan. The Conservative government's vision combined a social conservative focus on the family - the so-called universal child care benefit, which offered all families a taxable benefit of \$100 a month for each child under six, with no requirement to use it for early child learning – with a neo-liberal emphasis on private sector provision of new child care spaces (the “child care spaces initiative”). The Conservatives' child care benefit has been strongly criticised. As Battle et al note, under the benefit

no family ends up with the full \$1,200 [per annum]. Welfare families net \$951, while working poor and modest income families are in the \$600-800 area. Two earner couples in the middle range...get about \$900. In the upper income 100,000 plus range, one earner families get \$970, two earner couples between 850 and 680 and the very small group of single parent families from 680 to 640. (2006a:2)

In other words, the biggest winners are not working parents but high income single breadwinner families. In no case, moreover, does the amount provided do more than cover a very modest amount of child care fees. Little is being done to develop child care as part of a high quality social infrastructure. Although the Conservatives were forced to retreat on their plan to increase spaces by providing incentives to business, in the face of clear evidence that the business community was not interested (Collier and Mahon, 2008), the new transfer payments it is making to the provinces for child care amount to substantially less than they would have received under the bilateral agreements as Table 3 shows. The Table also indicates that much is left to be done to provide regulated spaces for all children of working mothers, even in the province of Quebec.

Many of the parents who are unable to obtain a space in regulated care are forced to rely on informal care arrangements, often in unlicensed care. In addition, many parents - perhaps as much as half of all dual earner couples with children - also rely on to shift work to cover their child care needs (OECD, 2005:198). While shift work is associated with male jobs in the goods-producing sector, many of the women with jobs in the health care and private service sector also work shift work.

In addition to child care, the rising share of frail elderly in the population is generating a need for long term care services for the elderly, yet the situation here is even worse than it is for child care. Long term care includes services that fall under health care – acute and chronic care in hospitals – and those once funded under CAP such as community- based group homes, physio- and occupational therapy programs and respite care as well as home care services such as visiting nurses, homemaker services and meals “on wheels” (Armitage, 2003). In the period of welfare state expansion, the emphasis was on residential care and nursing homes, with the latter often commercially operated. As Peng notes, over the last decade or so, “many provinces have cut the number of chronic care beds and hospitals and shifted such care to community and private homes as part of health care reform. Although many

of these services are provided by social welfare systems and by the voluntary sector, these services are often means-tested and...constantly in danger of being retrenched” (2006:3-4). Aronson and Neysmith’s (2006) case study of home care in Ontario documents the introduction of internal markets and contracting out to the for-profit sector and the impact this has had on its largely female workforce. As a result, all too frequently, “eligibility regulations accord priority to medical needs and basic bodily maintenance; no room is left for more spacious or inclusive responses to the needs and aspirations of frail elderly people...” (Aronson and Neysmith, 2001: 154).

Manitoba is the only province to develop a universal, completely public home care program (Finkel, 2005: 303). The new infusions of federal cash coming through the Canada Health Fund may alleviate some of these problems on the medical side, but funding also needs to be increased through the Canada Social Transfer to support domiciliary services. In contrast to the funds (albeit inadequate) targeted for early childhood education and care, however, the need for various forms of elder care has not attracted the necessary political attention..

Time to Care?

Publicly-subsidised and regulated child (and elder) care services only form part – albeit an important part – of the work-family reconciliation package. Paid parental leave time to care for infants is increasingly recognised as important, not only to meet care needs but also for gender equality (OECD, 2007). At the same time, long maternal or parental leaves (e.g. 3-4 years), as are found in Finland, France and Austria (and recommended by the task force appointed by the Conservative government), do little to promote gender equality as they are primarily taken by women (Mahon, 2006). More broadly, as the OECD noted, in most member countries, “*gender equity* objectives appear to be incidental rather than serve as primary policy objectives...with the exceptions of the Nordic countries and Portugal. With its largely individualised parental leave system, Iceland has the most comprehensive set of policies which aim to *enable fathers to spend more time with their children* and generate a more equal sharing of care responsibilities for young children” (2007:14 Emphasis in the original).

Time to care for children is not the only concern. Many working age adults in Canada are engaged in providing care to the elderly. As Pyper noted, “While seniors receive some help from formal sources such as agencies, organizations or paid individuals, almost three-quarters of the hours spent assisting them are provided by a network of family and friends (2006:5). Here too gender equality is at stake. Although both men and women provide such supplementary care, “women are more likely to be the high-intensity caregivers” (Pyper, 2006:12). Nor are employee’s demands for time to care restricted to child and elder care. There is increasing interest among workers in securing a broader “right to care.” As Arthurs found, they are seeking “a framework of rights that would ensure that all members of the labour force... enjoy the opportunity for decent livelihoods, fair working conditions, a sensible balance between one’s working life and personal life and the flexibility necessary to accommodate individual, cultural and religious preferences” (2006:16-17).

Just as in child and elder care services, however, Canada's work time regime²⁷ largely reflects the liberal, market-oriented values of the broader labour market regime in which it is embedded. Yet here too, federalism has left its imprint, as industrial relations and employment standards legislation is split between the federal government, which is responsible for federally-regulated industries, and the provinces, which are responsible for the majority of workplaces and employees. Certainly, the federal government played a pace-setting role for the provinces in the postwar era, and it has used unemployment insurance, which is under its jurisdiction, to continue to do so by extending the period of paid parental and now compassionate leave (see below). Nevertheless today innovation comes as much from certain provinces, like Quebec, as from the federal government. Just as in the area of child care, there have been important advances, especially in the area of parental leave and, once again, Quebec stands out as a "social democratic" path-breaker.

Maternity and parental leave

British Columbia was the first to introduce the right to unpaid maternity leave in the 1920s but the right to maternity leave did not become universal in Canada until 1971, when the federal government introduced into the unemployment insurance program a maternity leave provision of 15 weeks for all eligible women (Fudge, 2006: 8, fn 4). Most provinces follow the pattern established in the Canada Labour Code for federally-regulated employees, who are now eligible for 17 weeks maternity leave, but Alberta grants less (15 weeks) and Quebec and Saskatchewan offer more (18 weeks). Most provinces have also followed the federal norm regarding the right to (unpaid) parental and adoption leave of 37 weeks, though in Quebec and Nova Scotia it is 52 weeks. In all provincial jurisdictions, except Quebec and Manitoba, the combined duration of maternity and parental leave cannot exceed 52 weeks. The majority of jurisdictions permit both parents to take the full parental or adoption leave, but in Alberta, Prince Edward Island and New Brunswick, leave is to be shared between parents. To qualify for leave under federal jurisdiction, an employee must have six months of continuous service, in Manitoba, 7 months and Alberta and Nova Scotia, 12 months. Quebec, New Brunswick and British Columbia do not require a specific length of service.²⁸

When the federal government included maternity leave in the unemployment insurance program, mothers were able to collect benefits for the specified period at the same rate as unemployment insurance. In 1990, the federal government added a provision for parental leave benefit – 10 weeks in addition to maternity leave, which could be taken by either parent or shared. Similar leave benefits were granted to adoptive parents. In 2001, the federal parental leave benefit was extended to 35 weeks,

²⁷ Fudge identifies the components of a working time regime as follows: "1) restrictions on the hours and scheduling of work; 2) paid time-off work; 3) leaves of absence from work; and 4) the treatment of working-time arrangements that deviate from the norm" (2008:4).

²⁸ Taken from *Length of maternity, parental and adoption leave in employment standards legislation (unpaid)* www.hrsdc.gc.ca/cgi-bin/hrsc-rhsc/pring/pring.asp?Page_Url=/en/lp/spila/cli/escl... accessed 6/26/08.

the two week waiting period was eliminated for the second parent to encourage (his) participation, required hours worked were reduced from 700 to 600, making it easier for women working part time or in unstable jobs to qualify, and allowing retention of earnings up to 25% of benefits (or \$50 a week, whichever is higher). This reform places Canada among the more “gender equality” countries of the OECD in terms of the duration of leave benefits, but the rate of remuneration (55% of insurable earnings, with a ceiling of \$39,000 a year) is relatively low, and thus provides little inducement for the often higher-waged fathers to share the leave.²⁹ Moreover, the self-employed and those who have worked less than 600 hours fail to qualify for the benefit. As a result, in 2003 63% of new mothers in Canada qualified for maternity/parental leave, with the majority taking eleven months of leave. One third of self-employed mothers, however returned to work within two months of giving birth (OECD, 2005: 190-191).

Most Canadian parents secure maternity/parental leave benefits under the federal program, with the exception of Quebec, which introduced its own program in 2006. In addition to a longer maternity leave benefit, the Quebec plan has eliminated the waiting period, includes a five week paternity benefit similar in effect to the “daddy quota” in certain Scandinavian programs, and offers a higher rate of remuneration (75% to a maximum of 57,000) for seven weeks. The Quebec plan also includes the self-employed and, instead of the 600 hours of work qualification, requires minimum annual earnings of \$2000 a year. This has had an impact not only on eligibility levels for women (77% versus 62% in the rest of Canada) but also on father’s participation rates, as a recent study found. Thus in 2006, 56% of eligible Quebec fathers claimed versus 10% of fathers in the rest of Canada. Moreover, 55% of fathers claiming parental leave benefits outside of Quebec had a spouse who didn’t (and presumably couldn’t) claim (Marshall, 2008).³⁰

Employees may seek top ups from their employers to compensate for the low replacement rate in the federal maternity/parental program and the two week waiting period. This is the case for employees of the federal government who can receive 93% of their salary for the duration of their leave (OECD, 2005: 190). Yet the OECD notes that “additional maternity pay is limited to only 17% of collective agreements in Canada (2004:189). Moreover, as the majority of the Canadian labour force is not covered by a collective agreement, it is unlikely that these workers are even worse off.

²⁹ As the OECD study noted, “low income parents in Canada are eligible for the EI family supplement which can raise the replacement rate up to 80% of previous earnings” (2004:189).

³⁰ In September, the all party federal House of Commons Standing Committee on the Status of Women recommended broadening federal maternity and parental leave coverage to include self-employed workers and the elimination of the two week waiting period. The Conservative government refused (CRLAW, 2006:2)

Other care related legislated leave provisions

The federal government and all provinces except Alberta and British Columbia also have provision for compassionate leave.³¹ Federal labour legislation provides the right to up to 8 weeks for the care for support of a narrowly defined range of family members who are certified by a medical doctor to be facing imminent death.³² Saskatchewan extends the leave to 16 weeks where the individual is receiving a federal benefit, however, and Quebec extends it to 12 weeks, or 104 days for a child who is a minor. Some provinces include foster parents or foster children (Ontario), siblings (Quebec, New Brunswick, Prince Edward Island and Saskatchewan), grandparents (Quebec and New Brunswick) or grandchildren (New Brunswick). New Brunswick also offers the right to leave for someone facing imminent death who “whether or not related by blood, demonstrates an intention to extend to one another the mutual affection and support normally associated with a close family relationship” (Fudge, 2006:48). Eligibility requirements also vary. To be eligible in Manitoba and Newfoundland, one must have worked for 30 days with the same employer, in Quebec and Nova Scotia, six months. Through the federal unemployment insurance program, employees have the right to 6 weeks (following a two week waiting period).

Flexibility – on whose terms?

As Fudge notes, “the question of flexibility often comes down to the issue of control: who gets to choose how hours of work are scheduled. Laws and policies influence not only who gets to make the choices, but also the range of choices that can be made” (2006:16). While the Canadian parental and compassionate leave programs do reflect public awareness of the growing importance of time to care, they fall short not only of those offered in the Scandinavian countries but also in Quebec. When it comes to securing working people’s right to time off or flexible schedules allowing them to deal with other “life” issues, little has been achieved. In its report, the OECD noted that “In Finland and Sweden, comprehensive social and family support models have been developed in close co-operation with employers and unions: time-related work-place support for parents is provided collectively. By contrast, parents in Canada...rely to a much greater extent on support made available in individual workplaces (2004:178). In other words, with the (partial) exception of paid parental and compassionate leave, the Canadian system relies more on the market – or more specifically, the market power of individuals. This means that the balance is tilted in favour of employers.

Thus while the Canada Labour Code still officially holds to the postwar standard of an eight hour day, 40 hour week, there are numerous exemptions permitting overtime, all of which “reduce the cost of employing workers for long hours” (Fudge, 2008:7). Fudge notes that a series of studies of the relevant section of the Code

³¹ This section draws heavily on Fudge’s (2006) excellent study, prepared for the Arthurs Commission.

³² These include one’s spouse, common law partner, child, parent of the employee or their spouse or partner’s parent.

indicated “widespread failure to comply with hours of work rules in the federal jurisdiction, that overtime hours were increasing and that work-family conflict was on the increase” (2008:7). The Canada Labour Code does not provide for equal or comparable treatment (wages and benefits) for part time workers moreover, nor does it give employees the right to request shorter or longer hours to deal with familial or other requirements or the right to time off work to attend to family members. Most provincial jurisdictions also permit differential treatment of full- and part-time workers (Fudge, 2006:32).³³ Here again, Quebec (and Saskatchewan) constitute the exceptions. Quebec legislation prohibits payment of a lower rate to part-time workers performing the same task as their full-time counterparts. Saskatchewan obliges employers to pay prorated benefits to those working between 15 and 30 hours (Fudge, 2006:33). Fudge goes on to note however that “no jurisdiction in Canada imposes an obligation in labour standards legislation to accommodate a request to modify hours of work or working time for any reason, including caring for family members” (2006:33).

There have, however, been some attempts to change labour legislation in order to establish a better balance of rights. Thus in 2000, the Canadian Association of Administrators of Labour Legislation (CAALL) struck a committee to look into work-life balance, which reported to the federal and provincial Ministers of Labour in 2002. The report called on the Ministers to play a leadership role on the issue of work-life balance and to encourage stakeholders to work together on these. Although there has been no follow-up on this through CAALL, when the OECD conducted its study of “family-friendly” policies in Canada, it noted that a review of the federal labour code was taking place, and encouraged the Canadian government to use this opportunity to encourage appropriate changes (OECD, 2005:27).

The review, headed by Harry Arthurs, did indeed take up these issues. In fact, Fudge’s thorough report was prepared for the commission. The final report submitted by Arthurs, *Fairness at Work*, recommended, inter alia, that “While Part III [of the Code] cannot provide the necessary financial supports, it should do what it can to create an awareness of the issues and to enable workers to find some time for necessary social and civic functions as well as to accommodate religious and cultural needs. New unpaid leaves should be established that will enable workers to deal with family responsibilities, medical issues, bereavement, education or court attendance” (2006: xiii). More specifically it recommended:

- Maternity, parental and compassionate leave should be made more flexible;
- Workers should have the (limited) right to refuse overtime to meet family obligations;
- Workers should have the right to request individual accommodation concerning hours and location of work;
- Part time and temporary workers should receive equal pay if they perform the same work as full time and permanent employees;

³³ The Canadian Human Rights Act does however offer an avenue for raising these issues (Fudge, 2006:32).

- As many temporary and part time workers, as well as those working for small firms, do not have access to benefits, the government should look into the possibility of establishing a “benefits bank” to enable them to get such benefits;
- The federal government should return to its former leadership role in setting the minimum wage, based on the principle that “no Canadian worker should work full time and still live in poverty” (Arthurs, 2006: xvi)

The Conservative government has not however implemented these recommendations.

Conclusions

For the most part, Canadian policies on work-life balance conform to the liberal mould. Although there have been several attempts to establish a pan-Canadian child care system built on the “QUAD” principles, these have never granted child care the same status as health care, that is enshrined in federal legislation. As such they have remained highly vulnerable to changes in government, such as the 2006 election of a Conservative government whose vision is inspired by a blend of neo-liberal and neo-familial values. In terms of the “right to care”, Canada’s liberal industrial relations regime has given employers substantial flexibility, while limiting the rights of the majority of employees. Important steps were taken to establish the right to paid parental leave, but the relatively low replacement rate and eligibility limits make the program unattractive to most fathers and render ineligible a significant proportion of Canadian women. The same problems limit the value of the federal compassionate leave program. Although the previous government appointed a commission to look into reforms to the Canada Labour Code that would strengthen employees right to care, the current government chose not to act on its recommendations.

Are Canadian families – and, in particular, Canadian women – thus caught within the confines of a liberal regime? As this paper has argued, Canadian federalism does have the virtue of allowing for inter-provincial (and inter-municipal) innovations. Some, as in Alberta, have used this room to chart a more pronounced neo-liberal, neo-familial course. Thus whereas over the last decade, other provinces have added substantially to their child care spaces, Alberta has actually reduced the number of regulated spaces and has pioneered programs like “kin care” and supports for early childhood education for stay-at-home mothers. It is thus not surprising that the labour force participation rate of mothers of pre-school children is the lowest in the country despite the high demand for labour and concomitant rise in provincial wage rates. Alberta also offers the most limited rights to care leave in the country. In contrast, the Quebec government has looked to the Scandinavian social democracies. Its “\$5” (now 7) a day child care program aims to provide affordable, high quality child care for all preschool and school aged children. More recently, it has introduced a parental leave program which includes the equivalent of the Scandinavian “daddy months” and offers a higher rate of benefits, without a waiting period. It is thus not surprising that more fathers in Quebec have been prepared to share the leave. The program also includes the self-employed and others who are excluded by the federal

requirement of 600 hours worked over the previous year. A greater share of Quebec women than in the rest of Canada is thus able to benefit. Its employment standards legislation does more to protect the rights of part time workers. Higher union density also means that more workers in Quebec can benefit from collective agreements.

Quebec is not alone in this, of course. Other provinces, and some municipalities, have also attempted to establish work-life measures that push the beyond the limits of liberal market economies. In the past, as the example of health care shows, provincial innovation has stimulated federal initiatives in the same direction. In fact, the previous federal government's child care initiatives were inspired by Quebec's achievements. The current federal government's values lead it to favour Alberta's neo-liberal, neo-familial response to contemporary work-life challenges but it enjoys limited support in Canada's urban areas, where the majority of the population is located. In other words, the "giant steps backward" may in the end be followed by new, path-breaking initiatives.

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Table 1

Provincial Birth Rates (per 1000) and % Workforce Participation by Mothers, by Age of Youngest Child, 2005

Province	birth rate per 1000	Youngest child less than 3	Youngest child 3-5	Youngest child 6-15
Newfoundland and Labrador	8.5	65.5	71.6	77.3
Prince Edward Island	10.1	80.6	84.0	86.5
Nova Scotia	9.2	76.2	76.7	81.6
New Brunswick	9.1	71.3	79.7	81.8
Quebec	10.3	74.1	78.5	82.7
Ontario	10.5	69.4	75.6	83.7
Manitoba	11.8	63.9	76.3	85.0
Saskatchewan	12.2	67.0	76.9	87.2
Alberta	12.6	62.5	68.7	81.0
British Columbia	9.6	64.3	75.7	79.4

Calculated from data provided in *Early childhood education and care in Canada 2006*, M. Friendly, J. Beach, C. Ferns and M. Turiano (2007) Childcare Resource and Research Unit

Table 2

Women's participation in non-standard employment in Canada

Year	% of women employed part time	% of men employed part time	% of women self employed	% of men self employed
1976	23.6	5.9	8.6	14.2
1986	27.6	8.9	9.7	17.1
1996	29.0	10.8	12.2	19.4
2006	26.1	10.8	11.3	18.6

Source: www.statcan.ca/english/freepub/89F01XIE/2006000/tables/tab10.htm and [tab7.htm](#)

Table 3

Children 0-12 with mothers in the paid labour force, Regulated child care spaces, by province, and federal transfers to the provinces (\$ million)

Province	Total number of children 0-12 with mothers in the paid labour force	Total regulated spaces 2004	Total regulated spaces 2007	Federal Transfers 2006-2007	Federal Transfers 2007-2008
Newfoundland and Labrador	38,300	4,921	5,868	MFA 4.7 Bilateral 10.3	MFA 5.4 Transfer: 3.9
Prince Edward Island	14,500	4,771	4,824	MFA 1.3 Bilateral 2.8	MFA 1.5 Transfer 1.1
Nova Scotia	83,900	12,759	13,247	MFA 8.6 Bilateral 18.7	MFA 10 Transfer 7.1
New Brunswick	67,300	11,897	14,170	MFA 6.9 Bilateral 15.0	MFA 8 Transfer 5.7
Quebec	700,400	321,732	364,572	MFA 70.4 Bilateral 152.7	MFA 81.9 Transfer 58.5
Ontario	1,249,900	206,743	243,488	MFFA 116.7 Bilateral 252.9	MFA 136.5 Transfer 97.5
Manitoba	114,900	25,634	26,375	MFA 10.8 Bilateral 23.7	MFA 12.8 Transfer 9.0
Saskatchewan	97,700	7,910	8,850	MFA 9.1 Bilateral 19.9	MFA 10.5 Transfer 7.5
Alberta	314,100	63,351	66,2881	MFA 31.0 Bilateral 66.0	MFA 36.3 Transfer 25.9
British Columbia	361,700	80,230	82,386	MFA 39.6 Bilateral 85.6	MFA 46.4 Transfer 33.1

Data taken from *Early Childhood Education in Canada 2006* by M. Friendly, J. Beach, J. Ferns and M. Turiano, Tables 6 and 28, page 228 and *Child care space statistics 2007*, CRRU, 2008, Table2, page 15.

³⁴ No data for 2007 so figure given is for 2006

Anneli Miettinen¹

**PANEL ON SOCIAL ISSUES
(FAMILY POLICY)
FAMILY POLICIES - EXPERIENCES FROM
THE NORDIC COUNTRIES**

Extensive day care system for all children below
school age

Public day care

Municipal day care is by far the most popular childcare arrangement in the Nordic countries. Day care is provided from around 7:00 until 18:00 including meals, many municipalities offer evening and night care or weekend care. Day care can be organized in family day care (smaller group of children with 2-3 child minders, or only one child minder and 4-5 children) or in institutions (crechés, kindergartens, usually around 30-60 children). Parents pay a fee (related to the time in public day care and income) for the day care place. The maximum fee varies from 116 €/mth/1st child in Sweden to 380 €/mth/1st child in Denmark. The level of the fees appear to be relatively well accepted as there has not been any public discussion recently on the prices of the municipal day care in any of the Nordic countries.

Free pre-school

Sweden, Finland and Denmark provide free pre-school to children aged 6 (Finland and Denmark) or 4/5 (Sweden). Pre-school hours vary from 15 to 20/week, after which children can attend regular day care if parents so wish.

Home care

In Finland, home care allowance and home care leave was introduced already in 1985. Home care leave can be understood as an extended parental leave period, during which either of the parent can stay at home to take care of a child until the child is three years old. Return to the previous job is guaranteed. Home care allowance – a flat rate compensation of 314 €/mth (in 2009) – is paid to a family who

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does not take the child into municipal day care place. Parents don't have to take care of the child themselves in order to get home care allowance, however, in most cases it is the mother who utilizes home care leave scheme. Similar benefits are available in Norway ("cash for care" scheme, with a flat rate compensation of 380 e/mth for taking care of a below-3-year-old child), in Sweden ("care leave", 290 e/mth/child below 3 yrs) and – for a short period from mid 1990s until 2002 – also in Denmark ("child care leave", 60% of highest unemployment benefit (low compensation)). In Iceland, parents can have an extended parental leave from work (after 9 mths paid parental leave), but this is not compensated.

Home care leave scheme has been very popular in Finland, and almost 80 percent of families have used it for at least some time (very often until the child is about 2 years old).

In Norway, cash for care scheme has not received such popularity, and a diminishing proportion of families have used it (in 2000 almost 85000 families, in 2007, only 39000 families). In Sweden, the home care scheme was introduced only in 2008, so there are not yet data available on its popularity.

Partial home care

In Norway and in Sweden, home care allowance can be used partially, e.g. families can combine public day care with a reduced home care allowance.

Private day care arrangements

In Finland, a private home care allowance was introduced in 1997. Family can have 160 e/mth/child below school age (+ means tested extra allowance for families with very low income), if they hire a private nanny, or take the child to a private day care place. The care allowance is paid directly to the day care provider. The private home care allowance has not been very popular in Finland, in 2008 only about 13000 families received private home care allowance (compared to 65000 families receiving home care allowance).

In Denmark, some municipalities give an allowance for families who use private child care.

Table 1

Proportion of children in public day care, by age groups, % (2007)

	Proportion of children aged 1-2 yrs in public day care of all children aged 1-2 yrs	Proportion of children aged 3-5 yrs in public day care of all children aged 3-5 yrs
Denmark	90 %	96 %
Finland	41 %	72 %
Iceland	81 %	95 %
Norway	70 %	95 %
Sweden	70 %	98 %

Fathers' involvement

During the latest decade, sharing of the family responsibilities between men and women and increasing father's role in the family has received more attention in the development of family policy measures. Norway was the first to introduce so called 'daddy-month', parental leave period with full or proportional income compensation to which only fathers were entitled to. In 2008, all Nordic countries besides Denmark have allocated a period of parental leave solely to the father (in addition to the paternity leave related to the birth of the child). Father quota is the longest in Iceland (three months) and Sweden (two months), and the shortest in Finland (at maximum four weeks). Although fathers are increasingly using parental leaves, their share of parental leave period above the father quota is still marginal.

