

CHAPTER 7

SOCIAL AND ECONOMIC CHALLENGES AND OPPORTUNITIES IN FAMILY FORMATION IN LATVIA

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1. NATIONAL CONTEXT

Latvia is one of the so-called post-communist countries where the soviet heritage both in economic and social structures confronts the Western ideas of democracy and free market system. The restoration of the state's independence in 1990 caused wide rearrangements in political, economic and social spheres. On the one hand, people in Latvia have to cope with a set of situations and problems that are common to other post-communist countries. According to international research about post-communist countries, family deinstitutionalization and destabilization processes lead to the weakening of family bonds, diversification of family life

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forms, and decreased fertility, the last of which gives rise to problems with simple generation substitution. Young people face changes in cultural models of sexuality, high valuing of freedom and individuality in connection with new challenges and problems (Szafraniec et al., 2018). However, on the other hand, there are some specifics in terms of the cultural background, ethnic discourse, labor market situation etc.

Issues of depopulation, territorial polarization and shrinking processes of population and infrastructure have been present in the recent 30 years and have accompanied important transitions in economy and social life (Bite, 2016). The inhabitants of Latvia, as a post-communist country, face various, often contradictory, factors that influence their choices regarding family formation. Taking into account the depopulation tendencies—low fertility, rather high mortality and emigration—the age structure of the population and the family forms in the society have changed significantly.

After the 2008 economic recession, family formation was affected by two main push-pull factors—1) labor migration and 2) regional economic disparities. Family institutional settings were organized via extended networks and with new mobility solutions. While national level policies were addressing re-emigration, improvement in education, reforming health and developing social services at the local level, local municipalities addressed the infrastructure attractive for investments and employees, tried to deal with housing shortages, supported early childhood education and schools, as well as provided support for families with more than three children, etc.

In 2020, the national economic instability was linked with the unexpected Covid-19 pandemic affecting various areas of the family life (i.e., economic situation, increasing unemployment and worsening of general socioeconomic conditions).

Latvia has large regional disparities—the Riga region produces more than half of the Latvian GDP and has twice the level of GDP per capita, while other regions remain below this level with a decreasing tendency (OECD, 2018). Along with regional inequalities, the welfare of the population is higher in Riga and Pierīga regions, with comparatively higher labor market demand and availability of services for families. The substantial government spending on education and development of innovative entrepreneurship in the regions are the most effective tools to ensure regional economic development. Still, new social risk factors appear due to family re-(e)migration, rather flexible conditions of the labor market, and comparatively low social protection requiring political decision-makers to be both responsive and effective at the same time (Hiļkevičs & Štefenberga, 2013; Lulle et al., 2019; Rajevska & Rajevska, 2020).

A considerable rapid demographic downturn transition accounts for 1.92 million people at the beginning of 2019. In early 2019, there were 122,271 young people living in Latvia, aged 18–24, which is almost two times less than in 2009 when there were 238,000 young people living in Latvia (Central Statistical Bureau of Latvia, 2019g). In addition, the share of children is 359 000 or 18.7% of

the total population, with an increasing pattern of 1.4 percentage points compared to 2014 (17.3%). Increasing birth rates in the period from 2013 to 2016 can be explained by rather expansive family policies and social assistance (increased amounts and duration of universal and family benefits, gradually raised income tax exemptions for families with children under 15 (or 24, if the child is in education), student support and increased amounts of subsistence guarantee for single-parent families) (Rajevska & Rajevska, 2020). The brain-drain contributes to skill shortages, decreasing economic growth and increasing pressure on pension and health care systems. While Latvia has taken action to tackle these challenges by reforming its education system and promoting active labor market policies, the identified demographic challenges have not been addressed by any long-term family and social policy design.

2. DEMOGRAPHIC TRENDS RELEVANT TO FAMILY FORMATION (BY AGE GROUPS, GENDER AND ETHNICITY)

According to the Study of Young People in Latvia, the majority of young people display a normal path in life transitions: finishing school, starting work, leaving the parental home, getting married and giving birth to the first child (Gūtmane, 2020). However, referring to OECD, young people in Latvia prioritize higher level of education and a successful career over family formation. Latvia is ranking among top OECD countries in secondary educational attainment and has a rather high level of tertiary education (OECD, 2019). Already in the 1990s, the average maternal age for childbirth increased by several years. Women in Latvia are more likely than men to experience the expected decrease in the number of intended children as education levels increase (Eglīte et al., 2002). It is positive that young people choose to acquire high level of education in order to become more competitive in the labor market and to raise the level of welfare. On the other hand, there is low support for families with children and the most recent family policies do not result in substantially increased birth rates. Population continues to decrease and, in comparison to the same period in 2019, it has decreased by 15400 (Central Statistical Bureau of Latvia, 2019b,e,h).

At the beginning of 2019, the largest share of children and young people (aged 0–18) was recorded in Pierīga (21.2%) and the smallest in Latgale (16.5%) region. The shares recorded in municipalities varied between 13% in Nereta municipality and 31% in Mārupe municipality. Latvians accounted for 69% and Russians for 15% of children. In 2018, 2.4 thousand children emigrated from Latvia (15% of the total number of emigrants), while 1.4 thousand children immigrated to the country (13% of immigrants). In 2018, 40 children were seeking asylum in Latvia, and 10 children were granted alternative status. According to the previous Latvian National Development Plan (2014–2020), several family support and social assistance measures have been introduced: labor market participation measures, parental leave, measures that encourage women to return to the labor market, etc.