Experiences from the Nordic countries seem to point some factors, which are related to increasing fathers' use of parental leaves:

- 1) Economic compensation during the leave must be substantial and in relation to income. Families decide who will use the leave on economic grounds, thus foregone male earnings can prevent a more equal sharing of the leave. However, a recent study in Finland showed that families seldom calculate the economic impact of the father using (a part of) parental leave but rely on the image of male breadwinner. Therefore, even with a high income compensation level, it is important to provide information how the parental leave period used by the father will affect family economy.
- 2) Fathers may be more willing to share parental leave if this option is available also later when the child is a little older. Time use studies show that fathers are more engaged with children when they are 1-3 years old rather than with infants. Flexibility in the leave period, possibility to take it as a part time leave and spread it out over a longer period may be more attractive to men than to women.
- 3) Fathers should gain the right to parental leave irrespective of the mother's employment.
- 4) It is also important to address employers particularly in the male dominated branches. Negative attitudes among the employers may prevent many men from using longer leaves. Short paternity leave seems to be well established but longer leaves need more negotiations. There is a clear difference between public and private sector and fathers who work in the public sector tend to have longer parental leaves.
- 5) A marked increase in the fathers' involvement in childcare appeared only after the introduction of parental leave periods, which could be used only by the father (daddy-months).

Reduction of the poverty

Universal and relatively generous family policy measures (in addition to other Social policy measures) have been able to provide at least some support to many vulnerable groups in the population. Consequently, the Nordic countries have been

able to reduce poverty markedly. However, the level of many family allowances is tied to previous employment and income. If the requirements of previous employment (duration of the employment, or certain level of income) are not met, persons are eligible only to minimum allowances, which usually are very low compared to earnings-related benefits. For example, in Finland, the minimum parental leave allowance is (in 2009) about 550 e/mth (also taxable income), which is only 150 euros above the level provided by social assistance for persons unable to make their living. In 2007, a fifth of mothers with a newborn baby in Finland received only the minimum parental allowance. The level of home care allowance in all three countries is relatively low, too. As this scheme has at least in Finland been more popular among families with many children, home care allowance has increased their poverty risk.

Women's labour force participation

While paid parental leave schemes with guaranteed return to previous job and extensive day care system have supported women's labour force participation, experiences from Finland show that longer leaves (home care leave) can have negative consequences for women's employment and career. Women who have had temporary employment (fixed-term contracts) or who have been unemployed before the home care leave have faced more difficulties when trying to re-enter the labour market after the longer leave period. In addition, the scheme itself seemed to be more attractive to women with no or thin labour market connections (providing at least some permanent income with no need to seek employment), thus creating a trap for low educated young women. A study showed that career development and development of earnings were clearly slower among women who had had longer family leaves, although the differences diminished somewhat with increasing work history.

The fact that it is still mostly mothers who use parental leaves has consequences for women's employment. The gender pay gap is the smallest in Sweden, where the division of child care between fathers and mothers is the most equal among the Nordic countries.

Peep Muhls¹

THE BALTIC CHALLENGES – CAN CIVIL SOCIETY MAKE THE DIFFERENCE²

What we are trying to do in Estonia is very inter-correlated from a civil society point of view.

To begin with an overview of figures from Estonian Human Development Report. The new member states appear as the fastest economic growing area in the EU. This will be on hold for the couple of years to now. What is actually the human capital behind this growth?

Other presentations have made it very clear that the 3 Baltic Countries are quite behind in terms of demographic situation compared to other EU countries. Male life expectancy, most notably, is quite low. Lithuania, according to comparison between 2006-2008 figures, is making progress, Estonia is also progressing, whereas Latvia still has the lowest life expectancy. The reason for mentioning these figures is the link to the spring 2009 conference “No Europe for Old Men” in Riga. The similarities with the Baltic countries are striking, and the parallel matches the same time span, same decades.

The link with civil society is made by the Estonian Cooperation Assembly (ECA) focusing more on quality of life issues. Frederic Lerais mentioned the notion of “well-being” earlier on. The ECA tends to endorse an even more inclusive definition.

The quality of life concept goes behind income and living standards, to include multidimensional markers vertically and horizontally. There is a micro and macro perspective. The micro is mainly the individual situation and is quite subjective. The macro perspective is measurable through indirect indicators. Last years’ Eurofund questionnaire for the improvement of living and working conditions in Europe showed the ranking of Estonia, Latvia and Lithuania in terms of GDP per capita (cf. power point presentation). At the same time one could observe the quality of life standard according to the survey. In terms of perceived situations, Lithuanians viewed their health conditions to be far worse than Latvians and Estonians who had similar perceptions. It was quite positive news to see that, Latvians do not trust in society that much whereas Estonians do. The general perception by the public and politicians are thought to be reflected in this survey.

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² This paper is an edited transcript of the author’s presentation at the Forum; it should be read in conjunction with the power point presentation, annexed in a CD to these Proceedings.

Once more a good surprise is to see that trust in politicians is modestly high except in Latvia. The relatively high expectations and trust in good governance and in decision-makers are in stark contrast to the actual decisions being taken in reality.

The life satisfaction index is a very important chart which allows to see the respective position of the Baltic Countries. It measures the feelings of happiness and the individual assessment of personal situation which again do not rank The Baltic States in the upper tier of the EU Member States. The optimism about the future is strong in Estonia, Latvia and Estonia as it sits around seventy percent. The expectations for the coming twenty years are quite high in all three Baltic Countries. The quality of life is expected to improve. Technological progress in Lithuania is also seen to contribute to the improvement of living conditions.

In sum the trust in society and the political institutions is present but a general paradigm is lacking. The economic turmoil will stress the need for this all the more urgently. In Estonia the discussion has been raised for a new societal paradigm. Without putting the economic indicators aside, it is more about how to improve the perceptions for improvement of the quality of life.

The ECA is a non political network, with NGOs, academia & scientists from universities, trade unions, and employer associations. In February 2008 the ECA charter was agreed upon by 60 member organizations on four key areas: public health, education, labour force and relations between ethnicities.

The objectives for 2009 are to reshape the Estonian educational landscape and educational legislation, in order to improve results with governmental consultations. The main discussion is how to raise and maintain efforts to improve quality of life issues.

Just prior to this Social Forum in Riga there was a joint seminar cosponsored by the European Commission representation in Tallinn, the Estonian Minister of Social Affairs and ECA. The discussion aimed to refocus the quality of life debate. Significant improvements on social matters in Estonia depend on the establishment of a dialogue among the political and civil society stakeholders. There are very promising signs indicative of public support like trust in society, political institutions and an emerging cooperation with the parliament and government on talking about social affairs matters.

Patsy Sorensen¹

FROM THE MARGINS TO THE FOREGROUND: ARTISTS ENGAGING IN SOCIAL REALITY

Introduction

Payoke was founded in 1987 as the result of listening to people share their stories about the harsh living conditions of Antwerp at the time. These conditions were driving many women into prostitution, with all its associated risks. Due to the enormity of problems faced by these women, the idea was hatched to provide a shelter for the prostitutes that would provide medical services to them and offer a new future to those wishing to get out of the business. On December 28th, 1987, Payoke was registered as an organisation and given its first facility at Zirkstraat 27 – my house – with my art studio serving as Payoke headquarters. The focus of the NGO has shifted over the years, from prostitution to human trafficking, however the role that art has played has not. This exhibit outlines how art has influenced and supported Payoke's development throughout the years.

The Role of Art in the Work of Payoke

Art plays a key role in the work of Payoke for a number of reasons. Firstly, our role as an NGO, a part of civil society, is to assist people in getting their voices heard and influencing those who make decisions for the common good of all people. Artists are a part of this civil society and have the unique ability to use their talents to create powerful messages that force people to open their eyes to issues before them, even if the issues are not always pleasant. Their work sparks from an idea, a feeling, or a passion and develops into something tangible. This is the same path Payoke has taken in getting to where it is today, 20 years later. As the poem here states, written for our 10 year anniversary, the birth of Payoke was inspired by passion for change to a social injustice. What was created is something that endures, inspires, influences and continues to lead the fight against Trafficking in Humans. Something much like a work of art.

A second reason for using art as a medium for our message has to do with my own personal interest in the discipline. I have a fine arts background and started my professional career as an artist and art teacher. Art is my foundation, my basis, and

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it has served Payoke well over the years. There is a strong connection between art and Payoke, from its birth, through adolescence and now into adulthood. It has served to meet our objectives of education and information sharing and has helped to influence policy. This exhibit provides some examples of how we have used art throughout the years to spread our message and to inform others of the need for change.

Artists have played a role in Payoke from its very beginning. In one of our first events, we hosted an “Open Door” at the art studio in my home where people were invited to “make contact with the street” and come into contact with reality. We brought people together, including artists, homeless people, and people who were hungry and poor. This was meant to be a reminder that we are all social actors and have a responsibility toward one another and our society. It was also an official launch of our collaboration with artists of our community.

Payoke has also used art as a means to dispel prejudices, stereotypes, and misinformation about prostitution and human trafficking through awareness raising campaigns and information sharing. We have held a number of art exhibits where we have used the medium to spread our message. One of our first exhibits was held during ‘Hooker Week’ in Antwerp, which was an event that included both an art exhibit and a debate on prostitution.

Conclusions

Throughout the years, art has been interwoven into all that that Payoke has attempted to achieve. The rehabilitation activities for victims of trafficking have focused on art projects. Our publications and informational materials have incorporated the work of artists. Even Payoke’s logo is the result of the input of artists. The importance of art in Payoke’s development cannot be overestimated. As key members of our civil society, artists have contributed greatly towards this fight against human trafficking and have worked with us each step of way to ensure that the crime of trafficking in human beings is no longer hidden and that people who fall victim to this crime can regain their rights, dignity, and freedom. Art has assisted in moving this issue “from the margins and into the foreground”.

Patsy Sorensen¹

PIONEERING THE FIGHT AGAINST HUMAN TRAFFICKING

Payoke – Who we are

Payoke was founded in 1987 by local women in response to the terrible conditions of sex workers in the Red light district of Antwerp, Belgium. As an organisation, our first goal was to offer counselling and medical attention to the sex workers, but outreach workers soon came face to face with the harsh reality of human trafficking. In the beginning of the 90s, Payoke turned its activities more towards protecting and defending the rights of victims of trafficking. This phenomenon was then ill-known, and waking up the stakeholders to its realities was not an easy task. There was no legal framework in place, there was no cooperation with the police, and public attitudes demonstrated strong opposition toward addressing the issue. In 1992, this started to change when our late King Baudouin came to Payoke for a visit and spoke with some of the victims present. Through this, he demonstrated support for and publicly expressed the need for tackling the issue. Since this extraordinary event, Payoke has played an active role in assisting Belgium adopt a multi-disciplinary and multi-agency approach toward fighting trafficking in human beings. We have also assisted the country in developing a legal framework and operational structure that serve as models for the European Union and the world as a whole.

Our mission has been consistent over the years - *to assist and shelter victims of Human Trafficking*. Our goal is to reintegrate the victim in society, either in Belgium or in his/her own country, through psychological, social, juridical and administrative assistance. The organization also formulates recommendations for the political sphere on how to fight Human trafficking more efficiently. Our residential care shelter “Asmodee”, in an undisclosed location in Antwerp, is dedicated to the rehabilitation of female victims of trafficking, whether they are victims of sexual, economic or criminal exploitation. We offer a number of services, including Dutch classes, social activities, sport activities, and financial support. We work towards developing autonomy for the women so that they quickly regain their confidence and sense of independence. Payoke offers care and counselling to victims and assists them in finding accommodation and work. Past clients of Payoke are real success stories, with some going to work for the city council or pursuing graduate studies. Payoke offers

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them administrative and juridical assistance, even years after their initial identification as victims. The personnel of Payoke also offer ambulant care. The victims receive direct assistance from the Social welfare department.

In recent years, Payoke has taken on a more international role, participating in various international conferences and forums. We work in close cooperation with the International Organisation for Migration (IOM) and other organisations focused on THB. Organisations frequently request presentations on how Payoke works and ask us to share lessons learned over the years. One example of such an activity is a two week lecture trip across Canada taking place this month to support *Public Diplomacy and Outreach Devoted to the European Union and the EU-Canada: Relations European Union and EU-Canada Relations*. We are more than happy to share our experience and to provide consultation to others on how to address and curb the growing global problem of trafficking in human beings.

Trafficking – A Crime of Exploitation

Trafficking of human beings is the recruitment, transportation, harbouring, or receipt of people for the purposes of slavery, forced labour (including bonded labour or debt bondage) and servitude. It is a crime that targets everyone - men, women, and children – and uses exploitation and intimidation to achieve personal profit. The criminals behind this modern day form of slavery have greatly benefited from the ever increasing, high speed movements of people, commodities and ideas of our globalised world. They have also taken advantage of country-specific risk factors for trafficking such as the lack of political will, difficulties in implementing policies and procedures, corruption, and social factors to further their own goals. Trafficking is a crime that affects every country, whether it is an origin, destination or transit point for victims. Even the Baltic States have not been able to escape its grip. Latvia is primarily a country of origin for trafficking in women and children, with victims trafficked to neighboring Baltic States, countries throughout Europe, and the United States. Latvia (as are other Baltic countries) is also a destination country for women trafficked from Ukraine.

The exploitation that occurs with trafficking takes on many forms. The most commonly exploited are those within *commercial sex work* (prostitution, pornography, and internet). Exploitation in the sex industry pushes the human body to a limit that it cannot endure without developing all sorts of physical and psychological symptoms. If voluntary prostitution is in itself a risk for the well-being of the women who take that drastic step, sexual exploitation can be viewed as the programmed destruction of a human being. The trafficker is the only one profiting from this destruction. The woman belongs to him and he will keep her only for as long as she is of use to him and profitable. The amount of money he will make from her labour is staggering. And profits increase the more women he has under his control. Traffickers are typically men, but more and more women are getting into this lucrative trade, not only as recruiters but also as “madams” and exploiters. Because this is such a difficult crime to track and due to its wide international presence, acquiring accurate

statistics is difficult. However, there is no question that this form of exploitation is one of the most lucrative for traffickers. It is also one where fear and violence, as well as psychological manipulation, keep victims from seeking help. *Economic exploitation* encompasses exploitation in the economic sector, in areas such as hotels, bars, restaurants, construction, agriculture, factories, and domestic labour. This form of exploitation is mostly invisible, since the exploited workers are integrating a formal economy sector in an informal way. We have all heard of the sweatshops in the developing world, but not so much about this in developed countries. But they do exist - and in large numbers. Sadly, they remain hidden as well as exploitation in construction work and restaurants. Another form of exploitation is that of *criminal exploitation*, or the coercion (through violence, intimidation, and manipulation) of people to commit crimes, ranging from begging and pick-pocketing to drug-smuggling and murder.

If criminals see an area where a possible profit can be made, they will find any means to exploit individuals to reach their goals. *Fake marriages* are a form of exploitation that provides traffickers with a façade to commit their crimes. *Organ trafficking* is yet another form that has appeared and is on the increase. This form of exploitation is linked to the increased success rates of organ transplants, the gap between demand and donors of organs, and poverty. International criminal organisations have identified this lucrative “gap” and put pressure on people in extreme poverty, particularly in countries of Eastern Europe, to sell their organs. The victims, of course, are not made aware of the personal psychological and physical health risks they will encounter from doing such an act. Another form of exploitation is the *illegal adoption of children* - a million dollar business. In certain countries, illiterate parents will sign their children away, not understanding the full impact of what they are doing. They are often told (and believe) that their children are being placed temporarily in orphanages. They agree to such arrangements in hopes that their children will receive adequate care, food, shelter, and education. Because the prices for inter-country adoption are so high, traffickers will also resort to kidnapping and child trafficking to get their profits.

Trafficking in Human Beings and Organised Crime

Trafficking in human beings is a trans-national phenomenon that touches all countries. The major force behind trafficking is organised crime. Trafficking rings span across many countries, often following the same trafficking routes used for drug and weapon smuggling. These crimes occur hand in hand, with revenues from trafficking in human beings and drugs typically laundered in real estate, construction, catering, media, and business, often with direct complicity of politicians. Organised crime can be structured by family ties, blood relations and marriage agreements, thus cutting deep into the social fabric of a country. The use and abuse of the code of silence is well known, with intimidation, threats, and fear being used to keep current and past victims quiet. In countries where a regular legitimate economy is weak

or lacking, and where “informal rules” allow corruption to prosper, economic life is organised by criminal groups. An informal economy quite easily slips into a criminal economy, creating numerous victims and benefiting few. When a weak economy is combined with high levels of corruption, little public accountability or transparency, a weak administration, and insufficient wages, the entire society is vulnerable to intimidation, manipulation and extortion.

Trafficking in humans is a highly profitable business. According to one source, the estimated annual profit for a forced labourer in commercial sex work in industrialized countries is €50,000. This is PER PERSON! With this profit margin, criminals will obviously go a long way to maintain their grip on their livelihood. And they have found ways to ensure they can continue without interruption. In many countries, they have become master manipulators of the judicial system, using intimidation, coercion, and corruption to reach their goals.

What we have seen recently concerning the victims is that exploitation is becoming more sophisticated. Criminals are now allowing the victims to keep some money so that they can pretend to themselves and to family and friends that they are fine and do not need help. This makes their situation much more ambiguous. It also allows the traffickers to have more control over them without having to resort to the same level of violence as they did previously. Another evolution we have seen is the number of fake marriages taking place to get paper work. Fake marriages are becoming more and more replaced by pseudo-legal marriages. We also see more people use false identities, even though the documents are legally in order.

The Stages of Trafficking

Trafficking of human beings takes place in many stages, often by different groups at different points. At the first stage, victims are approached by “recruiters” who convince the victims they should leave their countries. The recruiter is often only the “middle person” and will receive a fee for bringing the victim to the trafficking ring. Traffickers recruit victims through a well-developed process of lies, deceit, promises, and coercive tactics. They will promise their victims well-paid jobs, comfortable lives, or marriage opportunities. They will often spend a great deal of time gaining the trust of their victims, only to exploit them once they are at their destination. At the next stage, the victim enters the country of transit or destination, either legally or illegally, where he/she will be exploited and displaced further. At the third step, or that of “Destination-Exploitation”, the victim reaches the destination and soon understands that he/she has fallen into a trap. This becomes evident when his/her papers are confiscated and he/she is put to work. At the next stage, if the victim is lucky, he/she will be detected by the police or another social actor, identified as a victim, and will follow the judicial process to ensure the crime goes punished. Unfortunately, in too many countries, victims face jail time, or worse, jail time and expulsion. This may lead to re-trafficking. As the final stage, the victim may either be integrated into the country of destination or re-integrated into his/her native country, if good programs, protection measures, social support mechanisms, and policies are in place.

Push and Pull Factors

Many factors help to create an environment that is high risk to potential trafficking victims. Poverty is at the forefront, but it is not the only reason why people fall into the nets of exploiters. In a more and more globalised economy, many people have difficulties finding work. Women face discrimination and domestic violence that may push them to leave their countries. Restrictive migration policies are also a high risk, as people will find illegal ways to enter a country, through smuggling. They then become vulnerable to exploitation and may end up being reduced to work for the benefit of someone else, especially in cases when they must pay back a high debt to the smuggler. Lack of information on the risk of trafficking can be a factor in some cases. The dangers of trafficking are widely known in countries with high numbers of citizens who have been victims of it, but many will take their chances anyway. Western countries are seen as the places where a “better life” can be had and fortunes can be made. Films, television and publicity help to create this ideal or illusion. There is also the commonly shared belief and acceptance (or social construct) that men need to fulfil their needs, and that using the services of a prostitute is a normal step towards adulthood or just being a normal, “healthy” adult male.

In Latvia, since 1990, economic and political changes have created financial hardship, especially for women. These difficulties have resulted in a dramatic increase in the number of women and girls working in the sex industry, either voluntarily or involuntarily. In addition, after independence, the Baltic States experienced a huge growth in the sex and entertainment industry. This growth may have contributed to an increase in the number of female trafficking victims. Other factors contributing to the increase in trafficking are the existence of organised crime and the geographical position of the Baltic States, which lie at the crossroads between Western Europe and the former Soviet Union.

Fighting Human Trafficking through a multi-agency, coordinated approach

To fight human trafficking in an efficient manner, an approach has been developed in Belgium and adopted by the EU member states, which involves a simultaneous and coordinated process of *prevention*, *protection*, and *prosecution*. This approach provides a balance between victim protection/support and THB fighting (i.e. between a humane and a repressive approach), with the understanding that the two complement one another. As a first step, *prevention* programs must be put in place to allow the police and other actors involved in the fight to detect potential victims and officially identify them. Identification of the victim is crucial in the fight against human trafficking, but is a delicate step, especially if the person refuses to admit that he/she has been the victim of a crime. Once a victim is identified, the police and the civil servants in the fight against human trafficking must trust one another and cooperate so the victim can be fully informed of his/her rights and of the possible next steps. The victim must then be adequately *protected*, so he/she will feel secure in cooperating with the police and the NGOs to denounce the exploiters and

to reintegrate into society. If the victim is well protected, willing to cooperate, and testifies against his/her exploiters, there is a better chance that the third key element of the process, the *prosecution* of the criminals, will be successful.

In Belgium, we have been fortunate to have developed a multi disciplinary approach bringing the main actors in the fight against trafficking together. The Belgian procedure demands a close cooperation of specialized and authorized centres for victims of trafficking with local and federal police, the Prosecutor's Office, and the Foreigners' Office of the Ministry of the Interior. In recent years, there has been good cooperation between the various authorities involved in the fight against human trafficking. Annual meetings are held with the courts in order to discuss developments, news and any trouble spots. There is closer cooperation with the Foreigners' Office and the Cel Mensenhandel (human trafficking team) of the Federal Police. More subsidies are available to support the provision of assistance by the aid centres for human trafficking. The specialized centres have adopted a registration system and data collection program.

Some Advice for NGOs

Over the past years, the Baltic States have suffered somewhat of a "public trust" crisis where corruption is perceived as a key problem in many institutions. NGOs are not exempt from this. NGOs, as an organisational form of civil society, can be a channel of corruption if the "informal rules" of civil society accept corrupt and criminal behaviour. To avoid any perception of corruption, NGOs must be adamant in maintaining a transparent and accountable process for receiving funds, hiring personnel, and reporting project outcomes/results. It is of crucial importance that the staff of NGOs be effectively screened. A very real problem that has only just begun to be acknowledged is infiltration by organised crime into the various organisations and institutions that are supposed to be working to combat it. It is also necessary to determine where pledged donations are coming from, especially those from "murky" foreign sources. Likewise, governments can also be more careful by ensuring that any contracts to NGOs go through a competitive, open, and transparent tendering process, with awards going only to those NGOs demonstrating the competence to perform the project requirements.

Solutions

Some of the solutions for combating trafficking in human beings from a European integrated approach are as follows. We need to lay the groundwork for mutual trust. The paperwork, civil documents and registry, and a viable and transparent visa policy need to be in place. A reliable central registry system also needs to be instituted. Countries must also ensure that the position of police, magistrates and civil servants are strengthened and shielded from corruption. They need to be given a chance to do their work. It would help to give them the opportunity also to develop their network with trusted colleagues abroad. This way they can learn how they work, how they

might improve their own practices, and mostly how cooperation and exchange of information is developed.

Conclusions

Payoke has pioneered the fight against human trafficking in Europe and in the world. Before the pressures exerted by Payoke at different political levels (municipal, national and international), there was no political will to fight THB and very little was being done to stop the emerging epidemic. The work of my organisation was the initial movement that led to the Framework Decision of 2002, a major step in the EU, since it was the first recognition of the scope of the problem of THB. The 2003 Brussels Declaration on Combating and Preventing Trafficking in Human Beings followed the Framework Decision, putting emphasis on the scale of THB, declaring it unacceptable in the European context, and defining it. The definition includes the major forms of exploitation: sexual, criminal and economic. It emphasized the need for prevention, protection and assistance and cooperation. It greatly encouraged member states to cooperate more with one another to fight THB with one of the major propositions for improving cooperation being the creation of an expert group on human trafficking to advise the EU Commission on the policies to implement for a stronger fight against THB. As prevention tools, it recommended sensitising the public to the crime, training police officers on victim identification, and imposing more restrictive measures on the international travel of minors. As for protection, it encouraged member states to provide short term residential permits for those victims that agree to cooperate with the criminal justice system of the country concerned.

At present, counter-trafficking actors face many issues. At the beginning, Payoke faced a real lack of political will to change things. It took years of fighting before things started to happen. This lack of political will is faced by many in neighbouring countries of the EU, specifically in origin countries that provide the main bulk of victims trafficked to the EU. Even in EU countries, despite good will and good policies, implementation proves difficult, mainly because traffickers have resources and constantly change their methods and targeted victims. Corruption is also a big problem, because counter trafficking cannot be efficient if a criminal can buy his freedom. Understanding is also a main problem, especially in countries where prostitution is considered a social embarrassment. The identification of victims is still a continuing problem. You need to be able to find the victims before catching the criminals. If a victim is seen as a criminal or simply as a prostitute, the fight against THB will fail. Building capacity in identification of victims and knowing how to intervene should be the first step in every policy. Once identified, the victims must be referred to the right social actor, and that demands strong cooperation between the police and the shelters/ assistance organisations, but also between the assistance organisations and the government, so the victim can receive proper identification and documents. Lastly, trust is essential. Regaining the trust of people who have been exploited is a massive undertaking, and one that requires cooperation from all parties.

Ilze Trapenciere¹

ON SOCIAL INCLUSION OF YOUNG PEOPLE AFTER INSTITUTIONAL CARE IN LATVIA

This paper is based on a study on “*Social inclusion for out-of-family children and young people in public child care*” after turning 18. The objective of the paper is to give an overview of the system of out-of family care in Latvia and discuss the implementation of the social protection policy, which should promote the social inclusion of young people after turning 18. Methods used include: interviews with experts in the child protection system, mothers who have been deprived from parental rights and focus group discussions with care leavers. Main conclusions are as follows: there is a plurality of *ad hoc* organizations involved in out-of-family care. The main problems of the legislation implementation issues are related to limited human and financial resources, insufficient training/skills of employees at institutions, and lack of coordination among the operators involved. The main recommendations include the need of training for personnel of the childcare institutions and training in practical skills for youth for better integration into adult life.

Introduction

The objective of this paper is to give an overview of the system of out-of family care in Latvia, and to explain how its implementation influences social inclusion or risk of social exclusion of young people leaving the system. The paper is based on a study “*Social inclusion for out-of-family children and young people in public child care*”² in Latvia. The overall project objective is to facilitate the European social policies aimed at social inclusion of youth who have spent the whole or part of their life out of family. Latvian Social Policy does not mention orphan children and children without parental care as a priority group at risk of social exclusion; however, this group faces a risk of social exclusion and therefore deserves specific policy.

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² This study is a part of an international comparative study “The risk of social exclusion of out-of-family children and young people in public childcare” (2006-2007) in five countries (Bulgaria, France, Italy, Latvia and Romania) supported by the European Commission and coordinated by Amici dei Bambini (Italy).

According to the European Commission, “social exclusion is a process which pushes some individuals to the margin of society and excludes them from a full participation in it due to poverty, lack of basic competence, of opportunities for permanent training or, consequently, due to discrimination. The exclusion process moves individuals away from working opportunities, earning and education opportunities, from social and community networks and activities. Having a scarce access to authorities and decisional institutions, they often feel weak and incapable of intervening on decisions which regard their daily life” (European Commission, 2003). It refers to both multiple deprivation, and involuntary lack of integration and participation in political, economical and social life. Institutionalization and extended care for children without parental protection present a high risk of social exclusion of children and youth in those institutions. Therefore it is important to analyze whether and how the existing child protection system favours social inclusion of children and youth who have spent a large part of their life in out-of-family care.³ Those children and young people who have a possibility to grow in a family type environment have a lower risk of social exclusion. Higher risks are faced by those youth who grow up in institutional care. In 2008, in Latvia, there was a large number of children in out-of family care (see table 1).

Table 1

Children in out-of-family care, 2000-2008

Year	Children in foster families	Children living with guardianship	Children in Child care institutions*		Total
			Number	Percent	
2000	9	7 902	3 637	31,4	11 548
2001	10	8 741	3 605	29,1	12 356
2002	27	9 133	3 569	28,0	12 729
2003	13	9 591	3 560	27,0	13 164
2004	21	9 437	3 322	25,9	12 780
2005	56	9 140	3 093	25,1	12 289
2006	154	8 683	2 881	24,5	11718
2007	303	8 294	2 621	23,3	11218
2008	421	6 657	2 631	27	9 709

Source: Ministry for Child and Family Affairs.

* Data from the Social Service Board, http://www.socpp.gov.lv/?object_id=570;4

The largest portion of children in the target group of children grow up living together with guardians and with their families. However, the number of guardians is decreasing. One of the reasons is the demographic situation. Institutional care

³ By out-of-family care (*ārpusģimenes aprūpe*) we understand long term care that is provided to orphan children and children without parental care. There are the following types of out-of-family care – child care institution, foster family and guardianship.

⁴ Data provided by SSB differ from the data provided by the Central Statistical Bureau (publications “Children in Latvia 2005”, „ Children in Latvia 2007”).

is the second largest type of out-of-family care. There is quite a large number of children in institutions, although the number of children has decreased. However, the decreasing number is not a result of effective policy measures, but can be explained by demographic processes. The number of institutions (municipal and state children's homes) has also decreased (from 70 institutions in 2004 to 64 institutions in 2008). At the same time the number of social care centres for children run by nongovernmental organizations has slightly increased (for example, SOS villages, etc.)

A small number of children in institutional care are orphans (152); all the others are children without parental care. About half of children in institutional care are aged 7-15 (47%), 28% are teenagers (16-18 years), but 25% of children are younger than age 7.

Children are exempted from the family and are sent to the institution in accordance to the decision of Custody Court, which follows the situation of families at risk trying to help them to manage their lives.

Data Collection and instruments

This study consisted of two phases – the first phase is related to analyses of existing legislation and its application in relation to institutional care in Latvia; the second phase is related to analyses of family life stories, and to youth opinions. This paper concentrates on the application of legislation – part of the first phase. Therefore in this paper the author discusses the role of professionals and foster families within four main thematic areas relevant for the analysis of the child protection system - existing legislation in the field of child protection (1); actual application of the legislation in reality (2); perceived problems in the system (3); possible solutions to the perceived problems (4). The first two areas make a reference to the normative acts regulating child protection (how professionals perceive the system, its operational application, and the way it is implemented). The last two areas highlight the main problems experienced by the experts and their proposals for the solution to the problem.

Twenty semi-structured interviews were conducted with experts from the child protection system of Latvia. In order to complete the description and analysis of the child protection system and institutional aspects of the problem, those professionals responsible for the future of children in out-of-family care were interviewed. The selected experts had different professional backgrounds (Custody Court, social services, children's homes, Department of Mother and Child, Women's Prison, psychologists, legal advisors, municipal Police officers, representatives of foster families etc.) and different proficiency levels (Head of the Custody Court, executive manager, managers of services inside institutions, social workers, maternal assistant, etc.) in order to insure a variety of perspectives on the Latvian child protection system.

The study covered two geographical areas – one urbanized area (the capital city Riga) and one semi-urbanized area (Tukums district).

Content analysis was used, supported by qualitative analysis software. Topics were identified according to study aims and categories that emerged from data; code categories have been generated starting from the main topics of the interview guide.

The Child protection system in Latvia

Out-of-family childcare in Latvia is defined in legislation on child protection. The child protection system in Latvia has been developing since the 1990's, and the national legislation in the field of child protection is rather well developed. The establishment of a Ministry for Child and Family Affairs of the Republic of Latvia (2002) facilitated the development of a child protection system in Latvia. There are several main national laws regulating child protection - Law on protection of Child's Rights (1998), Civil law, Law on Custody Courts, Law on Administrative Process, and Regulations by the Cabinet of Ministers. According to the Law on Custody Courts (*Bāriņtiesu likums*) (2007), the Custody Court has rights to request and receive information that is important for a child's interests, financial information from credit institutions in case of need, to request explanation concerning the protection of a child's personal and legal interests; to make claims to a court to defend the interests of a child; to organize a discussion with a child without participation of third parties; to request psychological investigation; and to examine the living conditions of a child. The Custody Court follows the fulfilment of guardian duties, living conditions, employment, etc. Custody Court makes a decision in case of adoption (recognition of adoptive person, possibility to ensure upbringing of a child in Latvia, etc.) Children who do not receive family care have rights to social care in State Child social care centres, specialized state child social care centres (for children with disabilities), municipal child social care centres, family type children's homes and children's homes run by NGOs.

References to the existing legislation

According to experts, the Latvian child protection system and related legislation are considered to be good. Besides the national legislation, municipalities who are responsible for children left without parental care may offer extra support to children and youth. For example, Riga municipality provides more support to children in out-of-family care than other local governments. *"The local government of Riga has various Mandatory Regulations, which are made by the local government, supporting both custodians and the child, who has attained majority; I mean both financial and psychological support"* (Expert interview 11).

Concerning the local regulations, there are Mandatory Regulations issued by each local government, which must be in accordance with the national legislation. With these regulations, the local government can support its children by paying more to out-of-family care institutions or persons/families than is defined by the national legislation: *"If talking about foster families, then the state pays the reward for fulfilling the foster family duties, but the local government pays for each child, and there is a set minimum that must be paid by the local government. Therefore, each government decides, how much they are going to pay for the orphan or child left without parental care, but it must be at least the minimum. For example, Riga pays more to childcare institutions, foster families etc. than other local governments do"*.

There are essential differences in the knowledge of legislation between experts and foster families. The knowledge of legislation by foster family representatives is superficial. On average, foster parents have difficulties naming any legislation related with the child protection system. However, they do know their responsibilities and rights.

Actual application of the legislation

Conditions of separation from family

The general conditions upon which a child could/has to be separated from the biological family are defined in the legislation – *wherewith the child can/has to be taken out of family if his life or health is in danger*. Legislation does not provide a strict definition of the conditions, therefore professionals (Custody Court, social worker, police etc.) can decide whether or not it is necessary to remove a child from his/her biological family:

“You have to be able to make a decision. . . It depends on the person dealing with the situation. . . If it is a young girl, who does not understand what it means to take care of a child properly, and she thinks that the oatmeal package in the fridge is a guarantee that the child will be satiated, without doubt this is totally wrong.” (Expert Interview # 5).

It is not a simple task, to make a decision, in which case the removal of the child is the necessary lesson for parents, and to decide what other measures should be introduced. It is a competency of the Custody Court to make a decision about the removal of a child from his/her family. Although Court is the only institution rightful to make a decision, in a crisis situation, Social Services or the Police might remove a child:

“There is a totality of conditions; legally it is when “child’s life or health is in danger”. Firstly, we look at the child’s age, I mean whether he is, or is not, able to take care of himself. Usually it happens when all adults are drunk, or when he/she is locked inside for a long time, and according to neighbours, the child has been inside, for example, for two days. If it is an infant, our action will be much faster and sharper than in case of a seven or ten-year old child, who can more or less take care of himself. Then we also look at his clothes, sanitary hygiene conditions, if there is any food left for him. We have standard questions: “Have you had something to eat? What did you eat?” We go to the kitchen and ask the child, what he has got to eat.” (Expert interview #15).

Usually a child removal case is based on information from neighbours (phone calls) or someone else reporting to police, or during the regular inspections performed by Social Services together with police when they find that a child must be removed from the family immediately. In those situations, the decision made by institutions other than Custody Court are temporary and must be followed by a decision by the institution within 24 hours.

According to experts, there are several common conditions upon which a child is usually removed from his biological family - when a preschooler or even an infant is left alone without supervision for a long period, and when parents abuse alcohol and are not able to take care of the child. The third typical situation concerns child abuse – emotional, physical or sexual:

“I think there is one main reason in the state... we have a lot of disadvantageous families, which is fairly related to immoderate drinking. Parents do not take their main responsibility - they do not take care of their children. This is one of the conditions when children are taken out of families. Then there are all the further problems – the abuse that children face and suffer from” (Expert interview #9).

“Our actual experience, knowing the children that we have here, shows that the situations have been dramatic. It is - leaving the child alone without food, without anybody taking care of him; there are situations when a child has no place to live. There are children subjected to abuse – different kinds of abuse, including sexual abuse. There are also some situations when the child’s parents have died, but I must say that most of them are social, not biological orphans who are placed in institutions. Of course, there are parents who have mental illnesses. They are not able to fulfil their parental tasks even if they want to; in these cases it is very important to also support that parent and allow the child to meet his parents” (Expert interview # 3)

In some situations, for a variety of reasons, parents are not able to take care of their children. That might be a reason why children do not live with their biological family.

It is a different case when parents have mental or physical illnesses, wherewith they are not able to take care of their children. There are also situations, when a child has health problems, or a disability, and parents cannot take care of him at home:

“Almost 50 percent (of children in institutions) have parents, but due to child’s health disorders they are not capable to taking care of him. I must highlight that children staying here have very serious health disorders; they need ceaseless attendance. If they live in a family, it means that a nanny is needed or mother may not work, because someone needs to be with that child all the time, he may not be left alone, not for a moment. They are in need of full time care” (Expert Interview #4).

Some parents abandon their children when they cannot handle a child, or when a mother does not want her child and leaves him/her in the maternity home. Experts mention teenage mothers who are not ready to take care of a child:

“A problem or a circle of problems is related to teenage years, when parents can not handle their children and even abandon them, because they begin roaming. Deviance and all the problems related to it become apparent just in the teenage years. There are children aged 13, 14 or 15, who are uncontrollable, sometimes children themselves, sometimes parents, when things have gone quite far and bad, suggest considering the issue of out-of-family care.” (Expert interview #3).

Another serious problem is related to custodians or foster families’ decisions to place a child back in the institution. The main reasons are related with inability or unwillingness to upbringing a child. According to experts the problem is related with teenage years’ difficulties, when relatives are not able to handle their charges. Experts mention cases when foster families and custodians, who do not have blood relations to the child, “return a child back” to an institution: *“There are children who return from custody, because if a child has health or other problems and the family is trained not well enough, they can not handle this child.”* (Expert interview # 3).

“Afterwards they took the children back to the children’s home, left them as an old sock, and said: collect this nasty child, we do not want him anymore...” (Expert interview #13).

Training of guardians and foster parents, and free, regular consultations with a psychologist could be important in order to improve the situation.

Entering out-of-family care

After the child is taken out of family by a decision by Custody Court, this decision might be reconsidered and the child might return to his family within 15 days, and the child care rights can be renewed. According to experts, that happens quite seldom.

In the majority of cases a child starts his life in out-of-family care. There are several options, of what could happen to a child; it depends on the main reason for removal, his age, health condition etc. It also depends on locality.

If the removed child is an infant, he is taken to the hospital despite his health situation. If it is a child over four years old, he is taken to the hospital only if he has any visible health problems or there is suspicion that he might have health problems. In Riga, first a contact person is considered – a person with whom a child stays for up to one month until placement in a foster family or institution. In case of abuse, a child is taken to a crisis centre.

If an infant is exempted from a family in Riga, he is taken to an infant's home. If a child has health problems, he is taken to the hospital. In other cases, a child is taken to a crisis centre. In those cases when no free place is available in the crises centre, a child is taken to a children's home or other long-term childcare institution. A foster family might be found only later, as in Riga there are very few foster families; some children later might go to foster families in other geographic areas in Latvia:

“Maybe in the countryside. When there is nowhere to place a child, they place a child in a foster family immediately. They call a foster family even in the middle of the night. But in Riga we do not have these situations” (Expert interview #8).

In some childcare institutions “*a personal project for the child*” is developed. In other places Social Services develops a personal project for a family, as its aim is to return a child back to the family. That plan involves a psychologist's assistance if necessary.

In infant homes, the personal project is developed in relation with the child's health:

“For each child we prepare a program. He is under observation so we see what can be assigned for each child, what happens with him. And all the rest – surgeon, oculist, dermatologist, which we unfortunately need in most cases, knowing the social origin of the woman... Each doctor evaluates, “what does the child need?”; if there is something we cannot do here, then we take the child to a hospital, where it is possible” (Expert interview #5).

A child who is sent to the crisis centre receives assistance to recover from abuse. Therefore, that child's individual plan will involve psychological and/or psychiatric consultations, a social worker, etc.

Children's homes usually elaborate an individual rehabilitation plan, which is developed and ensured by all professionals working in the institution, and a social worker usually is in charge of that plan and has to cooperate with all professionals working with a child:

“Practically all the experts who work with the child develop this plan in cooperation. The key moment here is the psychologist’s work; there is a social worker, who is managing the particular case. The children are divided between several social workers. There is the preceptor, the main preceptor, and the rest of the pedagogical personnel, and other preceptors, and nurses have a right to express their opinion. The basis of the plan is to come together, look through the client’s problems, choose the main ones, understand what is the root of the problems, not to take superficial problems, look for resources and make a use of them in the right way. Moreover, keep track of what is going on with the child, if any adjustments are needed, what is the result, if there is any” (Expert interview #3).

Perceived problems in the system

Concerning the legislation, a few experts note that there is a problem in cases of abuse. Practically when an abuse case is established, a child (and usually his/her mother as well) is taken to the crisis centre, but the despot stays at home. It takes a long time to start a court case and it takes even a longer time until the despot is punished (in a few cases it is imprisonment). Therefore, when a mother and her child leave the crisis centre, often they have no place to go, apart to return back to the despot. There is no law regulating that a despot must be taken away from the residence, instead of the child (and mother). The despot might abuse the child (and mother) again when they return. There are situations when the despot owns the residence, and the woman has no place to live. The despot does not have any responsibilities until it is legally proven that he is the despot:

“Despotism goes unpunished. That is a huge problem, a major problem, because the mother has to return to the same apartment. Heaven forbid, that it is his declared place of residence. If he has a registration of residence there, then we cannot do anything about it. We can only suggest something, but he can shift his lodging only through the court. The despot should be isolated for some time” (Expert interview #8).

A possible solution would be that the law would stipulate isolation for the despot, instead of isolating the child and his/her mother.

Another problem is lack of legal basis to meet the abused child and his/her mother. For example, if mother and child stay at a crisis centre, the despot can find his spouse and abuse her and the child again. In Latvia there is no prohibition to approach the spouse or the child. This imperfection in legislation can be abused by the despot. The same concerns those cases when the despot tries to contact the victim and child, after they have found another place of residence. The police have no right to intervene in the private relationship between husband and wife:

“For example, in the United States of America, when abuse is established, there is an option to set up a prohibition for the despot to come near to the victim... It is a complicated process now in Latvia, because when you call the police, the police say – well, you are married, this is an inner situation” (Expert interview #6).

According to experts, the problem can be solved by making the necessary adjustments to the legislation.

“There should be modifications in the legislation. Well, if there has been some kind of abuse, actually it means that there are two people who suffer from abuse, even if a child is not hurt physically. Both the woman and the child suffer. This means that with one abuse, in fact there are two people suffering from it. Therefore, there should be modifications in the legislation.” (Interview #6)

“I think it should stipulate the isolation of the despot. The other way around, than it is now. It is possible to have crisis centres for the despots. It could be done the other way around, because the despots are psychologically, mentally sick. They should be rendered assistance so he would understand, because you cannot wait until the court, it should be done straight away” (Expert interview #8).

Perceived problems concerning the structures

In Latvia, most of the social care and social rehabilitation institutions for children are financed by the local governments, as it is stipulated in the legislation. According to legislation, the local government, to which the child belongs, has to provide long-term social care and social rehabilitation. However, it is a problem for local governments. The smaller and poorer local governments do not have sufficient resources or funds to allocate for biological or social orphans. There are some local governments that are not willing to place children in institutions because of the problem of funding. A few experts have mentioned that the solution to the problem would be for the state to allocate funds for out-of-family childcare in general.

“My opinion is that [the problem] it is neither mine nor the social workers’ children homes, but [that] it is a state problem, which should be solved nationally. It may not just be pushed away to the local governments –[they must] solve it. There are no local governments interested in paying for someone, they are trying to think of all possible versions not to put the child in a children’s home. My opinion is that if the state needs this kind of institutions, then they should finance it – the workers, maintenance, electricity, heating; they should set “the bed place”, and of course, control everything with control mechanisms” (Expert interview #16).

Experts have emphasized that financing of child protection system in general is a major problem. Experts mention that there are insufficient resources to cover all the expenses that are stipulated in legislation. Another financial problem is related to salary level of employees, as the salaries for employees with higher education are too low to keep them working in childcare institutions. Either the local governments do not have enough resources or the institution cannot ensure their objectives because of lack of resources in general. One of the possible solutions to this problem is state support to those institutions. Institutions can write project proposals and apply to various funds (for example, European Union funds, project competitions, etc.). However, all the project proposals need the local governments’ involvement and partial funding. If the local government is not able or willing to cover some costs, the institutions cannot apply for the project funding. Project funding cannot be a basis for a sustainable development of any institution.

“We can not ensure all the good things because there is a lack of funds in the local government. The issue of why there are not enough funds varies. There are some local

governments that find the resources and do these things. There is another thing – you have to work a lot through projects to attract funds, taking 20 percent of the financing with you, and work on these projects this way, to achieve something, to change something, to change attitudes, put some good things into practice to show them that this thing should be continued. This is why there is a question in the projects – will this project be sustainable, will the local government have money to continue on when the project ends? This is also an attitude issue. If the local government deputies would be so clever and understand it, or, if during the project they will be involved and it will be shown to them that it is needed for the children, then it will work” (Expert interview #17).

Some experts have emphasized that the salary level is insufficient to keep the necessary specialists; therefore it is hard and in many cases impossible to retain highly skilled and experienced professionals. Lack of experienced personnel might lead to decreasing capacity of those institutions.

“We have a shortage of employees, we would need more employees because this is a very responsible job, and it is psychologically difficult and not a highly paid one. Because of this, we cannot attract such highly skilled experts as we could [otherwise]. Maybe labour turnover would not be so great. Therefore, our main problem is that there is insufficient capacity because there is a lack of employees. In future, we foresee that we would get more resources for increasing the amount of employees, wherewith we could organize our work to do everything in time, at least in the terms mentioned in legislation, promptly, because this is how matters with children should be solved. I think that then we would also be able not just to do things quickly to have time to solve other matters, but pay more attention and time to this individual who is here” (Expert interview #1).

Training of social workers is a problem. Some of the social workers do not have sufficient experience and in some cases the decisions about removals of children out of their families are not always made by competent experts.

“I think that a problem is... that quite a lot of those children are kept in their families for a too long time, testing how long they will cope with the parent attitude. I see a problem there, because, seeing in what condition children are placed here, we know that these children should have been taken out of family a long time before. We also know that this part of the society, from whom the children are taken away, they are practically morally delinquent – if not completely, then they are in the initial period” (Expert interview #5).

Problems after becoming 18 years old – place of residence

There is a serious problem for youth in out-of-family care after reaching the age of majority, especially for those young people who live in institutions. The law stipulates that after reaching the age of majority, the local government has to provide a living place for those young people. According to experts, in many cases the local governments cannot provide the child with either a separate living place (apartment), or a room to live in (for example, in a group apartment). In many cases, if the local government provides the child with a living space, it is in such a bad condition that it is impossible to live there or it needs reconstruction. According to legislation, if the local government is not able to provide the young person with living place, the local

government has to pay rent for a place found by the young person. It is difficult to find such a place, where the money given from the Social Services would cover the rent.

“There is another problem I see. When a young person is entering an independent life, then by rights he deserves dwelling space, but often this dwelling space is in a very bad condition or it even is not habitable or it needs maintenance” (Expert interview #18).

“I think that the sorest problem appears when a client leaves our institution, even though there are Social Services, and there is an opportunity to rent an apartment” (Expert interview #3).

“Our experience has shown us that they allot dwelling space that does not have doors or windows... the conditions are practically not appropriate for living. We have a few situations where it is not possible to live in that place... Theoretically he deserves a dwelling space, but practically... [there is] no place” (Expert interview #20).

A few solutions are suggested to solve the problem: the local governments have to build more apartment houses as there is a lack of living space anyway. Another possible solution is that there could be social houses or group apartments.

“If we are talking about a quick solution, then it would be a social house, with dormitories for young people with safeguards and social workers. There are dormitories for students; it is possible to use those resources. The young person can contribute, for example, for this apartment, if he works, but he can not start an independent life” (Expert interview #3).

“For example, in Jelgava they solve this situation by putting the young person in a social house, at least for half a year until they find another place. It is the young person, together with the specialists from the local government, who looks for this new place. It should be done by the people from the local government, and if they would allot a place which is actually appropriate to live in – fine. But normally that does not happen... and if they get to live side by side to this contingent... Knowing that these young people are very sensitive to different social negations, they could get back in this society very quickly. This is a very big problem that should be solved by the local government. A social house does not solve anything, because everyone wants an independent life, but they have got to think about it... Mainly our young people rent an apartment – alone or together with someone else. In Tukums, and in Riga, this is a huge problem, because rent is very high” (Expert interview #20).

Problems after becoming 18 years old – lack of practical skills

One of the main problems for children staying in institutions is a lack of even the elementary skills necessary for an independent life. Young people were not trained to cook, to clean, to do laundry, to use money, etc. In most institutions the rules are very strict - children may not enter a kitchen. Therefore they cannot learn to cook, to prepare food for themselves. As a result they are not prepared for an adult life. One of the most frequently mentioned consequences is that the child, even as a grown-up, will always think that he deserves something from someone (the state, the local government, the society etc.) because he/she is an orphan. The children who live a long time in the institutions are used to dependency. They acknowledge their rights, but do not even think about having responsibilities. Therefore, many experts that

were interviewed talked much about these issues as a major problem in Latvia, about the structure itself being insufficient:

“We talk about children, who are taken out of family and are placed in children’s homes... when they leave it they are not able to adapt. From the beginning they should allow the child to enter the kitchen and prepare food; so that he/she may take care of himself, not that the house cleaner has to run after him with a rag. I started washing the floor when I was seven; what is the problem with doing this at children’s homes? However, the state system, specifically the Health Ministry, forbids them from going in the kitchen. Well, then they need a separate kitchen, where the child learns to keep the house, and this should be taught to both [genders] - girls and boys. Everyone has to understand that an egg should be boiled. It seems such an easy thing... You have to be able to dispose of money, because, what we do with the state’s money is – we raise a problem in the state. We do not use the state’s money usefully to give skills to the child; we raise a consumer. That is the worst” (Expert interview #17).

Lack of skills, dependence on someone, and insufficient integration into mainstream society might lead to negative consequences for both youth themselves and society at large:

“However, what happens to them afterwards? Usually it is a traditional horror story. A boy becomes a lawbreaker and ends up in prison. The girl ends up on a street selling her body. In addition, there are alcohol and drugs, which is the standard story. Of course, there are exceptions, positive exceptions. But their direction is certain. The state contributes so much money to provide for the livelihood of that child, but afterwards nobody does anything so the child can get involved in the normal life of society, and live by his own means, paying taxes, which would in turn help someone else” (Expert interview #13).

Solutions to the problem

There are a few solutions for this problem. One of these is the development of institutions similar to the existing good practice example of Association “Dzivesprieks”, which *“is a long-term social rehabilitation and care institution, [and] also a vocational school. And the vocational school is a part of the social rehabilitation. The third part that we have is a workroom, where we do a lot of practice – this is related to both vocational school and also social rehabilitation”* (Expert interview #20). *“I think that “Dzivesprieks” is a great model. It is meant to be for children receiving out-of-family care, but there are some children from poor families as well. It is an institution provided by Sweden, where children acquire a profession within two years and some bits from the all-round education program. There is no family model there, but in some way they learn there that you have to work to get something, you have to do something. You have to assume responsibility, you have to fight for yourself, because they have children there, for whom it is time to enter their lives, but this shelter continues, they are understood and accepted there”* (Expert interview #13).

Another solution is to create an environment where children in institutions have separate kitchens, or to create group apartments, where children have to do housework, and cook. Some children’s homes already have this kind of system or are planning to create it.

“We have great plans, we will see if this works, but we are planning to build another house, this would be for those children to live in, who are more independent. And they would cook for themselves. This issue is quite bounded by legislation: whether in a childcare institution it is permitted for children to have such access? Is the child allowed to cook? Because, until the age of 16, he was just looked after; there are these so-called halfway houses. In a children’s home that fulfils the standards and norms, living until the age of 18 is quite unrealistic, because the child is not aloud to do anything, wherewith there is a need to try to discover some kind of vital skill in classes - or other options how to teach a child all this” (Expert interview #3).

There are experts, who find the system itself to be very wrong when children live in children’s homes, i.e. long-term living, not a temporary home. Abolishing children’s homes is a solution, which needs a long time to be implemented. Another solution is creating a family-like environment for those children, who will soon reach the age of majority as it is their last chance to see and learn how a family works and what it means.

“One of the possible solutions is group houses. I had an opportunity to see something like this in Russia, where there was created something very similar to what I just described, but there is one notable difference – nobody has a beginning or end of working hours. In some way, it is the same as here – with one mom. It would be better, if she had a husband, then it is a couple. It is by far better, because the man is needed for these children, both for girls and for boys. Otherwise, they will never understand what a normal family is. They think that a family is a woman and a child, but a family is a man, a woman and a child. This is the full family” (Expert interview #13).

Conclusions

Latvian child protection policy has been elaborated since the 1990’s and experts find Latvian legislation to be well thought out. Experts mention the national legislative documents as the most significant in their everyday work; they find the local government legislative documents somehow less important. However, there are few differences among experts.

The analysis of the political framework is indicative of the fact that the main problems are not related to lack or inefficiency of legal framework, but mainly to the implementation of policy measures in practice. The approach used in the National policy is to cover a definite problem to be solved, in general, and which, within a common framework, can reduce the efficiency of the implemented measures.

According to experts, the major reason for depriving parental rights is alcoholism. Legislation says that children should/have to be taken away from their family if their life or health is in danger because alcoholism is followed by actions/lack of actions that lead to not taking care of children, not feeding them, etc.

The second major problem leading to the deprivation of parental rights is abuse – emotional, physical and sexual abuse. It should be noted that, in Latvia, child abuse has only been recognized since recently – only in the 1990’s - and that it is a comparatively new problem that institutions like Custody Court, Social Services, and

Police deal with. Here, the main challenge is to prove the existence of a behavioural act, which can be defined as abuse. Experts suggest improvement of legislation in this respect. First, it is difficult to prove abuse; second, no action can be taken against the despot before it is proved that he is a despot, which might take long time to prove (the child and usually his mother are taken to a crisis centre and the despot stays home), third, there is no legislative basis to force the despot to stay away from the child and/or his mother. In this area the solution would be to improve the legislation.

Integration of orphans after they reach 18 is a problem. Local governments are supposed to provide them with housing, but that is not always sufficient. This issue should be re-thought, because there are local governments who cannot solve this problem. A possible solution: the provision of grown orphans with group apartments in social houses or regular municipal housing.

Recognizing the importance and necessity of the implemented and planned policy measures, more attention should be paid to the development and improvement of preventive measures, as well as implementation of more targeted measures for definite groups of children subjected to risk of social exclusion.

The funding of the system of institutional childcare should be improved to guarantee sustainable development of improved childcare. Different ministerial affiliation is related to different funding systems, involving municipal participation. The funding system should be improved.

Low salaries are a reason behind the lack of trained personnel and a reason why experienced and trained personnel are not satisfied with the working conditions.

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Zaza Tsereteli¹

WOMEN'S HEALTH IN PRISON – SOCIAL AND PUBLIC HEALTH IMPACT

The Northern Dimension Partnership in Public Health and Social Well-being (NDPHS) is a cooperative effort of thirteen governments, the European Commission and eight international organisations. Also referred to as “the Partnership” on this website, the NDPHS provides a forum for concerted action to tackle challenges to health and social well-being in the Northern Dimension area and foremost in north-west Russia.

Founded on October 27, 2003 at a Ministerial-level meeting in Oslo, Norway, the Partnership works according to the provisions spelled out in the Declaration concerning the establishment of a NDPHS (the Oslo Declaration). The NDPHS is one of two existing Partnerships within the Northern Dimension (ND) policy that began in 2000 with the European Council's adoption of the 1st Northern Dimension Action Plan. From its beginning, when the ND policy was the main external, cross-border framework for the European Union's relations with North-west Russia and the Baltic Sea and Arctic regions, this policy has aimed at addressing the special regional development challenges of Northern Europe.

In accordance with the Political Declaration on the Northern Dimension Policy and the Northern Dimension Policy Framework Document– both endorsed at the ND Summit in November 2006 – from the beginning of 2007 the Northern Dimension policy changed its character to a joint endeavour of four partners, namely that of the European Union, Iceland, Norway and Russia.

The Partnership has four core Expert Groups, which focus, respectively, on HIV/AIDS, Prison Health (PH), Primary Health Care (PHC), and Social Inclusion, Healthy Lifestyles and Work Ability (SIHLWA).

Penal systems within the Northern Dimension area constitute a sector of society where severe health problems persist. The spreading of communicable diseases is especially prevalent within marginalized groups living under socially and economically distressing circumstances, members of which may subsequently enter the penal system. As there are clear linkages between social disparities, mental disorders, the use of illicit drugs, infectious diseases, and crime and imprisonment, there is a need to share experiences and expertise in the field of prison health.

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Recognizing this need, the NDPHS Committee of Senior Representatives established the Expert Group on Prison Health (PH EG) in September 2004. The Expert Group operates according to its Terms of Reference. The NDPHS PH EG's overall objective is to promote sustainable development within the penal systems of the NDPHS area through improving health and social well being. The central role of the Expert Group on Prison Health is to act as the focal point for inputs from the Partner Countries and Organisations on issues concerning health in prisons. The Expert Group's focus within these fields is on communicable diseases, drug and social rehabilitation, care for inmates with mental disorders and special needs, inmates' living conditions (i.e. hygiene and problems associated with overcrowding), and educational programmes.

According to the Council of Europe's annual survey of prison populations, the last of which was published on Jan. 30, 2007, and prison population figures as recorded by each participating nation, reported last on Sept. 1, 2005, the situation within partner countries of NDPHS is as follows:²

Country	Prison Capacity	Density per of penal 100 institutions	Total number of inmates by 01.09.2005 (by 31.06.2008 ¹)	Prison Population rate per 100,000 inhabitants
Denmark	4,271	96.7	4,132	76.4
Estonia	4,472	98.6	4,410 (3,456)	327.4
Finland	3,390	112.8	3,823 (3,565)	73
Germany	80,297	98.4	78,992 (75,056)	95.7
Latvia	9,166	78.9	7,228 (6,544)	95.7
Lithuania	9,476	84.3	7,993 (7,736)	233.4
Norway	3,178	97.5	3,097	67.2
Poland	69,883	118.3	82,656 (89,995)	216.5
Russia	955,096	86.2	823,672 (894,900)	576.8
Sweden	6,779	104.1	7,054 (6,777)	78.3

Prisons in general form high risk settings because:

- Of higher rates of HIV in prisons than in the community (Hepatitis C rates are even higher)
- High prevalence of risky behaviour
- Injection drug use and sharing of injecting equipment

² Council of Europe Annual Penal Statistics – SPACE I – 2006

³ Data submitted by PH EG members

- Sexual activity
- Outbreaks of HIV in prisons have been documented
- High turnover of populations

In most countries, the prevalence of HIV infection in prisons is significantly higher than within the population outside prison. In Poland, 20 per cent of the country's 7,000 infected people have spent time in prison or pre-trial detention facilities during their lives. Similarly, in Latvia, one-fifth of the HIV cases concern people in prison (UNDP, 2004). Current indicators suggest that HIV prevalence is increasing at a dramatic rate. The former Soviet states have experienced a particularly rapid increase in HIV prevalence in prisons. In Russia, the number of prisoners living with HIV increased from seven in 1994 to 36,850 in 2002 – an increase in the prevalence rate from 0.008 per 1,000 inmates to 41.1 per 1,000 inmates (UNDP, 2004). In Lithuania, an HIV outbreak in Alythus prison in 2002 resulted in 263 prisoners testing positive for HIV within just a few months. Prior to this, there were only 18 known HIV infections within the entire prison system and 300 people living with HIV in the country as a whole (Jurgens, 2002).

There is an interaction between TB and HIV that tends to worsen both conditions among co-infected individuals. HIV-infection is the strongest risk factor for development of active TB, after transmission of TB. Active TB has been associated with faster evolution to profound immuno-suppression among the HIV-infected. TB is the main cause of death among people living with HIV/AIDS in the world. Both infections are concentrated in some common high-risk groups like drug users and prisoners or ex-prisoners, and this association can lead to a dramatic increase of co-infection in these segments of the population. The effects of TB on HIV are multiplied due to the presence of MDR TB, which increases mortality, increases the period of infectiousness, and decreases treatment success rates.

In prison settings the risk of transmission of TB is multiplied due to the sharing of the same airspace, overcrowding, lack of proper infection control measures and lack of rapid diagnostic services. The increasing number of drug users and HIV-infected in the prisons further increases this risk.

TB infection rates in prison can be between five and ten times the national average (Farmer & Yang, 2004); in some cases, this can increase to as much as 100 times the prevalence rate found outside prison (Reyes, 2007). The prevalence of multidrug resistant strains of TB (MDR-TB) and extreme drug resistant (XDR) strains are also higher in prisons than in the rest of the population. The spread of Tuberculosis (and other transmissible diseases) is a major concern of several of the countries in the Northern Dimension region. It has become an enormous problem for the prison authorities and for many penitentiaries. A news flash which was disseminated via the Council of Europe in 2003 emphasized that "Tuberculosis and AIDS rule in Russia's overflowing prisons" and also described the fact that more than 86,000 of almost 900,000 inmates – around one in 10 – were infected with the respiratory disease, and that some 30% of ill inmates were infected with the resistant form of Tuberculosis.

What we can conclude from above mentioned is that prisons are one of the key points of contact with thousands of individuals living with or at risk of HIV and TB.

Overcrowding of many prisons is one of the important factors, which make prisons an ideal breeding ground for onward transmission of HIV and TB infection. Many prisoners are in prison because of drug use, and they often find ways to continue drug use inside the prison. What is dangerous about drug use in prisons is that the drugs are typically injected with shared equipment that has not been sterilized. At the same time, as we all know, prison populations are continually changing, with people going in and out.

Prisoners enter and leave prisons. Furthermore they are often transferred, for a variety of reasons, from one prison to another. Prisoners are in contact with many different people who go in and out of the prison every day. Prison guards, prison staff, medical personnel, and family visitors come and go every day. This turnover and constant movement in and out of a prison makes it all the more important to control any contagious disease within the prison so that it does not spread into the outside community.

Prisoner turnover is variable from country to country. Often the annual turnover of the prisoner population is 4–6 times the actual number of inmates being held at any given time. For a country like the Russian Federation, with a prisoner population numbering just under one million at the present time, the turnover is closer to some 300,000 per year as many prisoners tend to stay for a long period, particularly in pre-trial prisons. HIV prevalence is compounded by the high rates of hepatitis C (HCV) and tuberculosis (TB) infections in prisons. For all these reasons, it is not possible to tackle public health issues, such as tuberculosis or HIV, if the prison populations are not taken into account.

Prisoners are typically classified by security level, or by medical and psychiatric needs. One of key categories for classification of prisoners is gender. Women are a minority in prisons but they are one of the most vulnerable groups when it comes to health issues and healthcare settings.

The risk factors for HIV infection among injection drug users differ significantly by gender. Many female injection drug users trade sex for money or drugs. Female injection drug users involved in sex work are more vulnerable to HIV infection than male injection drug users or female injection drug users who are not involved in sex work. Female injection drug users who are sex workers are more likely to engage in unprotected sex with single and multiple partners, and to share needles and syringes with their sex partners.

As males comprise the majority within the prison population, women's special needs are often neglected. Women in prison settings are considered to be more difficult to deal with than men. Women face more severe moral punishment from society than male prisoners do, meaning that their sense of punishment does not necessarily end after they are released. Instead, their sense of punishment often continues in the form of social isolation, as well as in private and occupational areas of life.

Female prisoners are a minority, but they are an important group in all national prison regimes. This requires equal opportunities and females' equal access to social, economic, and cultural rights. Up until today, female prisoners have been at a

disadvantage in obtaining information about their rights as prisoners, gaining access to vocational and educational training, and adequate health care in prisons.

All of the above mentioned reasons led to the NDPHS PH EG agreement on the preparation of a Thematic Report on women's health in prison. The aim of this report was to look at how women's health in prison is organized and whether healthcare and social well being in prison is being adequately adjusted to women's needs.

The Thematic Report was prepared based on results from the PH EG questionnaire, developed by the Editorial Expert Group and disseminated and responded to by the members of the Expert Group on Prison Health of each NDPHS member country. In addition to that, the overview of the major national and international regulations and written standards concerning prison health in general and women's health in particular was concluded. The compilation of the report was undertaken by desktop research and the study of publications available on the Internet, from libraries and in archives. Additional input was given by all members of the Expert Group based on their experiences working with women in prison and/or their own studies.

Among the several fields tackled when preparing the report was the issue related to women and the child in prison settings. According the University of Greifswald, which conducted an international study on female prisoners, out of the overall number of women interviewed, 70,2% in Poland, 68,7% in Lithuania, 67,8% in Germany, 63,5% in Russia and 57,7% in Denmark were mothers⁴.

In most of the ND countries, the legal custody of a child is with the mother. The children of imprisoned men mostly live with their mothers who are maintaining the relationship between the father and child and other family members. The average imprisoned women is single and has to take care of her child by herself, either by taking him or her into custody or by finding a caregiver for him or her duration of imprisonment. Due to a lack of close ties to family members or friends, the female prisoner's child is in danger of ending up in the care of foster families or foster homes. In an international study on women's imprisonment (Duenckel 2005), it was shown that (out of the sample chosen) children of imprisoned women mainly stayed with their grandparents for the duration of their mothers' prison sentences.

It is important to mention that in Russia only 2,9% of the children of imprisoned women stay within the care of their families. Instead, most are placed in children's homes. However, in Lithuania, 18,6% of children stayed in the care of their families. This number was even higher than the number of children staying in children's homes, and with their fathers.

Out of the 2000 imprisoned women in the Northern Dimension area, 60 have children under the age of 18. Ten percent were kept together with the mother in prison, depending on the age of the child (mostly very small children stay with the mother during her imprisonment). Forty-five percent of the children stayed with relatives other than their fathers. Five percent were taken care of by the father himself and an additional 20% were placed in foster homes or in the care of others.

⁴ Cited by the Quaker report 2006

There are different approaches to the national justice systems on how to deal with the issues of women giving birth or being accompanied by a child while in prison. Situation within the countries of ND is as following:

Poland: There are two „Houses for mother and child”; one in Lubliniec providing places for 15, the other in Grudziądz providing places for 35 mothers. Pregnant women are sent to a special maternity ward institution within the regular prison that is situated next to the mother and child unit. On a mother’s request, she is taken to the mother and child unit with her child, where the baby can stay up to the age of 3 years. If any educational or health reasons exist, the doctor or psychologist can send a written opinion to the special division of the court. As a result, the court can make this period longer or shorter. If the father of the child has the legal right to decide on the fate of the child (in cases of shared custody), he has to agree that his child can be taken to the mother and child unit.

Sweden: In 2005, five children were accommodated together with their mothers in prisons in Sweden. The children can stay with their mothers up to the age of 12 months. Services and care are provided individually, offering the best solution for the child. The average time for children to stay in prison was five months. Prison authorities want to keep the child’s stay in prison as short as possible.

Latvia: Ilguciema prison (near Riga) is the only women’s prison in Latvia. Women stay together with their children in separate rooms in the mother and child unit until the child is one year old. Later on, the prison personnel of the mother and child department organize childcare, which is a joint effort of the doctor, nurses, and a teacher. Children of the ages one to four are visited by their mothers twice daily, and for not less than three hours a day in total. Children stay in the MBU whereas their mothers live in prison cells. Pregnant women have the opportunity to be scanned in prison.

Estonia: The unit of mother and child was established in Harku women’s prison in 2001, and is located in the same building as the medical department. The facilities consist of three rooms - a kitchen, two bathrooms, and two toilets - which are modern, renovated, and furnished according to the needs of small children. At present, there is a space for up to four mothers accompanied by their children. Age and gender differences of children will be kept in mind when housing them. This unit also functions as a facility for pregnant women. Pregnant women are transferred to civilian hospitals for childbirth. After birth, mothers can keep their babies with them 24 hours a day, to be able to breastfeed and care for them generally. Mothers who are in prison can live together with their children until their child reaches the age of four. This guarantees the children with a living environment that will cause them the least amount of harm and will promote their normal development. There is a playground within the prison for detainees’ children. Mothers are guided by a

social worker that ensures that the activities that they engage in with their children are in accordance with their needs and appropriate for the child's development.

Many studies demonstrate that female prisoners with a child living outside the prison endure a particularly high level of stress. This stress stems from feelings of loss and guilt, because they have not managed to act as a stable force in their children's lives, and because they are not able to participate in the every day life of their child. They also may blame themselves for the stress and anxiety felt by their child. Therefore, it is important that imprisoned mothers have the chance to participate in their children's lives so that they may continue to be a part of them. While still in prison, it should be possible for the mothers to participate in important events of their child's life, such as birthdays parties, their first day at school or parent-teacher meetings. Otherwise, feelings of guilt and shame will put successful rehabilitation and reintegration at risk. It is important that imprisoned women who have children are able to continue being mothers – this family role should not be taken away on the account of their imprisonment.

According to the information from NDPHS Country representatives, children are allowed to visit their mothers in prisons within Denmark, Finland, Germany, Norway, Poland, and Sweden. In most of these countries, prisons have special visiting rooms and/or small apartments for overnight stays. Prisons make special arrangements for allowing extended visits and provide visiting children with toys and books (Poland, Sweden, Norway, Finland, and Denmark). Only in Germany are more frequent visits by children allowed, however overnight stays or extended visits on weekends are not permitted. Countries like Estonia and Latvia do not have special arrangements for children visiting their mothers in prison.

Based on the findings presented in this Thematic Report on women's health in prison, the NDPHS Expert Group on Prison Health put forward a set of project-based recommendations. Among those recommendations the following can be mentioned:

Reform in Prison Health: To carry out a project that will analyze health-related prison reforms underway in prison systems found in different countries of the ND area. Such a project could provide an overview of the various types of ongoing and planned projects in any of the ND countries, as well as describe and define the different type of reform steps/measures. Such a project will also raise the awareness of national decision-makers (e.g. Ministry of Justice, Prison Administration) on the need to address the vulnerability of female prisoners to different disease including HIV/AIDS and TB, and to provide the comprehensive package of services within prison settings in a gender-sensitive manner, free of stigma and discrimination.

Children: In terms of female prisoners accompanied by children, Expert Group recommends to carry out a project in order to take a closer look into the influences on, and the consequences of, mother imprisonment for the child's development. It could include the analysis of situations when the child accompanies the mother in prison for the first years of her sentence, and when the child is outside the prison but regularly visits the mother in prison.

A final recommendation is to establish a post-release study/project that mainly serves as a follow-up on women's rehabilitation after their release from prison, and especially the provision of health care and treatment initiated while in prison. This should also include monitoring the measures that were taken to successfully reintegrate women into society, even if they were in prison for only a short period. Post release studies could also cover women's housing possibilities following their release, focusing especially on the provision of half-way houses and other possibilities for accommodation after release.

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Inese Vigante¹

THE INFLUENCE OF THE ESTONIAN MODEL ON FAMILY POLICY IN LATVIA

Introduction

After the restoration of independence two post communist republics with common past in Social policy – Estonia and Latvia – had an opportunity to develop their Social policy according their own direction. Several sociological studies have demonstrated that more emphasis was placed on family values at the end of the 1980s and at the beginning of the 1990s. A traditional family was a synonym for a strong family. But how is it today? Does family policy play any role there?

The aim of this paper is to show the transformation of family policy questions into political agendas in Latvia and Estonia, to look at society's reaction to the adoption of the new model, and at one of the civil servant advantages regarding family support in Latvia, and to identify possible trends of family policy for the future.

Family policy in the Soviet Union

In Soviet times, social and family policy was unified and benefits for families with children were small and not increased regularly. The state mainly supported single mothers and large families. From 1944 until 1980 there was no possibility to take a child care-leave. In 1982, paid child care-leave was introduced and mothers were able to use it until their child was one year old. The mother had the possibility to use unpaid childcare-leave till the child reached 18 months. When the demographic situation became worse, as it did starting in 1989, mothers gained an opportunity for the paid childcare-leave until the child reached 18 months, and unpaid – until the child was 3 years old.²

After the collapse of the Soviet Union, countries experienced a reorientation from the collective approach to an individual approach, regarding social security. Some Soviet Social policy elements and types of benefits for families with children were saved as a linkage between employment and social security, but there were no big changes regarding maternity benefits till the middle of the 1990s. After the restoration of independence, there were many other priorities on the political agenda

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² Ainsaar M. „The Development of Children and Family Policy in Estonia from 1945 till 2000”, Yearbook of Population Research in Finland XXXVII, 2001, 23-41 p.

- such as economic transition and external relations with the rest of the world - than family policy, therefore the general development of family policy in the Baltic States has been slow.

Family policy on political stage in Latvia

In Latvia, until the mid-1990s, there was no established common institutional basis for family policy, because it was implemented through the families' support system.

In 1995, the law "On Social Assistance" involved local governments in the rendering of social assistance for the disadvantaged, but this assistance was provided according to each local government's financial possibilities, and usually was small.

In 1998, relations between state and family were defined 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". Changes in the Constitution were made, because after the restoration of independence in Latvia, it was decided that the country would continue to use a version of the Constitution that was in force before the Second World War, but afterwards it was estimated to be not in accordance with international laws.

From 2001, a "State program for Improvement of Children situation" (from 2003 – children and family) is elaborated annually according to the "Protection of the Rights of the Child Law". The aim of this program can be targeted on different issues every year, e.g., to increase the birth rate of children by providing lunch at schools for free, but in reality, implementation of this program depends on available financial resources.

In the 1990s, the movement of family policy on the political agenda was quite slow, due to political parties' focus on economic reforms, integration into European institutions, and market structure.

Only when, in 1998, Andris Šķēle, the leader of the right wing political party "People's Party" made use of concept "family" in the parliament election campaign, did family policy appear on the political stage for the first time. This political party put family forward as one of basic values in society. It was successful because it differed from other political parties, and because it also managed to join two topicalities important for every individual in society – the demographic situation and the state's economic development.

In 2002, when the political party "New Era" came to power, for the first time in this government, a declaration was planned to define children and family as one of the state's priorities.³ Only in the declaration worked out by the government of

³ Declaration of the Cabinet of Ministers 07.11.2002. Source : www.mk.gov.lv (The Cabinet of Ministers of the Republic of Latvia).

Indulis Emsis, in 2004, is the influence of a concrete political party – (“Latvia’s First Party” whose member is the Minister for Children and Family Affairs) – noticeable.⁴

The declaration of Aigars Kalvitis was the most favourable for families with children, promising in the policy implemented by the state to regard family as the basic value of the state, and identifying that the priority of the state is family and children.⁵ On the other hand, in the declaration of Ivars Godmanis, it is no longer priority, as there are only mentioned a few points from the state program of the Ministry for Children and Family Affairs in Latvia – such as free lunches in schools to improve the social conditions of families, children and young people; support for youth development activities; and the creation of a friendly environment for combining work and family life.⁶

In May 2002, before the elections of Parliament which were held in autumn of the same year, the Cabinet of Ministers accepted the concept of “State Family Policy” which had been prepared for two years prior. It was the first such document which included measures to improve the situation of children and families as core values of society – to improve and promote quality of family life, to offer support in the implementation of parents’ role, and to provide support in case of family break-up. One of the aims mentioned in the concept – to support the parents raising a child after a family break-up through the provision of maintenance – is already accomplished with the foundation of the State Alimony Guarantee Fund in 2004.⁷ The initiative behind creating this Fund is taken from France, where the traditional family support model of family policy exists. To a large extent, the policy is detached from international obligations in the area of employment and does not sufficiently promote the inclusion of parents in the labour market.

The creation of the State Alimony Guarantee Fund, and the restrictions that have been placed on parents who fail to pay alimony, promotes the involvement of both parents in caring for the child. However, the amount of the alimony is relatively meagre and does not ensure an equal investment in childcare by both parents. Furthermore, according to information from the State Alimony Guarantee Fund, most of the parents who receive alimony through mediation by the Fund are women, because there is a high number of single mothers, due to high divorce rates in Latvia.

At the same time, some very important points, mentioned in concept, can not be found in the “Action Plan for the Implementation of “State Family Policy” for 2004-2013”, accepted in the Cabinet of Ministers on 30.11.2004. (E.g. references about the aim to support parents’ employment through enabling them to work part-

⁴ Declaration of the Cabinet of Ministers 08.03.2004. Source : www.mk.gov.lv (The Cabinet of Ministers of the Republic of Latvia).

⁵ Declaration of the Cabinet of Ministers 01.12.2004. Source : www.mk.gov.lv (The Cabinet of Ministers of the Republic of Latvia).

⁶ Declaration of the Cabinet of Ministers 12.2007. Source : www.mk.gov.lv (The Cabinet of Ministers of the Republic of Latvia).

⁷ Concept „State Family Policy” Source: www.bm.gov.lv (Ministry for Children and Family Affairs of the Republic of Latvia).

time, and about the necessity for the special allowance for children before the start of the school year are missing.)⁸

In October 2002, after the election of Parliament, a new position was established: the Minister for Special Assignments for Children and Family Affairs. In 2004, it was restructured into the Ministry for Children and Family Affairs. With the establishment of this position, the issues concerning family and children are being solved more and more actively, making state and society aware of family policy. The first minister for this position was Ainars Bastiks – a priest and member of “Latvia’s First Party” which is conservation and has a Christian world outlook. It is interesting that Bastiks has managed to hold this position since year 2004, and that government changes did not affect him.

Court case about “mother’s salaries” in Latvia

One of most radical steps in family policy support policy was the family allowance for childcare until age one, which was supported in 2004 and adopted in 2005. The concept of the allowance was based on Estonian experience and the assumption that a child’s arrival in a family decreases the family’s standard of living, and that, therefore, maintaining the family’s income would serve as important factor in favour of family enlargement.

The Ministry for Children and Family affairs refers to these allowances, in short form, as “mother’s salaries,” thus indicating the purpose of the allowances as fulfilled by traditional gender roles, although both parents have the legal right to receive the allowance. The new conditions for granting the allowance did not allow the parent who receives the childcare allowance to work and receive income at the same time. In 2005, several mothers contested this restriction in the Constitutional Court, which rules the restriction as unlawful. They were forced to apply to court because none of the deputies in the Parliament considered it as a problem, because their position was that a woman has to stay at home with her child. The political view upon family was strongly influenced by the position of the political party “Latvia’s First party”, which promoted Christian values. It was the woman who had to take maternity leave, and afterwards, had to overcome difficulties to reintegrate in the labour market after the leave, not man.

In Court, the government position was represented by the Ministry for Children and Family affairs, which considered that the best childcare for a child until age one is the presence of the mother. The involvement of the father in childcare, while the mother works, was considered as the second best option. This position has been based not only on Christian values, but also on different perceptions of gender equality. The court based its ruling on the assumption that this restriction does not correlate with the family’s long-term interests. However, even this allowance does not significantly improve the situation for most families. In June 2005, 46,5% of recipients received the minimum allowance – 50 LVL, 16,5% received 56 LVL, and

⁸ „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).

only 2,5 % received the maximum amount – 392 LVL. From 2005 until mid-2007, 14 cases of childcare allowance issues have been contested in the Constitutional Court. This demonstrates that upon adoption of the Law on State Social Benefits, there were not enough consultations with the public and the opposition in the Saeima. All of the petitions indicated the disadvantageous position of working parents in the child benefit system.⁹

After this Case, changes in law were made, and women were allowed to work part-time jobs. What women think today has been summarized in many studies, but they have been generalized, therefore some of the best real examples can be found on the web page of the Ministry of Welfare in Latvia, which organized a forum with an invitation to discuss the problems regarding labour law and family issues.

Here are some of the opinions:

“I think that there is a need, by law, to guarantee for mothers to have a saved work position till their child reaches the age of 3 years, because the government cannot provide sufficient kindergarten services. Kindergartens usually take children only 3 years old and up. To take on a private nanny is very expensive. If a woman knew that, by law, there was a guaranteed work position to return to, she would have more children, and more time for her family, before returning to work. So, the government could pay child allowances in the amount of the minimum wage, till the child becomes 3 years old. Also, courses should be offered for mothers, that would support their return to work.”(Linda Rirdance);

“I cannot understand why only one of the parents has the right to receive tax reduction due to having a child. It should be applied for both parents.”(Aija Zariņa);

“There is no plan as to how a family can survive after the first year of allowance till the third year of the child’s life, when the child is supposed to go into kindergarten.” (Maija)¹⁰

Advantages of civil servants

Since the new civil service law was adopted in the year 2000, a number of state employees became civil servants. This status guarantees a certain wage and social guarantee system. According to paragraph 25 in the Civil Service Law (2000) “*Civil servant has a right to receive child birth allowance in amount of 6 monthly salaries. If both of parents are civil servants, one of them has the right to birth allowance.*”

It basically means that civil servants received additional financial support with the arrival of a child in the family. It is one more positive aspect, which stimulates the increase of birth in Latvia. It is difficult to estimate how many civil servants have used this opportunity, because there is no separate data available. At the end of year 2008, the government proposed to make changes in this law, due to the high amount of money paid out, but nobody analyzed or discussed in public what impact

⁹ Latvia Human Development Report, Human Capital, 2006/2007, Advanced Social and Political Research Institute, Latvia University, 2008, 26 p.

¹⁰ Ministry of Welfare in Latvia <http://www.lm.gov.lv/news/id/329>

this additional financial support had on the fertility rate in the country. The aim of proposed changes was to work out more detailed rules about who could receive a salary of 6 months. An employee was to be eligible:

1. only if the test period in the civil servant position is over;
2. only one of the parents receives allowance even if both work in government institutions;
3. if during one birth, a number of children are born, then the civil servant receives allowance per each child”.

After all these changes were not performed, this means that work in the government sector will continue to be attractive in terms of social security, especially for women. Work for the government guarantees a certain and regular income for a family, the possibility to take maternity leave, and the guarantee of a saved job place to return to, as well as state paid health insurance. Additional support will have a positive impact not only to quality of family life, but also to the demographic situation in a long term perspective.

Some problems related to family policy in Latvia

The debates on procedures for granting childcare allowances put the issue of combining work and family life on the family policy agenda. This issue has been emphasized in formulating gender equality policy, but it has remained removed from family policy priorities. The parents’ low income level and the need for a stable income in order to support the family in the long term, as well as low State support for families with children – these were the arguments of the Constitutional Court in a ruling on childcare allowance granting procedures and deciding in favour of combining work and family life. The policy in Latvia on combining work and family life was criticized in a shadow report on compliance with the CEDAW (Women’s NGOs Network in Latvia, 2004) and this criticism has also been updated by the CEDAW Commission (CEDAW, 2004). In accordance with its action plan, the Ministry for Children and Family Affairs is continuing to open temporary childcare centres throughout Latvia which still do not allow parents to return fully to the labour market.

In 2006, the lack of childcare options became an urgent problem, and State assistance for the construction of new childcare facilities was discussed in parliament. In the same year, the Ministry of Economics submitted to the Cabinet of Ministers a brief concerning an action plan for the construction of new preschool day-care centres. Riga City Council established a new type of compensation for parents whose children have been waitlisted for a spot at a preschool day-care facility. The situation is aggravated by the shortage of labour, and increasingly, the options for combining work and family life is being demanded by representatives from labour unions and women’s organizations, as well as employers. The lack of pre-school day-care facilities creates a grey economic sector in nanny services that employs women who receive no social security and who do not pay taxes. “Marta,” a resource centre for women, has called attention to the issue of the wage level and tax breaks for nannies, pointing

out that parents' limited solvency does not allow for legalizing nanny services. It also underscored the socially unjust situation of the parents who have been at pre-existing facilities. The money of all taxpayers is used for the maintenance of preschool day-care centres – including the taxes of these parents.

Another important new element in Latvian family policy is a 10 calendar-day paid paternity leave (80% of average wages, from which social insurance contributions are calculated). The participation of men in childcare and upbringing is limited by the publicly accepted stereotypes of the father's role being solely as provider. Two large public awareness campaigns were organized in order to break stereotypes – in 2005, the Ministry of Welfare organized the campaign “Why Not?” and in 2006 – “And What Is Your Opinion?”. In 2006, the Ministry for Children and Family Affairs participated in the international project, “Dad at Home”. The involvement of fathers is hindered not only in stereotypes, but also by institutional obstacles – parents do not have the opportunity to be involved in the care of their child simultaneously, splitting the childcare during one time period as opposed to alternately. As shown by the debates in case No 2005-09-01 (see the homepage of the Constitutional Court), a representative from the Ministry for Children and Family Affairs asserts that the best form of childcare until age one is the presence of the mother, while involvement of the father in childcare while the mother works is considered to be only the second best option. Thus, the involvement of men in combining work and family life continues to be viewed as a problematic issue. This is connected with the popularity of the patriarchal family model and the man's role as a provider not only in society, but also among politicians.¹¹

In general, State family policy is geared toward the ideal family model, although the actual family situation indicates that the proportion of children born to unmarried mothers and the number of children growing up without a father is on the rise. These families remain outside the sphere of State support, as family policy sees them as a problem and not as a policy target group. The present policy, raising the tax-exempt minimum per dependent and granting childcare leave to one parent, does not encourage an equivalent investment by both parents in the family and the labour market. The mechanism for stimulating the birth rate also functions on a short-term basis. Funding is increased mostly upon childbirth, and during the child's first year of life, after which support plummets to the State family benefit level of 8 LVL. (A benefit of 8 LVL is granted for the first child, 9,60 LVL for the second, 12,80 LVL for the third child, and 14,40 LVL for the fourth and subsequent children).¹²

Family policy in Estonia

Family policy in Estonia comprises all the traditional supporting measures for families – financial support for families, social insurance, opportunities for parents

¹¹ International Project „Dad at Home”, Source: www.bm.gov.lv (Ministry for Children and Family Affairs).

¹² Latvia Human Development Report, Human Capital, 2006/2007, Advanced Social and Political Research Institute, Latvia University, 2008, 27 p.

to use parental leave, flexible working hours, provision with kindergartens and consultation available.

In Estonia, an awareness that the most successful 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 general objective was to achieve in a long-term period a standard of life of families with children that is of normal quality, and stipulates that they have an average welfare level. The state's participation family policy appears more active, if compared to Latvia. In "The Concept of Children and Family Policy" it is stated that family remains the major environment for child rearing and creating their value system, and that the state alone is not the only important entity.¹³ The Latvian concept of "State Family Policy" is comparatively restrained; promising that with the implementation of this concept, the greater part of families will be able to take responsibility for the implementation of family functions by themselves, receiving optimal support from the state, local government, and society, in case of necessity.

Unlike with Latvia, Estonia adopted "The Concept of Children and Family Policy" in 2003, adding in new objectives – 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 Estonia but also the EU, are put forward:

1. Increase the number of births to reproduction level.
2. Achieve an increase of the average life expectancy and average active lifetime of both women and men to at least the average European level.
3. Achieve a beneficial age-gender structure of the population in the entire territory of the Republic of Estonia

In Estonia, equally to in Latvia, the priority on the agenda of political parties after restoring independence was economic issues. 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. Only just before the parliamentary elections in 1999, for the first time, the main focus of an election campaign was directed to socioeconomic issues.¹⁴

In both countries the aim of family policy is to promote quality of family life, and one of the measures for the achievement of this aim is to support families with children through state benefits.

State financial support for families with children

In Estonia, the institution responsible for family policy is the Ministry of Social Affairs. At the same time, a family policy unit was created under the Gender Equality Department.

¹³ The Concept of Children and Family Policy, Source: www.riik.ee/pere/inglise.htm.

¹⁴ Estonian National Electoral Committee, Source: www.vvk.ee.

The children and family policy aims and measures are also integrated into the Population Policy Paper that is worked out by the Bureau of the Minister of Population Affairs and agreed upon by the Government in fall 2003. The Minister of Population and Ethnic Affairs is responsible for the development, implementation and assessment of results of the state action plan for population policy.

Local governments also play a role in supporting families with children according to the needs of families and the availability of resources at the local governments. Many local governments make one-time childbirth support payments; give gift packages to newborns; and provide many other kinds of benefits.

In Latvia, there are family state benefits and in Estonia, child allowance benefits.

Studies carried out in the EU Member States give evidence that amount of benefits for families with children are important, but not the most important factor, because benefits do not compensate fully for the foregone income from the paid employment. Important contributing factors are economic security, employment possibilities and family friendly environment.¹⁵

The changes in amounts of benefits for families with children in Latvia were carried out in 2005 with an aim to improve the demographic situation. If in 1990, there were born 37 918 children, then in year 2002 – 20 044 children. In Year 2005, 5220 children were born in first quarter of this year, which was the best rate in the 10 last years.¹⁶

In Estonia, in 1990, there were 22 304 children born, but in 2002 – 13 001 children.¹⁷

The family state benefit in Latvia and the child allowance in Estonia have similar aims and are of similar amounts. In Estonia, child allowance is paid monthly for each child until the child reaches the age of 16 (if continuing to study in primary, secondary or professional educational establishment – until the age of 19),¹⁸ in Latvia family state benefit is paid until the child reaches the age of 15 (if 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.

In comparison with Estonia, Latvia spends less financial resources of GDP for the financial support for families with children. For example, in 2001, Latvia spent 1,5 per cent of GDP for the financial support of families with children, but Estonia – 2 per cent of GDP.¹⁹

¹⁵ Albert J., Fathey T. „Perception of Living Conditions in a Enlarged Europe”, Luxemburg: Office for Official Publications of the European Communities, 2004, 48 p.

¹⁶ LETA, 28.04.2005., Source: www.leta.lv (LETA).

¹⁷ Esti Statistika aastaraamat 2004, Tallinn: Statistikaant 2004, 1.40.

¹⁸ State Family Benefits Act, Source: www.legaltext.ee, (Estonian Legal Language Centre).

¹⁹ European Social Statistics. Social protection. Expenditure and Receipts. Data 2002, Eurostat.

8. Trends for change

If information the which was mentioned above helps us to understand better the main aspects of family policy in Latvia in comparison with Estonia, then further developments of it are hard to predict. There are many factors that can influence it.

Internally, family policy is a social security issue, and its development mainly depends on politician decisions and views upon families' needs, with real family needs playing only a minor role.

An externally culture of individualism, which comes from Western Europe, encourages young women to get higher education, use their knowledge as capital in the labour market, and in result, it delays family formation. People in the process of modernisation have an opportunity for the release from traditional structures/rules, which brings more freedom of choice. It has a strong impact on the formation of relationships and family. A different biography of family formations has emerged. E.g., thinking as *“if love, then marriage”* or *“if marriage, then children”* has become weak, but it does not mean that it does not exist.

Also, fewer and fewer young people feel secure about their futures, because of economic changes, and globalization's influence on labour market conditions. There are not so many companies that employ people for 40 years. Job places are there where economic developments happen, and when it stops, companies leave - which requires also for employees to migrate, in order to save their jobs.

For women, it has been a positive motivational aspect to work. But in many cases, employment outside the house has been added on top of household work and childcare, for women. That creates a heavy workload for women, if household tasks are not shared, and can bring bad consequences on women's health and on the emotional atmosphere in a family.

These and many other factors will continue to influence people's perception, attitudes and thinking about family formation, children and themselves. A main task for people and countries will be to find a balance between individual and societal interests in terms of family policy.

Conclusions

As a conclusion, it should be remembered that the development of family policy in Europe will depend on political decisions. Aging is a natural process, and today, all of Europe meets this problem. It brings up questions about future generations, and about the effect on the social system within each country, as well as the labour market and the economic situation. It has been a main driving force for Latvia and Estonia to start implementing measures in the sphere of family policy, and will continue to be.

For Latvia, there is strong need to adopt an approach that defines the family as the major environment for child rearing, and creating children's values systems - not the state. Only then, would it be possible for the demographic situation to improve realistically.

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Oksana Zabko¹

TACKLING UNEMPLOYMENT BENEFITS AND ACTIVE LABOUR MARKET POLICIES²

The presentation covers the recent changes (as of the beginning of 2008) in unemployment benefits in Latvia. Two main changes that have occurred:

- the duration of unemployment benefits has changed from 9 months within one year to 12 months within one year and half;
- furthermore the duration of unemployment benefits and amounts have been linked more closely to the duration of employment. Up to the end of 2007 each unemployed person was entitled to 9 months of benefits, with decreasing amounts every three months. Currently three levels of benefits have been introduced for employment duration between 1 and 9 years, 10 and 19 years, and 20 years and above.

From the available data and studies it seems that only about half of all jobs seekers register with the State Unemployment Agency; however even from those registered only part of them receive formal unemployment benefits. Those are not qualified for these benefits, by being registered at the Agency can receive social assistance from local municipalities. In addition by being registered with the Agency one can qualify for vocational training; it has been shown that such re-training increases the probability of accession again the labour market. The consequences of these changes in unemployment benefits conditions have increase budget savings but have reduced the beneficial effects of vocational training in particular by decreasing the duration of this training and the available support.

Following the accession to the EU and the free movement of labour within the single European market has strongly influenced the labour market situation in Latvia: significant migration trends developed, wages increased, and labour shortages appeared. This created the need for the Latvian government to become more proactive in Labour policies.

The issue of long term unemployment due to the structural reforms of the national economy following independence, has resulted in considerable regional differences in the employment situation, with long term unemployment due to the

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² This paper is an edited transcript of the author's presentation at the Forum. It should be read in conjunction with the power point presentation, annexed in a CD to these Proceedings.

dismantling of large industrial enterprises. This has affected, according to the survey of registered persons, in particular the Russian speaking population in the region of Latgale. The re-employment of this population, without skill in the State language, is problematic and furthermore it has resulted already in the existence of a second generation of people dependent on the social system.

In conclusion, the current unemployment policy of the government is not ready to tackle any significant increases in unemployment rates.

Laimute Zalimiene¹

FAMILY POLICY IN LITHUANIA

Introduction

Lithuania's constitution emphasizes that family is the base of state and society, and that the state protects the family, motherhood, fatherhood and childhood. The main purpose of state family policy is supporting and strengthening families. During the last decade, the characteristics of the Lithuanian family have changed: traditional family features are disappearing and the model of the modern family is becoming more and more common. Since the declaration of independence in 1990, up until 2008, the number of inhabitants in Lithuania has decreased from 3693.7 to 3384.8 thousand. In 1989, an average Lithuanian family consisted of 3.2 people, but in the year 2006 it became much smaller – only 2.4 people. The most influential factor behind this decrease was migration, however, a second factor was the declining birth rate. The Lithuanian birth rate is one of the lowest among the EU countries; in 2006 it was 1.3 (Statistical Yearbook of Lithuania 2000, 2001; Demographic Yearbook 2006, 2007). On the one hand, the social and demographical tendencies in the country evidently determine features of family policy, but on the other hand, the family support measures implemented by the state could influence the changes of family model and situation. Lithuanian family policy was started after the declaration of independence and there was a tendency to take good practises from other European countries. However, the prime goal of politicians was the development of a cash benefit system, and other means of family policy were out of political agenda. There was a tendency to stimulate childcare within the family, and the result was the decline of kindergarten. Furthermore, there were not enough endeavours to develop personalized social services for at-risk families.

In this article, the concepts of the family and of family policy in Lithuania are discussed, as well as the objectives of family policy. A short description of the family support system is also provided.

Family policy in Lithuania

Definitions

The features of a family support system are highly influenced by the definition of the family and the conception of family policy in a particular country. Family

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policy relates to several aspects of family life, and for that reason, its definition is often complicated and ambiguous (Neyer G., 2003). In Lithuanian legislation (*Civil code, National conception of family policy, Conception of child welfare policy* etc.) the importance of family to the development of society is pointed out, as well as the importance of child welfare and of the state role for the successful functioning of the family. The term *family* in Lithuanian Social policy legislation was not clearly defined until 2007. In family support and social assistance legislation, married couples with children, people who live together, and individuals having a joint household were named as types of units of support. The situation was later changed, as in 2007 the *State Family Policy Conception* was introduced. According to the *Conception*, “family” is a married couple with children (or adoptees). The term “family” is defined alongside definitions of “incomplete family” (divorced parents) and “expanded family” (relatives living together). The main purpose of state family policy is to implement policies supporting and strengthening such models of family. To go into the content, we could observe that the *Conception* offers family policy based on specific values, and that it imposes the values of some individuals on all Lithuanians, through a set of rules which create a burden for those who have different values (Hardling L., 1996). Thus far, it is complicated to assess how the implementation of this *Conception* will change or affect family development and family support policy in Lithuania.

Country context

During the last two decades the features of the Lithuanian family have changed from the traditional family to the modern family model, which could be characterized as follows:

- Less marriages.
- Marriages suspended for senior age.
- Increasing number of unmarried couples.
- Declining birth rate, more small families (with 1-2 children).
- Increasing number of children born outside of marriages.
- Voluntary childlessness is becoming more and more popular.

Table 1

Some demographic changes in Lithuania during 1990-2006 (Statistical Yearbook of Lithuania 2000, 2001; Demographic Yearbook 2006, 2007)²³

	1990	2006
Total number of marriages (thous)	36.3	21.2
Marriages per 1000 population	9.8	6.3
Live births per 1000 population	15.4	9.2
Extra marital live births, percentage of total live births	7.0	29.6
Index of ageing	79 ²	124
Family size (persons)	3.2 ³	2.4

² In 1995

³ In 1989

It is also important to acknowledge that there was an increase of single-parent families and a growth in the number of cohabiting couples. Other important circumstances for family policy are high migration (especially among young people), and the poverty level of families with children. Between 2001 and 2006, 122,000 residents left the country, and 47 percent of them were 20-34 years old (Demographic Yearbook 2006, 2007).

The family policy and family support system in Lithuania

Family policy is complicated by state implemented social and economical measures, which are directed to family, shaping its structure and the quality of life of families (Hunter M., 1998). Examining the features of family support policy in European countries, we can notice that these policies encompass divergent aims: to compensate parents for the costs of raising children, to increase the birth rate, to promote the balance of family and work life, and to support poor families. One additional aim of family support policy should be stressed in Lithuania: to help families-at-risk fulfil their family duties, because the number of families-at-risk in Lithuania is around 18,000 a year, and around 30,000 children grow up in these families (Social Security in Lithuania 2005, 2006).

It is important to note that all policies of family support can be divided into two categories: direct and indirect. Direct policy measures are used to solve concrete problems of the family and to affect demographical processes of the country. Indirect policy measures are used to impact the well being of families using policies of education, health, social assistance, housing, employment, tax etc.

Subject to the structure of these measures we could refer to:

- Explicit family policy, i.e., having definite objectives and measures.
- Family policy as a part of other policies, i.e., which objectives are not matched up.
- Implicit family policy, i.e., not having direct orientation to family, but an indirect influence over the family institution (Kamerman Sheila B. And Alfred J. Kahn, 1978).

Some authors divide family policy into four areas, which constitute the core of family Social policy: maternity policies, paternity- leave policies, childcare, and child benefit (Neyer G., 2003).

It is shown by various researchers that the real impact of family policy to the development of the institution of family and the birth rate is assured not by separate policy measures, but by an established system of measures, using the evaluation of compatibility, fitness, and directness.

While assessing the changes in the extent of family support over the past 5 years in Lithuania, we can observe an increase in the number of receivers of support, as well as the amount of money allocated for support, and the size of benefits and services. (Social Report, 2006-2007, 2008).

However if the absolute sum of the expenditure on family support grew (spending for family and /or child benefits increased by about 150 percent from 2000- 2006), the expenditure clearly decreased in comparison to GDP.

Table 2

Expenditure on social protection and family support compared to GDP (Social Security in Lithuania 2006, 2007; Social Security in Lithuania 2007, 2008.)

	2000	2002	2004	2006
GDP per capita (in EUR)	3528	4329	5276	6996
Expenditure on social protection, %	15.8	14.1	13.3	13.4
Expenditure on Family support benefits, %	1.41	1.12	1.14	1.16

The system of family support in Lithuania consists of:

- Financial support: child benefit, parental leave allowance, pregnancy grant, birth grant, guardian's benefit.
- Services: day care, social services, free of charge school meals, lump sum benefit for school children.
- Other forms of support: housing support, transport privileges, tax deduction.

If we analyse direct costs of bringing up children in many EU countries, as we did for Lithuania, we can observe that the amount of child benefit in most countries is inversely proportional to the child's age. The result is a gap between real children's needs and the amount of aid directed to meet these needs.

Table 3

Direct financial family support in Lithuania (Social Report. 2006-2007, 2007)

	Duration	Amount	Budget
Maternity leave benefit	18 weeks	100 % of wage	Social insurance
Paternity leave benefit	1 month	100 % of wage	Social insurance
Parental leave benefit	3 years	1- 100; 2- 85; 3 – not paid	Social insurance
Pregnancy grant	lump sum	2 basic social benefits (bsb)	State budget
Birth grant	lump sum	8 bsb	State budget
Child benefit	0-3 years	0-3 years - 0,75 bsb 3-12 years - 0,4 bsb	State budget
Guardianship benefit	0-21 years	4 bsb	State budget

When the purpose of family policy is to compensate for part of the costs of bringing up children, the amount of child benefit is very important. The amount of a child's benefit consists of 8-20 % of the minimum monthly wage in Lithuania - and the minimum monthly wage was about 230 EUR per month in 2008. Hence, in Lithuania, the child benefit for a child aged 0-3 years is 28 EUR, thus, it is very low.

It is a complicated question: how big does the child benefit have to be? Research acknowledges that cash benefits have a bigger impact on the procreation behaviours of families at risk. Furthermore, the increase of child benefits can enhance the birth rate among the lowest income families (Hakim C., 2003). Therefore, if we try to increase the amount of benefits, certain problems arise, including overwork and poverty trap in some families, particularly in families at social risk. There is the same tendency in Lithuania and this implies that one part of the social assistance is delivered by personal social services, instead of cash benefit. In 2007, 69 percent of expenditure for family/child benefits in Lithuania consisted of benefits in cash, while 31 percent consisted of benefits in kind. (Social Security in Lithuania 2007, 2008).

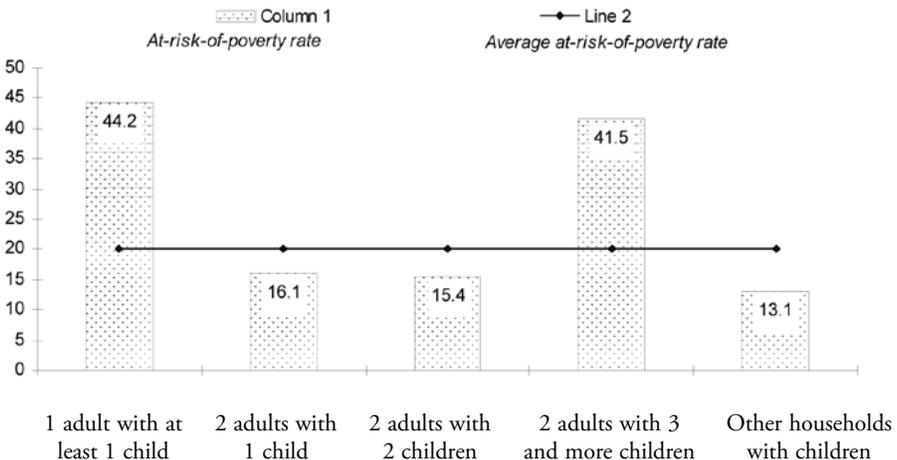
It is important to touch on social assistance issues because families with more than the average number of children are experiencing poverty. The level of poverty risk very much depends on the number of children in the family.

In Lithuania the social assistance system to family and children is based on provision of means-tested and non-means-tested assistance. Social assistance to low-income families consists of:

- Social benefit, which has been established to assure minimum subsistence of low-income individuals.
- Compensations, which have been established for those not able to pay for the main utilities (heating, cold and hot water).
- Free meals to children in low-income families at schools of general education, lump sum benefit for school children.

In 2006 in Lithuania, in households consisting of 2 adults who have 1 child, the level of poverty risk was 16.1 percent; for those who have 2 children, 15.4 percent; and for those with 3 and more children, 41.5 percent.

**Chart 1. At-risk-of-poverty rate in households with children in 2006
(Household Budget 2006, 2007)**



Means tested social assistance, which includes cash benefits and social services (benefits in kind), is rendered subject to a family's income and property (to qualify for some particular types of benefits). According to household budget surveys, the majority of these benefit receivers are families with 3 or more children, single parent families, and families with disabled persons.

It is necessary to pay attention to the fact that not all family support measures are equally effective for all families:

- Income-tax privileges will be effective only for working families and more useful for those who earn more money.
- Kindergarten tax discount will have an impact only on those families which send a child to kindergarten. (For example, in Lithuania the majority of children (more than 60 percent) from large families do not attend kindergartens.)
- Transport privileges will be more valuable for the city residents than for families from outpost rural areas.
- Free meals for pupils will be meaningful support only for families with school aged children, and so on.

Reconciliation of family and work

Intensions to reduce unemployment and poverty, to counterbalance population decline, to cut social expenditure, or to change or maintain gender relationships are some of the goals that have been associated with family-policy measures (Neyer G., 2003). A possibility for the reconciliation of family and work affects demographical processes in the country and the development of the family institution. The growing birth rates are seen in those countries (Scandinavian countries, France), where family policy is integrated and connected with labour market policy, preschool childcare policy, gender policy, social assistance policy, moreover where different policies are assorted (Stankūnienė V. ir kt., 2001).

A social measure to reconcile work and family varies among countries. While in Scandinavia, the provision of childcare is a part of an explicit Social policy designed to create a dual-breadwinner model and full employment, in the UK, public childcare provision is for children in poverty or social risk (Jing Guo, Neil Gilbert., 2007.) Many of the measures of the reconciliation of family and work are implemented in Lithuania, but in some of them, the efficiency is quite small, particularly the contribution to mothers returning to the labour market, and the use of flexible working hours or part-time job. Furthermore, despite the fact that laws imply that there are opportunities for people who raise children to have flexible work hours and part-time jobs, these opportunities are not available very often in practice; in 2005 in Lithuania the average rate of women working part-time job was 8.5 %, while the average rate in the EU was 32 % (the lowest rate was in Slovakia – 5 percent and the highest in Netherlands – 70 percent) (A Statistical view of the life of women and men in the EU 25, 2008). The most prevalent reason why part-time jobs are not “popular” are small salaries and fear of losing work positions, particularly in small

towns and rural areas. Another reason is that flexible employment forms are often used as measures for increasing work force exploitation.

The women's employment rate in Lithuania is about 60 %, but in rural areas only 32 %. The reasons are a lack of job places in rural areas, low mobility of rural inhabitants, weak infrastructure of social care services for disabled children, and scarcity of kindergartens and nurseries in rural areas (in towns about 75 % of children attend kindergartens, in rural areas only about 20 %).

Conclusions

During the last two decades the features of the Lithuanian family have changed from the traditional family to the modern family model, which is characterized by low birth rates and the failing of the traditional family pattern. From research data we can see that family policy affects the institution of the family and the birth rate, when the system of measures is not separate but combined and directed. In Lithuania there is some rhetoric to create explicit family policy, but we can see only separate measures up until now. Not all types of family support are equally available for different types of families. While assessing the extent of family support over the past 5 years in Lithuania, we observe an increase in the number of receivers, as well as an increase in the expenditure allocated for family support. However, in comparison to GDP, we can observe a sharp decrease in this type of social expenditure.

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Part V

SOCIAL POLICY IMPLEMENTATION IN LATVIA POST EU ACCESSION¹

Zane Cunska and Tatjana Muravska²

This overview has been prepared at the request of the European Commission Representation in Latvia. The overview was drafted in early 2009 primarily on the basis of legal and statistical information available before the deep downturn in economic development of the country as a result of the global economic crisis. Research on the literature was supplemented by interviews with government officials where appropriate.

Introduction

The 2004 and 2007 European Union enlargements remain a controversial topic. One of the important issues in Central and East European countries is Social policy, which includes social protection and changes in policy implementation.

This paper is a follow up of the very extensive and detailed pre-accession assessment on social protection system in Latvia written by Inara Bite and Valdis Zagorskis on the “Country Study Latvia in the Social Protection Systems...”. The authors’ assessment demonstrated that the main principles and mechanisms of the social protection system are rather employment- centred, not inhabitants-centred and most of social risks are compensated through the social insurance system which is based on insurance records and earnings. The attention in the study was paid

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to the evidence of neo-liberal ideas and their presence especially in relation to the implementation of pension reform. It was stressed that only limited attempts have been made to use welfare to mitigate social inequalities.¹ As it is indicated in the study, emphasis is set on each individual's responsibility for creation of his/her social security rights. When implementing the funded pension scheme, individuals will, to a large extent, take over the inherent financial risks to this system.

The discussion about the particular model that Latvia follows in the implementation process of Social policy is still debated.

This paper examines Social policy issues in Latvia from the perspective of a New Member State. In particular, the case of Latvia will be examined resulting from the membership in the EU during 2004-2008, when high economic growth combined with natural population decline, labour shortages in some sectors of the economy and out-migration that call for policies to promote human capital development in the country.

The authors reviewed documents and statistical data related to the EU and government of Latvia in the most important areas of the Social policy and social protection, while focussing on evaluating the policy implementation.

EU Social policy framework and models

Framework

Since the EU enlargements of 2004 and 2007 the need to increase economic efficiency of the Union and to bring the economies of the new members up to par with the economies of the old members states has become vital. Accession to the EU has brought rapid and fundamental changes for Central and East European countries. Among major dilemmas that New Member States have been facing was a question about market and social security.

The Lisbon strategy^{II}, as a framework for further development of the EU, set up a requirement to increase employment in Member States. To make the EU "the most competitive and dynamic knowledge-driven economy by 2010" is a challenge not only for Europe's economic performance, but as well for its social cohesion and solidarity. That challenge is to be understood in a double sense, as a threat to and as an opportunity for social cohesion. Some analysts and politicians depict the role of the state in social protection as unsustainable or even counterproductive in the new global scenario. However, the risk of social exclusion remains. A possible answer to these new challenges is to associate closely the creation of more competitive economies and the struggle for social inclusion.

The EU approach to social inclusion does not consist in assisting the poor, but in helping them out of poverty by ensuring their participation in innovative economic activities. Social inclusion under the Lisbon Strategy, which aims at the modernisation of the European social model, can thus contribute to the economic dynamism of the EU rather than impairing it. The Lisbon Strategy seeks to strengthen the EU's social cohesion by improving its economic structures and dynamism.

Social policy is increasingly accepted in the European Union as being a productive factor. Building the sustained economic growth necessary for long-term employment creation in the New Member States will require an unprecedented level of political, economic, and social cooperation among governments, business, and individuals throughout Europe. The most common approach is to consider Social policy of the EU or social dimension of European integration as actions carried out under the Social policy chapter of the EC Treaties. EU Social policy is not interventionist. The subsidiarity principle enshrined by EU Treaties: Rome (1957)^{III}, Single European Act (1986)^{IV}, Maastricht Social Agreement (1992)^V, Amsterdam (1997)^{VI} and Nice (2001)^{VII} means that the European Union competence is restricted to areas where national governments cannot meet policy objectives through their own actions. Strictly, the Social policy is responsibility of the Member States, though social policies are increasingly affected by the EU social agenda. Member States set common goals and promote cooperation, as well as exchange of information with the Open Method of Coordination (OMC), i.e., exchange of experience³. The direct and indirect pressures resulting from the process of market-integration erode the capacity of the national welfare states to pursue autonomous social policies (Aust et al, 2004^{VIII}). Consequently the national policies in Europe can no longer be analysed without reference to the EU.

The EU policy makers strive between conflicting social and economic goals, i.e., high levels of productivity and growth and maximization of social protection, inclusion and cohesion. EU policy is largely regulatory, and the term, 'Social policy' refers to policies affecting the social conditions under which people live. The Lisbon Strategy can be a tool for EU Member States in the process of adapting to the more competitive environment brought by globalisation and this is critically important for the further reform of the European Social Model. Given the diversity that exists, reform can only be addressed at the national level.

The definition of European Social Model was adopted by the Barcelona European Council in March 2002 and it states "The European social model is based on good economic performance, a high level of social protection and education and social dialogue"^{IX}. This definition stresses the necessity to combine social cohesion with good economic performance, and the same time relies on high level of social protection against the risks of life. The challenge to balance economic and social policies is a

³ Since the EU has implemented and Open Method of Coordination (OMC) at the Essen European Council of 1994. The OMC is a new EU level approach that is gaining in importance as an alternative to regulation. It is based on European guidelines national action plans, and national reports using common indicators, and uses EU level evaluations that feed into new policy guidelines. Every year since the Amsterdam's Treaty that formalised employment policy of the EU, the EU has adopted employment policy guidelines. Their specification and implementation is left, however, to the national level so that domestic situation and party political preferences can be taken into considerations. At the same time must present annual reports on how they have dealt with the guidelines, and why they have chosen particular strategies in their national Action Plans. They have to attend European level in regular debates on the national employment policy and this have a harmonising effect on social policies in Europe. The open method of coordination has recently been extended to new fields, including pension reform, social inclusion and education.

challenge in particularly for the new EU Member States struggling for economic convergence, as is the case for Latvia.

Following the streamlining of the Social policy, Member States are now charged with translating the common objectives into National Plans for each of the three areas of Social Inclusion, Pensions and Health and Long-Term Care. These plans, which cover a period of two years, are submitted to the Commission in the form of a National Report on Strategies for Social Protection and Social Inclusion^x.

The social situation in a country can be measured by a wide matrix of different statistical and descriptive indicators. For this purpose the Commission in 2007 has established a tool for monitoring the social situation in its member countries called EU-SILC (Statistics on Income and Living Conditions), which contains internationally comparable data with reduced time lag between collection and publication.⁴ As we perceive the role of this study to be concentrating on the changes in Social policy and associated legislation, we are not presenting the overall statistical picture but rather concentrate on the dynamics of the most important parameters that we consider describe the situation best.

Social models

There is no one European social model. European countries have diverse approaches to Social policy. However, in the context of the European experience of Social policy implementation four major models can be distinguished.

Anglo-Saxon model with domination of free market, followed by the UK and Ireland is based on a more limited collective provision of social protection and more flexible labour markets. This model is more oriented towards individual responsibility and market solutions to social issues. The market and the family are the main providers of people's welfare with little role of national social policies. The state's objective is to ensure basic living standards and help those in need, and to cushion the impact of events that would lead to poverty, such as sickness, old age, or unemployment. Rhineland or Continental model of social welfare supported by France and Germany, as well as some other Central European countries. All of them share several communalities – such as equality, solidarity, non-discrimination, redistribution of resources – and are very distinct from the Anglo-Saxon model. The Continental model entails the provision of social assistance through public insurance-based systems in the Bismarckian tradition. In these countries, the role of the market in the provision of social assistance is limited and employment protection is high. The Mediterranean model combines high legal employment protection with lower levels of unemployment benefits. It also represents high expenditures on pensions. Spending is more concentrated on old-age pensions and the role of social support through the extended family remains important. The Nordic or Scandinavian model is described by high social protection level, high taxes and inclusive labour market emphasising significant investment into social welfare (Sapir 2005).^{xii}

⁴ See http://ec.europa.eu/employment_social/social_inclusion/indicators_en.htm for the latest list of indicators.

Table 1

Social Models in the EU

		Efficiency (Social policy as a productive factor)	
		Low	High
Equity	High	Rhineland / Continentals	Nordic
	Low	Mediterranean	Anglo-Saxon

All models involve government interventions to reduce poverty and social exclusion, achieve a fairer distribution of income, provide social insurance and promote equality of opportunity. The basic pillars of all models are pensions, health and long-term care, social protection for the poor or disabled, and the redistributive function of taxation.

As many of the studies in this area show, the process did and does produce mixed results, as well as controversy. This refers both to policies and to Social policy implementation.

The New Member States are in the process to choose their model for development but they may also have there own contribution to make European social model.

Interrelationship between domestic and European social protection dimensions

Social policy was not one of the major issues in the EU. However, in the Treaty of Rome provisions for the European Social Fund and the Economic and Social Committee were included. Moreover, in the 1970s and 80s there were some steps towards the creation of Social policy as one of the policies of the European Community. The crisis in the 1970s and 80s influenced certain civil society movements to launch a campaign to develop Social policy and social inclusion at EU-level. This trend came to a stop when the subsidiarity principle was formally enshrined in the Maastricht Treaty. Now the European Union Social policy has a wide scope of action, which ranges from establishing Europe-wide legislation to promoting non-binding exchanges of information and opinions.

The European Union has no powers to standardise the numerous, in some cases very different systems of social protection in the Member States. Instead, its role is to coordinate these systems to protect the main principles of the Common market function in the area of free movement of people as, for example, to guarantee established rights, e.g. for workers abroad, exchange students and etc. The EU is thus making sure that those exercising their right to freedom of movement are not put at a disadvantage.

The fundamental components of European Social policy are the OMC with exchanges of best practice as well as an orientation of the European Social Fund (ESF) to encourage social inclusion. The ESF and OMC are two instruments for supporting social inclusion efforts by Member States. The ESF was created in 1957 to ensure the solidarity between the Member States.

The OMC formulates common objectives, which all Member States are expected to implement through national measures in the areas of social protection, social inclusion, pensions, health, long-term care and poverty prevention. The overarching objectives of the OMC for social protection and social inclusion are to promote:

- social cohesion, equality between men and women and equal opportunities for all through adequate, accessible, financially sustainable, adaptable and efficient social protection systems and social inclusion policies;
- effective and mutual interaction between the Lisbon objectives of greater economic growth, more and better jobs and greater social cohesion, and with the EU's Sustainable Development Strategy;
- good governance, transparency and the involvement of stakeholders in the design, implementation and monitoring of policy.

Social policy in the European Union incorporates labour law, occupational health and safety as well as gender mainstreaming. It also sets standards and objectives in these areas, as well as laying down the principles of anti-discrimination policy.

The requirements for Social policy development in Latvia are determined by the EU common aims in relation to social protection and inclusion following the Open Method of Coordination on Social Protection and Social Inclusion. This helps to create the overall domestic system for Social policy implementation.

Social policy system development process in Latvia before the accession was significantly influenced by programmes and projects implemented by international organisations such as the World Bank, United Nations Development Programme, International Labour Organisation with which the EU has very close cooperation. This provides sustainability of the main principles and measures Social policy set up already before the accession.

As a member state Latvia is eligible for the EU Cohesion Funds implementation that is meant to have the major impact on the further development of country's social dimension.

Social protection trends in Latvia 2004 – 2008

Legal framework and institutional dimensions

The legal framework development for the Social policy implementation in Latvia was a long process that coincided with transition to market economy, structural reforms, requirements to fulfil the Copenhagen criteria for the accession to the EU and the urgent need to provide social benefits.

These conflicting trends in the socio-economic system development are reflected in the of the legislative process development. This process was intended to provide a safety net for the future and also affected the framework of the Social policy concept.

Latvian legislation does not give an explicit definition of the term 'social protection'.^{xii} Nevertheless Latvia has signed several international agreements on human rights, welfare and social protection. The most important documents are the

Universal Declaration on Human Rights (UN)^{xiii}, and the European Social Charter (ESC)^{xiv}. The constitution of Latvia (article 109)^{xv} assures that everyone has rights to social security when old or in the case of work inability or unemployment.

The most important legislative documents in specific areas of Social policy are reviewed in the respective sections of the study.

It is important to stress that major legislative steps to develop the social protection system were taken in the pre-accession period. However this process was not always systematic as it was frequently demand driven. For example, such major legislative act as the Law On State Pensions^{xvi} (1996) has been often amended and continues to be so even at present. This increases a risk of diminishing of public confidence towards the stability and sustainability not only to the pension system but to the safety net system in general.

The accession period required to design and implement the National Action Plan for Reduction of Poverty and Social Exclusion (NAP)^{xvii} that was launched in 2004 in line with the Single National Economy Strategy (2004-06)^{xviii}, Joint Memorandum on Social Inclusion (2003)^{xix} and the National Employment Plan (2004)^{xx}. The Ministry of Welfare in Latvia has issued two important strategy documents: the “Conception of the Development of Labour Protection from 2007–2013” and “The Programme for Development of Labour Protection from 2007–2010”.

The Social policy administration is a complex process and requires the active involvement of number of government institutions and agencies the Ministry of Welfare, Ministry of Health, Children and Family Affairs and Integration, State Employment Agency and etc.

Social policy programmes and spending

The most important policy changes and/or instruments that have been implemented after accession will be discussed.

The social benefit system consists of health care, sickness, maternity, family, unemployment, invalidity benefits and old-age pensions. Various additional less popular allowances exist. The basic structure of the benefits has been continued in the after-accession period. The general policy direction has been employment centred, i.e., the social risks are compensated taking into account earlier earnings for which social insurance payments have been made. The individual is seen as responsible for his own security rights. The means-tested benefit allocation is secondary.

In Latvia, social protection expenditure⁵ accounted for 12.2% of GDP in 2006. The ratio of social protection expenditures to GDP has been decreasing over the years, and since EU accession it has been 12.9% and 12.4% of GDP for 2004 and 2005

⁵ Social protection expenditure and receipts are calculated in line with the methodology of the 1996 version of the ESSPROS (European System of Integrated Social Protection Statistics) Manual. Expenditure includes social benefits, administration costs and other expenditure linked to social protection schemes. Social benefits are recorded without deduction of taxes or other compulsory levies payable by recipients. “Tax benefits” (tax reductions granted to households as part of social protection) are generally excluded.

respectively. Similarly the ratio has been declining in the other Baltic Countries, and remained quite stable between 27 and 28% of GDP in EU25.

Table 2

**Social protection expenditure (according to ESSPROS classification)
2000-2006, as % of GDP, Latvia and selected EU countries**

	2000	2001	2002	2003	2004	2005	2006
EU27	:	:	:	:	:	27.1	26.9
EU15	26.8	27	27.3	27.7	27.6	27.7	27.5
BE	26.5	27.3	28	29.1	29.3	29.7	30.1
DK	28.9	29.2	29.7	30.9	30.7	30.2	29.1
DE	29.3	29.4	30.1	30.4	29.8	29.7	28.7
EE	14	13.1	12.7	12.6	13	12.7	12.4
IE	13.9	14.9	17.5	17.9	18.2	18.2	18.2
GR	23.5	24.3	24	23.6	23.5	24.3	24.2
ES	20.3	20	20.4	20.6	20.7	21.1	20.9
FR	29.5	29.6	30.4	30.9	31.3	31.4	31.1
IT	24.7	24.9	25.3	25.8	26	26.3	26.6
LV	15.3	14.3	13.9	13.8	12.9	12.4	12.2
LT	15.8	14.7	14	13.5	13.3	13.1	13.2
LU	19.6	20.9	21.6	22.1	22.2	21.7	20.4
NL	26.4	26.5	27.6	28.3	28.3	27.9	29.3
AT	28.4	28.8	29.2	29.7	29.3	28.8	28.5
PT	21.7	22.7	23.7	24.1	24.7	25.4	25.4
FI	25.1	24.9	25.6	26.5	26.6	26.7	26.2
SE	30.1	30.8	31.6	32.5	32	31.5	30.7
UK	26.4	26.8	25.7	25.7	25.9	26.3	26.4

: Data not available

Source: Eurostat

The EU27 average continued to mask major disparities between Member States. Social protection expenditure as a percentage of GDP was around 30% in 2006 in Belgium (30.1%), Denmark (29.1%), Germany (28.7%), France (31.1%), the Netherlands (29.3%), Austria (28.5%) and Sweden (30.7%), and below 15% in Latvia (12.2%), Estonia (12.4%) and Lithuania (13.2%). These disparities reflect differences in living standards, but are also indicative of the diversity of national social protection systems and of the demographic, economic, social and institutional structures specific to each Member State.

The expenditures on social protection have been steadily increasing since 2000 (see Table 3), reaching 1.4 billion LVL in 2006 (and increasing further thereafter,

precise data inaccessible as on the moment of writing). Following the trends in total budget for social security, financing to all categories of social care has been increasing similarly. The two biggest categories in terms of amount of funding were the sickness and health care and old age pensions. The third biggest social budget expenditure was payments for family and childcare, followed by invalidity pensions and unemployment benefits. The basic structure of the expenditures for social security has not changed significantly between 2006 and mid 2008. Even though in nominal terms the social security budgets have been raising the high inflation in the period 2005-2008 has to be mentioned. After mid 2008 with rising unemployment, expenditures on unemployment are raising rapidly.

Table 3

**Social security expenditures in Latvia 2000-2006, Millions LVL
(according to ESSPROS classification)**

	2000	2001	2002	2003	2004	2005	2006
Total expenditure for social security	725.6	746.2	801.1	879.8	960.1	1120.2	1368.2
incl.:							
1. Sickness/health care	118.1	140.6	153.4	194	222.6	279.2	386.8
2. Disablement	55.5	57.4	60.8	62.7	71.8	80.2	96.8
3. Old age	401.8	398.2	423.5	429.8	450.8	511.8	613.3
4. Loss of the breadwinner (survivor)	22.1	20.5	21.8	21.2	22.7	24.6	28.9
5. Family/children	71.8	75.5	79.1	89.4	95.9	118.5	135.2
6. Unemployment	26.7	23.7	23.8	26.3	32	41.4	49.2
7. Dwelling	4.9	4.8	5.3	5	5.6	6.4	8
8. Social exclusion	5	5.3	6.2	7.8	11.2	10.7	10.7
Administrative costs	17.3	16.3	17.4	19.9	20.5	24.8	28.9
Other expenditure	2.4	4	9.7	23.7	26.9	22.6	10.5

Source: CSB electronic databases (table 12-15)

Over the previous years there has been surplus in the social budget (see Table 4) as opposed to the general budget and a debate has existed in the society whether it should be invested in the financial markets to save for the future to prepare for the future accelerating social payment that would come with aging of the society, or alternatively if it should be used for increasing pensions for the current pensioners and social benefit recipients. The increase of social insurance budget is directly dependant of social insurance payments made from earned income. As seen from Table 4, the social insurance budget from 2004 to 2007 at the year-end had a positive balance and had been increasing respectively from 43 million LVL to 322 million LVL.

Table 4

State social insurance budget trends in Latvia 2003-2007, million LVL

Year	2003	2004	2005	2006	2007
Income - total	561.7	652.6	736.5	980.3	1247.7
Expenses - total	562.9	609.9	688.0	798.5	925.6
Fiscal balance	-1.2	42.7	48.5	181.8	322.1

Source: CSB

Evidence suggests that in Europe there is a general tendency for countries with relatively high levels of GDP per head to have a more equal distribution of income (as measured by Gini index), whereas with rapid economic development also the Gini index increases, i.e., the gap between the rich and the poor increases. In Latvia the Gini coefficient is increasing by about 1% every year since 2004 widening social gap in Latvian society. Income is more equally distributed in most EU Member States than in Latvia. The Gini coefficient⁶ in 2004 in EU was 32.7^{XXI}, while in Latvia – 35.5, which compares to US at 35.7.

Regional analysis of Latvia's per capita GDP reveals another cause for concern: increasing regional disparities in personal disposable income. The Gini index measuring inequality in the distribution of per capita disposable income in 2006 was 0.36 compared to a level of 0.30 in 1996.^{XXII}

Important areas of social protection

Pensions

In Latvia the most dramatic reforms of the pension system were carried out before the EU accession, i.e., the transition to the tree tier pension system. Following accession Latvia has continued the improvements and adjustments of the pension system, however without major changes.

Size of all pensions have increased during the previous years (see Table 5) The average old age pension has increased by more than 40 percent in the after-accession period, the invalidity and survivors pensions have increased by almost the same percentage. Though, the living costs have also increased significantly due to inflation – the subsistence wage (*iztikas minimums*) has increased from LVL 99 in 2004 to LVL 133 in 2007 and LVL 160 in 2008.

The old age pensions comprise the majority of all pension payments, and the number of them has been decreasing since 2001 (see Table 5). Comparing the old age pensions with subsistence minimum in Latvia, we see a worrying situation that effectively the welfare of the elderly has not improved. Slightly over 80% of

⁶ The Gini coefficient is defined as the relationship of cumulative shares of the population arranged according to the level of income, to the cumulative share of the equalized total net income received by them.

pensioners in Latvia received pensions which are below the subsistence minimum defined by the state, and more than 90% of the old-age pension sizes are below the poverty threshold, expressed in volume of 40% as a level of income replacement of the average labour wage (Volskis 2008)^{xxiii}.

Table 5

Average pensions in Latvia (LVL)

	2001	2002	2003	2004	2005	2006	2007
Average monthly pension	56.98	60.45	62.49	68.83	77.95	92.21	106.23
old age pensions	58.16	62.14	64.34	70.89	80.53	95.95	110.79
invalidity pensions	52.63	53.56	54.64	60.16	66.89	73.63	82.56
survivors pension	45.59	46.14	47.34	51.8	57.4	67.33	76.73
service pensions	61.55	69.69	73.08	78.11	86.95	95.79	111.53
pensions under special regulations	80.65	84.97	89.17	98.88	112.06	125.88	144.25
Subsistence minimum (per person)	86.93	88.76	93.54	98.78	105.48	116.92	132.89
Disparity between old age pension and subsistence wage	(28.17)	(26.62)	(29.20)	(27.89)	(24.95)	(20.97)	(22.10)

Source: CSB

Pension indexation is performed according to the Law “On State Pensions” considering the actual inflation and actual increase in average insurance contributions wage. The system of pension indexation made by Ministry of Welfare foresees to protect pensions from rapid increase of inflation in Latvia because rates applied are even higher than official inflation. However the indexation system has not managed to improve the welfare level of pensioners and it does not solve the problem connected with current low pensions.

Indexing ratios are applied to the low amount pensions, which are below 150 LVL as well as those old-age pensions, amount of which is not exceeding a quintuple amount of State social security allowance 225 LVL. Pensions exceeding this amount of 225 LVL are not indexed.

Table 6

Number of pensioners in Latvia 2001 – 2007

	2001	2002	2003	2004	2005	2006	2007
Number of pension recipients – total	620 947	609 771	598 140	589 598	580 964	568 836	560 878
incl.							
old age pensions	504 796	496 887	487 879	481 683	475 623	472 140	467 165
invalidity pensions	80 547	77 876	75 938	74 603	73 574	66 714	66 028

Source: CSB

To ensure the stability of the pension system in long term in accordance with conception on pension reform and the law on State pensions, the pensioning age for women was gradually increased up to 62 years. The pensioning age for men is 62 years already since January 2003. If the social insurance period exceeds 30 years, i.e., if the person has been working and paid social insurance tax for at least 30 years, he/she can benefit of early pensioning option and retire two years before the stated pensioning age, i.e., from 60 years. Early pensioning will be possible only for another three years until 2012.

A controversial issue in the pension system development was the complete transfer of administrative rights of the state's funded pension funds to the private sector. It has lead to high concentration of financial resources within the private pension plans and investments of these resources abroad, especially the US bonds. As a consequence, these resources are not facilitating development of Latvian national economy, but rather working against the Bank of Latvia intervention policy.

Healthcare

The Latvian health care system has undergone a serious transformation process starting from the 1996 and continuing through the EU accession until now, with the following three strategic directions: (1) movement towards primary and secondary care and increasing access to health care, (2) reform of financing system, and (3) public health promotion (*sabiedrības veselības veicināšana*). The legislative base development to support the strategic directions has not been systematic however, but more demand driven to solve acute problems. The regular changes in the financing scheme does not create stability nor for the recipients of the healthcare, or providers.

The total expenditure on health care in Latvia has increased in nominal terms but has actually decreased relatively to GDP from 6.8% of GDP in 2004 to 5.9% in 2007 (see Table 7), and is well below the EU average (8.8% in 2005). In 2007 general government expenditure on health was 61.1% and private expenditure was 38.9% of total expenditure on health. The relative distribution of health care expenditures has changed in recent years towards more government expenditures and decreasing private expenditures. 9.5% of general government funds were spent on health care in 2007, and the proportion has actually decreased compared to 11.1% in 2004. Private health insurance only covers 2.7% of the private health expenditures.

Table 7

Indicators of Latvian health care system 2000-2006

	2000	2001	2002	2003	2004	2005	2006	2007
Total expenditure on health (THE) as % of GDP	6.0	6.1	6.2	6.1	6.8	6.4	6.0	5.9
External resources on health as % of THE	0.5	0.5	0.4	0.4	0.3	0.3	0.2	0.2
General government expenditure on health (GGHE) as % of THE	54.7	51.2	51.8	52.4	58.6	60.5	63.2	61.1

	2000	2001	2002	2003	2004	2005	2006	2007
Private sector expenditure on health (PvtHE) as % of THE	45.3	48.8	48.2	47.6	41.4	39.5	36.8	38.9
GGHE as % of General government expenditure	8.8	9.0	9.0	9.2	11.1	10.8	10.2	9.5
Social security funds as % of GGHE	86.7	87.1	91.7	95.8	78.7	79.6	90.0	93.1
Prepaid and risk-pooling plans as % of PvtHE	3.2	4.7	5.6	3.2	1.9	2.3	2.7	2.7
Private households' out-of-pocket payment as % of PvtHE	96.8	95.3	94.4	96.8	98.1	97.7	97.3	97.3
Total expenditure on health (mLVL)	285	318	356	389	503	575	679	
General government expenditure on health (mLVL)	156	163	184	204	295	348	429	
Private expenditure on health (mLVL)	129	155	172	185	208	227	250	

Source: WHO, National Health Account Series

The decision makers in health care system have also to face the problems of human resources. Currently, the health care system is lacking middle level medical personnel (nurses) and ageing of the higher medical personnel is observed – 28% of the physicians are in pre-pensioning age (51-61), and another 21% of the physicians are in pension age (62 plus).^{xxiv} Only 76% of the graduates of health care specialists work in the profession connected to their education (medicine or pharmacy) (2005 data), the main reason being low remuneration. This is also the reason for emigration of the young professionals to Western European countries. The Ministry of Health states attempts have been made to adjust study programmes for earlier access to work by young professionals^{xxv}.

The issue of managed migration in the health sector is mentioned by the “Green Paper”^{xxvi} of the European Commission in relation to the study undertaken by the European Migration Network, which found considerable lack of data. The actions proposed by the “Green Paper”, setting up of systems to monitor flows of health workers, and ensuring the availability and comparability of data on health workers are also essential for the Latvia and a closer cooperation within the EU would be highly desirable. The Green Paper realises that EU health systems have to perform a difficult balancing act, firstly between increasing demands on health services and restricted supply; secondly between the need to respond to peoples health need locally but also to be prepared for major health crises.^{xxvii} It is a particular challenge for Latvia to promote a sustainable health workforce.

Unsolved is the issue of under-the-table/unofficial payments or so called “*aploksņu algas*” – the payments by patients to doctors for treatment. There are three kinds of the payments: (1) voluntary payments or gratitude for treatment, usually in the form of small gifts after the treatment; (2) demanded unofficial payments, and (3) conducive payments to motivate faster, better and more qualitative attitude. While the first kind of payments are generally not considered objectionable, the second one is illegal and punishable, and the third – inappropriate for ethical reasons. The reason for these kind of transfers is firstly historical, inherited from the routine of the soviet times, secondly, perceptions about the income level of medicine personnel, and thirdly, unethical behaviour of the medicine personnel. The underlying reason however is the chaotic health care system.

The EU accession has promoted discussion on health and safety issues at workplaces as the accession of New Member States has reopened inherent tensions in the EU policy making in health and safety in the workplace as a result of incompatible 2 objectives: the need to ensure broad member state compliance with regulation around agreed minimum standards through active regulatory enforcement and the promotion of voluntary initiatives in the management of work place risks and hazards in order to create “a culture of prevention”. According to the State labour inspectorate the work place in accident situation is summarised in the Table 8.

Table 8

Health and Safety at Work: Work place accidents in Latvia

	2004	2005	2006	2007
Number of workers (millions)	1.018	1.036	1.088	1.119
Workplace accidents	1402	1568	1772	1870
Fatalities	61	56	53	58
Serious injuries	244	275	293	268

Source: State Work Inspection, 2007 report

It is important to note that while the number of fatalities and serious injuries seems to have remained constant between 2004 and 2007, the number of workplace accidents has shown a significant increase (Table 8), considerably in excess to increasing size of the workforce. It is to be hoped that the implementation of the EU twinning project to further the occupational health and safety strategy will lead to the expected results.

According to the European Agency for Safety and Health at work and estimating EU labour forces about 220million, the fatalities rate per million in EU are at 25 as compared with over 50 in Latvia. Taking account of the cost estimations by the Agency of work place accident in the EU (20bln Euros per year- this would represent for Latvia approximately 100 million Euros per ml workers on the average. However, in view in the more than double workplace accident rates in Latvia using fatalities as an indicator, the cost of workplace accidents in Latvia may exceed 200 million Euros. Thus workplace accident represents not only human tragedy, but also major economic burden that must be addressed urgently.

Over the same period of time a sharp increase in the usage of sickness benefits has been observed. The data provided by the State Social Insurance Agency suggest that each year the total number of work incapacity cases as well as their duration increases. The amount spent on sickness benefits by government more than tripled from 2003 to 2007. If in 2003 spending on sickness benefits accounted for 2.5% of total spending on state benefits and pensions, in 2007 it was already 4.5% of total expenditure. The number of paid disability days increased by more than 50% over this period.

In 2006 Ministry of Welfare began to implement EU Twinning project on the further development of the occupational health and safety strategy. The project's main targets are to reduce the number of accidents at work by 3% a year, as of 1009, along with occupational sickness by 3% starting from 2012. The result of the project was also development of the NAP "On Occupational Health and Safety" that was aimed to facilitate the implementation of the national strategy on occupational health and safety.

The EC health strategy adopted in October 2007 and published in the White Paper "Together for Health" put forward a new approach in an enlarged Europe of 27 Member States. The Ministry of Welfare in Latvia has issued two important strategy documents outlining the concept of the development of labour protection from 2007-2013 and "The Programme for Development of Labour Protection from 2007-2010". Enhancing social dialogue at company level and in the field of labour protection is seen as necessary step because social dialogue in SMEs is quite poor in Latvia.

Income Security

Unemployment benefits

High economic growth in the recent years positively affected situation in the labour market in Latvia. Over the period from 2003 to 2007 the employment rate increased by 6.5 percentage points and the unemployment rate decreased by 4.5 percentage points. In 2007 the employment rate in Latvia was higher and unemployment rate was lower than in the EU-27 and EU-15.

Over the previous years, i.e., 2004 – 2007, the unemployment in Latvia has been decreasing rapidly reflecting the high economic growth and (nearly) full employment (see Table 9). The number of average yearly benefit recipients decreased slightly every year after EU accession, following the general trend since 1999. On contrary the average unemployment benefit and the associated social insurance expenditures gradually increased (Table 9). So, in 2004 the average monthly number of benefit recipients was 39.7 thousand people, but in 2007 – 33.9 thousand. The average unemployment benefit in 2004 was 57 LVL per month, in 2006 it was 79 LVL, in 2007 – 107, but in 2008 – already 147 LVL. The rise in the unemployment benefit is linked to increase of wages in the economy, but also to more legalization of employment (or rather paying social insurance contributions from full salary, reduction of prevalence of "envelope wages").

Table 9

Unemployment indicators 2002-2007, Latvia

	2002	2003	2004	2005	2006	2007
Registered unemployed (end of the year)	89 735	90 551	90 800	78 482	68 944	52 321
Long term unemployed (more than 1 year)	23 681	23 617	23 209	20 581	15 917	9 393
Unemployment benefit recipients (monthly average in the year)	41 502	38 981	39 681	37 961	34 756	33 854
Average unemployment benefit (LVL) per month	43	51	57	64	79	107

Source: Latvia CSB electronic databases, table 5-29 and VSAA

The allocation of unemployment benefits is regulated by the law “On Insurance in the Case of Unemployment”^{xxviii} in force since January 1, 2000. No recent important changes or amendments were made to this law. The size of the unemployment benefit is calculated taking into account the length of social insurance and the average wage from which the social insurance payments are made, and it is paid for a maximum 9 months out of period of 12 months. The benefit is paid dependent on length of unemployment – the first three months full unemployment benefit is paid, the next three months – 75% of the allocated benefit, and the last three months – 50% of the calculated benefit. The unemployed, registered and receiving benefits are required to fulfil a series of obligations – actively look for work and/or participate in training. Research finds no basis to think that unemployment benefits in the form paid currently would provide negative motivation for employment. Quite the opposite, the receipt of unemployment benefit can positively influence the intensity of job search^{xxix}.

The State Employment Agency is the main institution involved with unemployment issues and implementing active labour market policies, including the European Social Fund projects. A special support is granted to unemployed from socially vulnerable groups – persons with disabilities, long-term unemployed, persons with less than general secondary or professional education, elderly (over 50 years), lone people with one or more dependents and ethnic minorities. These activities are co-financed by ESF.

Invalidity

About 5% people of working age in Latvia are people with disabilities. Only 16% of these people work in the labour market. About 3400 people with disabilities (approx. 5% of the total) are registered in State Employment Agency as unemployed. Others are inactive in the labour market.

Statistics shows that the number of people with disabilities (counted as the number of benefit recipients) tends to decrease slowly. The number of disability pension recipients decreases likewise (see Table 6) However, this is explained by overall

reduction of population and high mortality in the old-age groups⁷. Upon reaching a certain age a person becomes entitled to receive old-age pension instead of disability pension. Therefore, the number of disability pension recipients decreases faster than the total number of disabled people. The size of the invalidity pensions has increased moderately over the previous years. Though the average level of benefits related to disability, accidents at work or occupational diseases is not very high. Thus, benefits do not create disincentives to look for a job.

Those who are not entitled to receive a state disability pension may apply for the social security state benefit (45 LVL per month). Persons with mobility disabilities may also receive a small allowance to compensate special transportation expenses. In addition a person may receive reimbursement of expenses on medical and professional rehabilitation of total amount not exceeding 1125 LVL per year. In 2007 a new social benefit for the disabled persons with severe physical and functional disability in need of special care was introduced (100 LVL per month).

Currently the Ministry of Welfare prepares ratification of the United Nations Convention “On the Rights of Persons with Disabilities”. The Convention was signed on July 18 2008. Its main aims are to reduce stereotypes and ignorance, understanding of the society about capabilities of disabled and their participation in the labour market. It is also intends to ensure disabled to enjoy universal human rights and prohibits discrimination as well as integration of disabled in the society, equal opportunities, respect to development of children with disabilities, and other principles.

The “Law on Invalidity”^{xxx} is currently in Parliament and was approved in the first reading on January 28 2008. The law foresees better prevention of invalidity by offering complex rehabilitation and treatment possibilities for people with threat of invalidity, as well as modernized invalidity determination and rehabilitation. The main aim of the law is therefore to reduce the risk of becoming disabled and for those disabled – to help to reduce the effects.

The people with various forms of invalidity are target groups for active labour market policies, and benefits of various other support measures, especially under European Social Fund support. The activities provide for professional rehabilitation and education, re-qualification, subsidized working places, training with employer. The majority of activities aimed at people with disabilities and special target groups are relatively new projects, so there are few studies evaluating the effectiveness of these measures.

Family Policy

Family and children

With increasing perception about importance of the family policy, on May 27 2004 the Ministry for Children and Family Affairs was created from the Secretariat of Minister for Special Assignments for Children and Family Affairs to enforce efficient

⁷ More than 20% of people with disabilities are in the age group 55-59.

and sustainable state policy for children, family, youth and social integration. On January 2009 the ministry took over also the functions of the Secretariat of the Special Assignment Minister for Social Integration and become the Ministry of Children, Family and Integration Affairs. The establishment of a special ministry is an indication of general policy direction for support to family and respond to demographic downturn projections.

The major development in recent years in the domain of family policy is the increase (in essence – establishment) of child-care benefit (*bērna kopšanas pabalsts* or so called “*māmiņu alga*”). Until 2005 the child-care benefit was established to be 90% of minimum salary, for persons with children below 1.5 years, and 70% for those with children between 1.5 and 3 years, i.e, the benefit was not dependent on the individual social security payments. Starting from January 1 2005 it is established that the benefit for child care till age of 1 year is 70% of the individual's average salary for what the social insurance payments are paid, but not less than 56 LVL and not exceeding 392 LVL (payable to one of the parents). For persons not employed the benefit is a lump sum of 50LVL per month. Initially the child-care benefit was not compatible with employment, i.e., the person (usually mother) could only receive the benefit if she was not working, but this restriction was contested in the Constitutional Court, which ruled it as unlawful, and from the 1 of March 2006, the restriction was removed. Consequently, the benefit is income based and only partly is seen as a social benefit, but shares the characteristic of family planning instrument. After the age of 1 year the child-care benefit diminishes to 30 LVL and is paid until the child reaches the age of two.

As a consequence of the changes in legislative regulations since 2002 average child-care benefit in LVL in nominal terms has increased, but the number of recipients of the benefit has decreased (see Table 10). In the statistics of benefit recipients a mix of two effects can be seen – first, as a result of the reduction of length of benefit receiving period the number of benefit recipients has been decreasing, and secondly, the policy has had an effect of stimulating families to have another child, which peaked in 2007. As a result in 2007 the number of child-care benefits increased, and the average size of benefits rose to 88 LVL, but in 2008 dropped again sharply when the benefits for children born in 2007 dropped to 30 LVL (after reaching age of one). The policy effect of ‘mothers’ salaries’ is to be evaluated separately. However, seems that it has not been sustainable. Support is increased mostly upon childbirth, and during the child's first year of life, after which the support falls to 8 LVL - the State family benefit. (A benefit of 8 LVL is granted for the first child, 9, 60 LVL for the second, 12, 80 LVL for the third child, and 14, 40 LVL for the fourth and subsequent children).^{xxx1}

Table 10

Number and amount of child care benefits in Latvia 2003 – 2008

	2002	2003	2004	2005	2006	2007	2008
Average child-care benefit, LVL per month	20.36	19.49	20.13	52.01	68.88	88.13	33.17
Number of child-care benefits paid	46664	45975	44709	38874	35842	40367	28747
Increase/decrease in number of benefits in comparison to previous year	-	-689	-1266	-5835	-3032	4525	-11620

Source: VSAA electronic tables, www.vsaa.gov.lv

After the age of one due to economic reasons the parents are forced to return to work, but this decision is hindered by insufficient access to child-care outside families – kindergartens and pre-school education institutions (Vanags, 2007). With the increase of number of children, there is excess demand for kindergarten places observed in the latest years, especially in biggest cities. The parents are forced to choose private baby-minders that are expensive, or take care of the children themselves by choosing part time employment or staying outside the employment at all. The economic situation of these families is troublesome and they are often at poverty risk, especially the lone parent families and parents with lower level of education. The lack of preschool day-care centres has been discussed at different levels of state administration. Several local authorities have stepped in by building or renovating kindergartens, or for example, Riga City Council established a compensation of LVL 50 for parents whose children have been waitlisted for a spot at a preschool day-care facility, or co-finances with LVL30 fee in private day-care centres.

It should be stressed and made clear that child support has and is only available for relatively short period (earlier 3 and now 2 years) and thus does not produce real family support – since after this age social support, for example, such as subsidised day care and centres and kindergartens are very limited.

Survivors

Pensions for loss of breadwinner or survivor's pension is another social support to be mentioned. The pension is paid to persons whose breadwinner died – children below 18 years, siblings and grandchildren if they do not have parents, and disabled persons if they became disabled before the age of 18. The pension can be paid up to age 24 if the person studies in secondary or professional education institutions or higher education institutions full time. The pension is calculated taking into account the breadwinners estimated old-age pension.

This is a clear social security payment. The number of recipients of the survivor's pensions has decreased over the previous years from 26332 in 2004 to 22119 in 2007.

The lower number of recipients is not connected to any policy changes however. No important changes in the respective domain have happened after the EU accession.

Poverty and social exclusion

Despite the fact that social exclusion and poverty per se was not recognised as a major problem in Latvia for a long time, the country has achieved considerable progress in reducing poverty and social exclusion before the accession to the European Union.

Cooperation of the Ministry of Welfare with the World Bank, UNDP, International Labour Organisation and respective institutions of the EU played an important role in setting up the system of social transfers. Most of the legislative steps to develop the system have been taken in the pre-accession period. In 2000 the National Poverty Reduction Strategy was approved by the Cabinet of Ministries and a Concept of Provision of Guaranteed Minimum Income level to Needy Persons (GMI)⁸ was defined. A legal framework for the policy implementation was established through the enactment of laws “On Municipalities”^{xxxii} (2003) and “On Social Services”^{xxxiii} (2003). This provided a legal basis for the National Social Insurance System and its administration by the State Social Insurance Agency that has 33 territorial divisions. Social services provided by the state are implemented by the Social Assistance Fund. As a part of Latvia’s participation in the EU social inclusion process, the National Action Plan for Reduction of Poverty and Social Exclusion (NAP) was launched in 2004 in line with the Single National Economy Strategy (2004-06) and the National Employment Plan (2004). The NAP applies the set of the Laeken European Council income poverty indicators (2001) to monitor the progress in reducing poverty and social exclusion. Latvia also followed the EU Social Protection Committee Report (2006) on indicators to be used in the context of the streamlined OMC on social protection and social inclusion with focus on social cohesion, interaction with the Lisbon strategy growth and jobs objectives and three strand portfolios for social inclusion, pension, health and long-term care.

The social assistance to reduce poverty as compared to the EU is considerably lower (see the Annex 1) and trends indicate the deterioration of the situation. In the EU -27 through social assistance the at-risk-of-poverty rate is reduced from 26 to 16 % while in Latvia in 2004 the reduction was from 26 to 19% and in 2007 from 27 to 21%.

In the “Laeken Poverty Indicators” to monitor progress in the fight against poverty and social exclusion, the income threshold used to measure poverty was fixed at 60 percent of the national median income in each member state. This is similar to the concept of the EU Regional and Cohesion policies. The absolute poverty line defined by the World Bank^{xxxiv} is not relevant to this context. Regional disparities remain

⁸ GMI was defined as a benefit in cash or in kind which should be provided to families or single persons, who have not enough income due to objective conditions and who are recognized as poor. This benefit should ensure the guaranteed level of the minimum income to each member of family.

very significant with the factor of almost 2 to 1 (comparing Riga with the rural areas). The social support provided by municipalities is given to individuals whose income is even below that defined as a poverty line defined by the World Bank. Since the income in the country has raised the number of people receiving social support from the municipalities has been reduced by 2/3 between 2004 and 2007- from 74700 to 26800 people.^{xxxv}

Unfortunately social exclusion and poverty are not sufficiently recognized in the country.

Social policy beyond 2009 – expected implications: what is to come?

Purposely, in this paper the authors have avoided describing and analysing Social policy situation in the last quarter of 2008 and beginning of the year 2009. The very unpredictable economic and state budget situation puts under pressure Social policy decisions. Consequently, any look forward and any kind of predictions at this point are impossible.

In the meantime authors see three major challenges for social agenda that Latvia faces along with other European countries:

- Demographic downturn
- Global economic crisis
- Globalisation

These challenges are only partly or not at all in hands of the decision makers.

The demographics

There are 2.3 million inhabitants in Latvia currently with the average age 40 years. The old-age dependency ratio currently is 24.8, i.e., 100 working age people have to support 25 pension-age people. According to the Eurostat estimates (EUROPOP2008, convergence scenario, see Table 11) by 2030 the population of Latvia is expected to fall to 2 million, and to 1.7 million by 2060. The population is growing older. The proportion of population over 65 years was 17% in 2008, but is expected to rise to 22% in 2030, and 34% in 2060. The old age dependency ratio⁹ is expected to reach as high as 65 in 2060. With increasing life expectancy the number of the 'the oldest old' or people aged over 80 years is growing in Europe, and in Latvia. The proportion of population that have survived 80 and more would increase from 3.6% in 2008 to 12% in 2060.

⁹ Old-age dependency ratio - number of persons aged 65 and over expressed as a percentage of the projected number of persons aged between 15 and 64

Table 11

Population projections for Latvia, EUROPOP2008, convergence scenario

Year	2008	2010	2030	2050	2060
Population (millions)	2.27	2.25	2.03	1.80	1.68
Population 0-14 (% of total)	13.69	13.65	13.66	12.62	12.27
Population 15-64 (% of total)	69.03	68.99	64.17	57.80	53.34
Population 65 plus (% of total)	17.27	17.36	22.18	29.58	34.38
Population 80 plus (% of total)	3.57	3.93	5.92	9.89	11.90
Old age dependency ratio	24.8	25.17	34.57	51.18	64.45

Source: EUROTOSTAT, EUROPOP2008 (and authors' grouping)

The demographic imbalance in the future can be linked to potential fiscal crisis in many European countries, including Latvia. The society will experience important changes, and would never be the same as today. The economically active population will fall, and the inactive population will grow, so the working people would have to work more productive and more to provide for the working conditions of the elderly at least at the current level. It may also turn out to be the case that it would not be the young to care for the old, but rather the old to care for even older. In itself the demography implies increasing social budget requirements and brings with itself need for more healthcare, social houses, care work, as well as important Social policy decisions – potentially increasing pensioning age, etc.

Another trend that influenced the labour market is migration as the result of Latvia joined the Common market of the EU and its freedom of movement of persons.

A comparison of population and out-migration patterns in Latvia before and after accession to the EU shows a significant population decline and out-migration. This trend confirms that serious problems resulted for a small and fast growing economy from its integration into the European internal market. This is a cause for concern since Latvian economy that relies on sustained economic growth in order to catch up to average EU levels of per capita GDP and living standards. In addition, internal regional disparities aggravate residents' dissatisfaction with the status quo and provide incentives for out-migration. This requires effective policy choices for sustainable development and Cohesion policy implementation; given that the country's human resources for successful economic restructuring are limited.

It is obvious that in order to prevent further significant population outflows attention should be focused on making Latvia a more hospitable place for its own people to live and work. This brings us to the domain of Latvia's economic and Social policy in the wider sense.

Global interdependency and economic downturn

The social sphere of Latvia was already affected by globalisation and it is currently compounded by the severe economic downturn.

Latvia as a small economy is not able to impact the global economic trends, but has to be a follower or 'taker', meaning that it has to take the external situation as given without prospects of affecting it. This entails that any economic policies and results will always be of limited power.

At the time of writing the current paper, and expectedly also in the coming years Latvia is facing economic downturn, through unstable financial sector situation, crash of real estate markets, fall in production and growing unemployment. As a consequence the budget revenues are falling, but expenditures growing. This puts hard pressure decisions the government can make regarding the Social policy.

Latvia will be affected similarly to all other countries by globalization, but being a difficult economic situation in the coming years may become migration donor country consequently facing brain-drain and shortage of labour.

Irrespective of earlier stated Latvian priorities in the social sphere for 2007-2013 – financial stability of pension system, social inclusion, reduction of number of people on the margin, and alike, the fear is that the policy makers will more urgently need to solve the acute economic and social problems (ex. rising unemployment benefit payments), thus issues like gender equality, improvement of life for disabled, work quality etc. may be left behind.

Concluding remarks and recommendations

Latvia has followed an ambition reform strategy in recent years after the EU accession. This strategy was based on twin pillars of fiscal consolidation and structural reform. Social security reform is an important ingredient of this phase. Important initiatives have been taken to improve social protection. Social security reform must take a higher priority in order to deal with the consequences of the current economic crisis. As with the Stability and Growth Pact^{xxxvi}, peer pressure and peer review are important for both the credibility and the coordination of the process. National concerns should be stressed by the national government and parliament.

Reform must embrace elements of better funding of the state, more flexibility in labour market and more emphasis on education and training, as well as research and development.

The above-indicated aspects are subject to further research and a number of fundamental questions still remain:

- How can substantial levels of social protection and development be balanced with economic growth and labour market needs?
- What are the priorities in social protection programmes and what delivery methods are most effective, efficient and fair?

- Where there is conflict, how can it be resolved and through what mechanisms?

Recommendation 1. Continue integration of Latvian social protection and social inclusion process in line with EU policy objectives. To develop coherent strategic approach, to promote social inclusion and combat poverty, introducing more targeted measures for vulnerable groups to ensure fundamental human rights, equality, solidarity and justice.

Recommendation 2. Despite the dramatic budget situation, maintain the long-term goals of the social policies, responding to economic and social challenges, short-term decisions should not dominate. Especially this concerns ensuring sustainability of the pension system to avoid negative consequences in the long run. Adequate financing for health, family, poverty, social inclusion as well as other social security areas should be maintained.

Recommendation 3. In decision-making process the government should learn from the experiences of other countries that have undergone economic crises and successfully reformed their social protections systems. The lessons learned from policy exchanges and mutual learning through open method of coordination should serve as appropriate and applicable guidelines for policy measures. Social protection indicators suggested by EU, WB, UNDP and other international institutions should be adjusted to reflect the national economic and social environment.

Recommendation 4. Improve governance, transparency and involvement of stakeholders in the social dialogue on the basis of in-depth research on Social policy assessment and its implementation. A partnership approach to social inclusion can be useful today as the EU faces the combined challenges of rapid social change and the need to strengthen the links between economic development and social protection. The basic question is whether the Latvian economy can become more inclusive and promote solidarity. Social policy research should be developed to promote critical reflection and discussion with regard to both the means and ends of the social protection and inclusion process.

Annex 1: Key social indicators for Latvia and EU-27

Domain	Indicator	EU-27 (latest available)	2003	2004	2005	2006	2007	2008
Economy	Real GDP growth rate (%) ^a	2.5 (2007)	7.2	8.7	10.6	11.9	11.0	8.4
Population	Total population (thousands) ^b	490 898 (2005)	2 331	2 319	2 306	2 295	2 281	2 271
	Old age dependency rate (%) ^b	24.3 (2005)	22.0	22.3	..	..	..	24.8
Education and training	Education attainment level (percentage of population aged 25-64 having completed at least upper secondary education) ^c	70.8 (2007)	83.2	84.6	84.5	84.5	85.0	..
	LLL (adult participation in E&T) (% of popul. 25-64 participating in E&T over the 4 weeks prior to survey) ^c	9.6 (2006)	7.8	8.4	7.9	6.9	..	..
Labour market	Employment rate ^d	53.4 (2007)	51.3	52.1	52.6	55.3	56.9	..
	Employment rate of older workers (55-64) ^d	44.7 (2007)	41.8	45.9	49.5	53.3	57.7	..
	Unemployment rate (ILO definition) ^e	7.0 (2008)	10.5	10.4	8.9	6.8	6.0	7.3
	Long-term unemployment rate in % of active population	3.0 (2007)	4.4	4.6	4.1	2.5	1.6	..
Social protection	Expenditure on social protection as % of GDP ^g	27.3 (2004, EU-25)	13.4	12.9	12.4	12.2	..	..
	Old age and survivors benefits as a % of total social benefits ^g	46.2 (2006)	53.9	51.9	50.0	48.3	..	..
	Sickness and health care benefits as a % of total social benefits ^g	29.2 (2006)	23.2	24.4	26.0	29.1	..	..
	Inequality of income distribution (S80/S20 income quantile share ratio)	4.9 (2005)	5.5 (2000)	..	6.7	7.9	6.3	..
Income, social inclusion and living conditions	At-risk-of-poverty rate before social transfers (except pensions)	26 e (2005)	22 (2000)	..	26	28	27	..
	At-risk-of-poverty rate after social transfers	16 e (2005)	16 (2000)	..	19	23	21	..
	Gini coefficient	30 (2006)	34 (2000)	..	36	39	35	..
	Gender pay gap in adjusted form (difference between men's and women's average gross earnings)	15 (2005)	16	15	17	..	..	..
Health and safety	Accidents at work (per 100 thousand persons in employment)	79 (2004)	145	136	169	177	194	..

^a Source: Eurostat – National Accounts; ^bEurostat – Demographic statistics ; ^c Eurostat – EU Labour Force Survey; ^d Eurostat – Quarterly LF data (QLFD); ^e Eurostat – Unemployment rates ; ^f Eurostat – Labour market policy database; ^g Eurostat – European System of integrated social Protection Statistics (ESSPROS)

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Part VI

POWER POINT PRESENTATIONS AT THE FORUM

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1. Aidukaite Jolanta *The Transformation of Social Policy in the Baltic States*
2. Balfour Barbara *The Road to Equality for Female Journalists*
3. Dobravolskas Algis *Accessibility and Quality of Health Insurance*
4. Dobravolskas Algis *Employment Policy Design*
5. Eglite Parsla *Response to Family Policy in Latvia*
6. Jepsen Maria *Gender Equality and Social Policy Issues*
7. Joksts Reinis *Health Insurance Coverage*
8. Kahur Kristiina *Health Insurance Coverage in Estonia*
9. Kauhanen Merja *Income Security on Transition - Unemployment Benefits – Nordic Perspective*
10. Krumins Juris *The Social Impact of Demographic Changes*
11. Kuhnle Stein *Forum for Comparative Dialogue Promotion of Social Policies– An Investment in the Future*
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13. Leppik Lauri *Unemployment Protection*
14. Lerais Frederic *New Social Dimensions in Europe*
15. Lerais Frederic *Unemployment Benefits*
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17. Lightman Ernie *Poverty and Income Security in Canada*
18. Mahon Rianne *Varieties of Liberalism Canadian Social Policy from the ‘Golden Age’ to the Present*
19. Mahon Rianne *Work-Family (Im)Balance in Canada*

20. MedaiskisTeodorskis *Experince of the Funded Pension Tier in Lithuania*
21. Muhls Peep *The Baltic Challenges – can Civil Society make the Difference*
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23. Sorensen Patsy *From the Margins to the Foreground Artists Engaging in Social Reality*
24. Sorensen Patsy *1. Pioneering the Fight against Human Trafficking*
25. Sorensen Patsy *2. Pioneering the Fight against Human Trafficking*
26. Sullivan Michelle
Sullivan Nancy
Hardy Cox Donna *Canadian Approach to Social Issues*
27. Townsend Thomas *Canada's Health Care System*
28. Townsend Thomas *Social Policy Design in Canada*
29. Townsend Thomas *Social Policy in the Canadian Context*
30. Trapenciere Ilze *Risk of Social Exclusion of Young People after Out-of-Family (Institutional) Care (2006–2008)*
31. Tsereteli Zaza *Women's Health in Prison Social and Public Health Impact*
32. Vigante Inese *The Influence of the Estonian Model on Family Policy in Latvia*
33. Zabko Oksana *Tackling Unemployment Benefits & Active Labour Market Policies*
34. Zalimiene Laimute *Family Policy in Lithuania*

Programme of the Forum

Thursday 6 November 2008, morning (Mazā aula / The Small Hall)

8:30 to 9:30 **REGISTRATION OF THE PARTICIPANTS**

9:30 to 10:45 **OFFICIAL OPENING SESSION**

Marcis Auzins, Rector, University of Latvia, Latvia

Welcoming address from the President of the Republic of Latvia,
Valdis Zatlers

R. Scott Heatherington, Canadian Ambassador to the Baltic
Countries

Iveta Sulca, Head, the European Commission Representation in
Latvia

Imants Gross, Director, the Nordic Council of Ministers Office
in Latvia

Andris Aukmanis, Representative of the Soros Foundation in
Latvia

Forum co-chairpersons: **Tatjana Muravska** (University of Latvia, Latvia),

Eduard Lavalle (Capilano University, Canada),

Framework and Objectives of the Forum

10:45 to 11:00 **COFFEE BREAK**

11:00 to 13:00 **OVERVIEW OF SOCIAL POLICIES**

Chairperson: **Juris Krumins**, Vice Rector, University of Latvia

Vice-Chairperson: **Eduard Lavalle**, Capilano University, Canada

Lead Interventions: *The European Commission approach to Social policy: an EU
perspective*, **Frederic Lerais**, Bureau of Advisors to the President,
European Commission

Social policy in a Canadian context, **Thomas Townsend**, Policy
Research Initiative, Canada

The situation in the Baltics, **Jolanta Aidukaite**, Soderton
University, Sweden

The current Nordic view of the social policies and situation, **Joakim
Palme**, Institute for Futures Studies, Sweden

13:00 to 14:00 **LUNCH** Catered lunch in the University Cafeteria's Private Hall

Thursday 6 November 2008, afternoon (The Senate Room)

14:00 to 15:45 **THE CANADA ROUND TABLE**

Chairperson: **R. Scott Heatherington**, Canadian Ambassador to the Baltic
countries

Vice-Chairperson: **Alexandre Berlin**, Honorary Director, European Commission, France

Lead Interventions: *Social policy design in Canada*, **Thomas Townsend**, Policy Research Initiative, Canada
Poverty and income security, **Ernie Lightman**, University of Toronto, Canada
Political observations: Canadian Social policy – varieties of liberalism, **Rianne Mahon**, Carleton University, Canada
Constitutional aspects: current status, **Eduard Lavalle**, Capilano University, Canada

15:45 to 16:00 COFFEE BREAK

16:00 to 18:00 AGORA: FRONTLINE ISS UES AND PRACTICES IN SOCIAL POLICY (PART I)

Co-chairpersons: **Alexandre Berlin**, Honorary Director, European Commission, France

Joan DeBardeleben, Carleton University, Canada

Presentations: *The need for enhancing the role of civil society in social policies – with special reference to the Baltic States*, **Peep Muhls**, Estonian Cooperation Assembly, Estonia
Gender issues in the Social policy context, **Maria Jepsen**, European Trade Union Institute for Research, Education, Health and Safety, Belgium
The social impact of demographic changes, **Juris Krumins**, University of Latvia, Latvia
Work-life imbalance in Canada – a growing social issue, **Rianne Mahon**, Carleton University, Canada
From the margins to the foreground: artists engaging in social reality, **Patsy Sorensen**, PAYOKE, NGO for human trafficking victims, Belgium

18:15 RECEPTION Mazā aula/The Small Hall

Friday 7 November 2008, morning (The Senate Room)

8:45 to 10:30 FIRST PANEL ON SOCIAL ISS UES (FAMILY POLICY)

Co-Chairpersons: **Rianne Mahon**, Carleton University, Canada
Dagmar Kutsar, Tartu University, Estonia

Panel members: **Maria Jepsen**, European Trade Union Institute for Research, Education, Health and Safety, Belgium
Anneli Miettinen, Population Research Institute, Finland
Parsla Eglite, Latvian Academy of Sciences, Institute of Economics, Latvia

Laima Zalimienne, Vilnius University, Lithuania
Stein Kuhnle, Hertie School of Governance, Germany

10:30 – 10:45 COFFEE BREAK

10:45 to 12:30 SECOND PANEL ON SOCIAL ISSUES (HEALTH INSURANCE COVERAGE)

Co-Chairpersons: **Thomas Townsend**, Policy Research Initiative, Canada
Panel members: **Kristiina Kahura**, Estonian Health Insurance Fund, Estonia
Algis Dobravolskas, Nikolas Romeris University Vilnius, Lithuania
Reinis Joksts, Ministry of Health, Latvia

12:30 to 13:15 LUNCH BREAK Catered lunch in the University Cafeteria's Private Hall

Friday 7 November 2008, afternoon (The Senate Room)

13:15 to 15:00 THIRD PANEL ON SOCIAL ISSUES (PART I)
(Income Security in Transition – Pensions Coverage, Adequacy and Sustainability – Unemployment Benefits – Social Welfare)

Co-Chairpersons: **Teodoras Medaiskis**, Vilnius University, Lithuania
Stein Kuhnle, Hertie School of Governance, Germany
Panel members: **Frederic Lerais**, Bureau of Advisors to the President, European Commission
Ernie Lightman, University of Toronto, Canada

15:00 to 15:15 COFFEE BREAK

15:15 to 17:00 Fourth Panel on Social Issues (Part II)
(Income Security in Transition – Pensions Coverage, Adequacy and Sustainability – Unemployment Benefits – Social Welfare)

Co-Chairpersons: **Eduard Laval**, Capilano University, Canada
Oksana Zabko, Baltic Institute of Social Sciences, Latvia
Panel members: **Lauri Leppik**, Social Policy Institute of Tallinn, Estonia
Merja Kauhanen, Labour Institute for Economic Research, Finland
Ernie Lightman, University of Toronto, Canada

Saturday 8 November 2008, morning (The Senate Room)

9:00 to 11:15 AGORA: FRONTLINE ISSUES AND PRACTICES IN SOCIAL POLICY (PART II)

Co-chairpersons: **Joan DeBardeleben**, Carleton University, Canada
Alexandre Berlin, Honorary Director, European Commission, France

Presentations: A place for marginalized youth in the Social policy life of their communities, **Michelle Sullivan** and **Nancy Sullivan**, Memorial University, Canada

Social and public health impact of the prison situation in the Baltic States, **Zaza Tsereteli**, United Nations Office on Drugs and Crime, Estonia

The key role of social support in the fight against human trafficking, **Patsy Sorensen**, PAYOKE, NGO for human trafficking victims, Belgium

Risk of social exclusion of youth after institutional care. **Ilze Trapenciere**, Institute of Philosophy and Sociology, University of Latvia, Latvia

The influence of the Estonian model on family policy in Latvia, **Inese Vigante**, University of Latvia, Latvia

The road to equality for female journalists, **Barbara Balfour**, Carleton University, Canada

11:15 to 11:30

COFFEE BREAK

11:30 to 12: 30

CONCLUDING SESSION

Co-Chairpersons:

Eduard Lavalle, Capilano University, Canada

Tatjana Muravska, University of Latvia, Latvia

Presentation and discussion by the chairpersons of the conclusions and possible recommendations of each panel session, and Agora contributions; general discussions

12:45

FAREWELL RECEPTION

List of the Forum Participants

Surname, Name	Country	Institution
Abramishvili, Olena	Georgia	University of Latvia
Aidukaite, Jolanta	Sweden	Soderton University
Ainsaar, Mare	Estonia	Tartu University
Asarite, Arita	Latvia	University of Latvia
Aukmanis, Andris	Latvia	Director, Soros Foundation in Latvia
Auzins, Marcis	Latvia	Rector, University of Latvia
Balfour, Barbara	Canada	Carleton University
Baryniene, Jurgite	Lithuania	Rietavo Savivaldybe
Beekmann, Lauri	Estonia	Estonian Temperence Union
Behmane, Dana	Latvia	University of Latvia
Berlin, Alexandre	France	European Commission
Bikse, Veronika	Latvia	University of Latvia
Bite, Inara	Latvia	State Social Insurance Agency
Blazyte, Giedre	Lithuania	Missing Persons` Families Support Centre
Blumbergs, Vilnis	Latvia	Adazu slimnica
Bravarska, Rita	Latvia	University of Latvia
Brike, Jevgenija	Latvia	State Social Insurance Agency
Celmina, Elina	Latvia	Ministry of Welfare
Costelloe, Sinead	Canada	University of Victoria
Cunskas, Zane	Latvia	BICEPS
Danis, Ginette	Canada	Indian and Northern Affairs, Government of Canada
DeBardeleben, Joan	Canada	Carleton University
Dedze, Indra	Latvia	University of Latvia
Dobravolskas, Algis	Lithuania	Mikonas Romeris University
Ebersteina, Daina	Latvia	University of Latvia
Eglite, Parsla	Latvia	Latvian Academy of Sciences
Felsberga, Baiba	Latvia	State Social Insurance Agency
Gerusova, Olga	Latvia	University of Latvia
Greco, Stefano	Italy	University of Latvia
Gross, Imants	Latvia	Director, Nordic Council of Ministers Office in Latvia
Hanley, Monika	Latvia	The Baltic Times
Heatherington, R. Scott	Latvia	Canadian Ambassador to the Baltic States
Hermansone, Ieva	Latvia	The Nordic Council of Ministers Office in Latvia
Jakaite, Diana	Latvia	Ministry of Welfare
Jepsen, Maria	Belgium	European Trade Union Research Centre
Joksts, Reinis	Latvia	Ministry of Health
Jolkina, Aleksandra	Latvia	University of Latvia

Judrups, Ojars	Latvia	University of Latvia
Kaarna, Risto	Estonia	Tallinn University
Kahur, Kristiina	Estonia	Estonian Health Insurance Fund
Kancane, Madara	Latvia	University of Latvia
Karvonen, Elina	Finland	University of Jyväskylä
Kauhanen, Merja	Finland	Labour Institute of Economic Research
Kieruj, Maurycy	Poland	University of Latvia
Kikvidze, Levan	Georgia	University of Latvia
Korolova, Olga	Latvia	State Social Insurance Agency
Korzenevica, Marina	Latvia	University of Latvia
Kravale, Kitija	Latvia	Ministry of Health
Krumins, Juris	Latvia	Vice-Rector, University of Latvia
Kuhnle, Stein	Germany	Hertie School of Governance
Kukhianidze, Ketavani	Georgia	University of Latvia
Kutsar, Dagmar	Estonia	Tartu University
Larocque, Florence	Canada	University of Montreal
Lavalle, Ed	Canada	Capilano University
Leppik, Lauri	Estonia	Social Policy Institute of Tallinn
Lerais, Frederic	EU	European Commission, Office of Advisers to the President
Libardi, Giulia	Italy	University of Latvia
Lightman, Ernie	Canada	University of Toronto
Lilles, Inger	Estonia	Tartu University
Lofvendahl, Joakim	Latvia	Swedish Embassy
Lumi, Ott	Estonia	Riigikogu
Mackalanova, Ilze	Latvia	University of Latvia
Mahon, Rianne	Canada	Carleton University
Maizenbergs, Boris	Latvia	University of Latvia
Matule, Aija	Latvia	Canadian Embassy
Medaiskis, Teodoras	Lithuania	Vilnius University
Metsis, Ly	Latvia	Estonian Embassy
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Mikhailov, Denis	Sweden	NDPHS Secretariat
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Muhls, Peep	Estonia	Estonian Cooperation Assembly
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Neikens, Lauris	Latvia	Ministry of Family Affairs
Nicmane, Agita	Latvia	University of Latvia
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Petermanis, Kristaps	Latvia	Ministry of Welfare
Plischke, Philip	Latvia	German Embassy
Pukinska, Rita	Latvia	Ministry of Welfare
Pullerits, Sander	Estonia	University of Tallinn
Rajevksa, Feliciana	Latvia	Vidzeme University
Rezepina, Irina	Latvia	University of Latvia
Rocskar, Olivia	Canada	University of Calgary
Seporaityte, Zivile	Lithuania	Vilnius University
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Sproge, Zanete	Latvia	University of Latvia
Spruge, Lolita	Latvia	University of Latvia
Stabina, Sandra	Latvia	Ministry of Welfare
Staffansson, Mats	Latvia	Swedish Ambassador to Latvia
Stockman, Chris	Canada	University of British Columbia
Sulca, Iveta	Latvia	Head, European Commission Representation in Latvia
Sullivan, Michelle	Canada	Memorial University
Sullivan, Nancy	Canada	Memorial University
Tora, Ginta	Latvia	University of Latvia
Townsend, Thomas	Canada	Policy Research Initiative
Trapenciere, Ilze	Latvia	University of Latvia
Trulsson Evidon, Anna-Lisa	Latvia	Swedish Embassy
Trusinska, Dace	Latvia	Ministry of Welfare
Tsareteli, Zaza	Estonia	United Nations Office on Drugs and Crime
Vaivads, Janis	Latvia	University of Latvia
Valters, Kārlis	Latvia	University of Latvia
Vigante, Inese	Latvia	University of Latvia
Waldeck, Bjorn	Germany	University of Latvia
Zabko, Oksana	Latvia	Baltic Institute of Social Sciences
Zagorskis, Valdis	Latvia	European Commission Representation in Latvia
Zalimiene, Laimute	Lithuania	Vilnius University
Zobena, Aija	Latvia	University of Latvia

Social protection systems are highly developed in the European Union. They protect people against the risks of inadequate incomes associated with unemployment, illness and invalidity, parental responsibilities, old age or inadequate income following the loss of a spouse or parent. They also guarantee access to services that are essential for a life in dignity

European Commission (2008)

Canadians want an economy with high levels of employment with decent wages and working conditions. They want their children to get ahead in life and have the opportunity to develop their potential. Canadians want overnment to provide essential public services, especially health care and education, for everyone, and they want governments to spend their tax money wisely and fairly. They want to be able to grow old in security and dignity. They want a Canada where no child has to grow up without adequate food, shelter and other necessities of life, and where no one is homeless. Canadians want a country where human rights and fundamental freedoms are respected and protected. They want to live in safe, tolerant, healthy and sustainable communities. And they want to have a say in how all of this happens.

- Katherine Scott,
The World We Have:
Towards a New
Social Architecture

**Supporting Partners of the Forum for Comparative Dialogue
Promotion of Social Policies – An Investment in the Future:**

- European Commission the EU Public Diplomacy Project in Canada — an inter-university partnership
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- Canadian Embassy to Estonia, Latvia and Lithuania
- Nordic Council of Ministers, Latvian Office
- Embassy of Sweden in Latvia
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Transatlantic Dialogue: Seeking Transnational
Solutions to 21st Century Problems
- University of Latvia