Housing and environment. In Latvia, most young people live in their parents' or other family members' houses until they have enough personal income to move to their own home or apartment. Only very few of them live in their own home (3% acquired by their parents, 3% by themselves, 7% paid by themselves—rented). The reason for this situation is financial, so living with parents or other family members is most often explained by saving financial resources (Gūtmane, 2020).

Marriage rates. In Latvia, the number of marriages increased in recent years—the number per 1 000 population increased from 4.4 marriages in 2010 to 6.8 in 2018. In 2018, there were 5 697 divorces, which is 21% more than in 2010 when it was not possible to divorce a marriage by a notary. A marriage is regarded divorced when the court ruling becomes legally effective. Since 1 February 2011, marriage in Latvia may be divorced also by a sworn notary—which is the main reason for higher divorce rates (Central Statistical Bureau of Latvia, 2018).

Mean age of marriage. According to statistical data of the Central Statistical Bureau of Latvia, as of 2017, 45% of males and 59% of females at first marriage were aged 29 years or less. Average age for males at first marriage was 32 years, and for females 30 years (Central Statistical Bureau of Latvia, 2019).

Fertility rates. In 2018, fertility rate was 1.61 in Latvia (in 2017 it was 1.70), which still is far from the desired number of children needed for a change of generation: 2.1–2.2. For a normal change of generation, fertility must increase much faster. Last time the total fertility rate of 2.2 was observed in Latvia was in 1986–1987 when 42 thousand children a year were born—the largest number of births since 1946 (Central Statistical Bureau of Latvia, 2019d).

Age of first-time mothers. Average age of women at childbirth in 2018 was 30.5 years (since 2000, average age of women at childbirth has increased by almost four years), at first time childbirth—28 years (Central Statistical Bureau of Latvia, 2019a). Latvia has one of the most advantageous maternity leaves for mothers (94 weeks) (Central Statistical Bureau of Latvia, 2019i).

Births outside marriage. Data of the Central Statistical Bureau show that in 2018, a total of 19.3 thousand children were born in Latvia, 7.6 thousand or 39.4% of which were extra-marital births. A total of 11.7 thousand or 60.6% of children were born in registered marriages. In 2018, a larger number of extra-marital births were registered among women aged 25–29, when the first baby is born usually (Central Statistical Bureau of Latvia, 2019c).

General migration trends—inward and outward. Since 1990, as the result of migration, the population of Latvia was reduced by almost half a million (457 thousand). As the result of international long-term migration, the population in the period 2010–2018 dropped by 126.1 thousand. In 2018, 10.9 thousand persons arrived in Latvia for permanent stay (a period of time equal to one year or more) (9.1% more than in 2017), while 15.8 thousand persons left—12.1% less than in the previous year (Central Statistical Bureau of Latvia, 2019f).

3. NORMATIVE FRAMEWORK

Social norms dominating in the Latvian society still reveal that family is a crucial factor of people's wellbeing. Research of the aspect of trust reveals that family and closest friends are still the most common persons of trust among young people. There is a marked difference between trusting family and friends and various formal organizations (including government, churches and political parties). According to an international study, young people in Latvia realize their civic activity among their closest acquaintances ("civic privatism") or relate to the public issues helplessly (Muranyi, 2015). In the most recent study about the values in action, the family was mentioned as an important resource for long-term development by 64.5% respondents. While 49.9% of respondents turned to their family in order to receive substantial support within 6-month period (Mihailova & Broka, 2020).

Both national and international studies show that family is one of the most important values among young people. According to the research *Young People Situation from Employment Perspective: International Study* (2020), studies today indicate that young people's attitudes towards family values are positive, as young people see the family model as a value to them (Gūtmane & Griņeviča, 2020). Articles and research emphasize the importance of family both in society as a whole and in the life of each individual. In society, the family is interpreted as one of the essential contributors to the solidarity of the nation (especially in the aspects of family welfare, respect for family values, family as a place of safety) (Priedola, 2018). Young people associate family with a place where one obtains support and help. Young people aged 18–24 are generally more satisfied with their family life than young people on average in the EU and note that they fully or greatly influence the family decision-making. However, not all young people (25%) are satisfied with the opportunities to spend time with their family (Agency for International Programs for Youth, 2019).

Young people associate family not so much with formal marriage as with partners' informal cohabitation. 61% of young people aged 18–24 consider marriage to be an outdated institution. Although women are slightly less likely than men to agree with this statement, there are also differences between urban and rural areas (Interdepartmental Coordination Center, 2019). Young people nowadays make the decision to start a family much later than, for instance, their parents, and most children (63.5% in 2018) are born out of wedlock (Central Statistical Bureau of Latvia, 2019g). Among the family values, cozy apartment, house (94%), happy cohabitation with a partner (92%) and ability to ensure a safe future for their children (92%) are highly valued. Values such as children (77%) and family formation (84%) were seen as relatively less significant (Ministry of Education and Science of the Republic of Latvia, 2013), reflecting the known manifestations of consumerism and individualism.

Young people's choices with regard to family formation and different forms of family are realized within the general regulatory framework of society. According

to the authors of a generational study conducted in 2019, the importance of traditional values has been declining in the Latvian society, especially with the emergence of more liberal views among the younger population. More often than in the older generations, unregistered cohabitation is accepted among young people, there is a greater desire to support legitimization of homosexual relationships, and rarely a woman or a man need children to find fulfilment. Young people's reproductive behavior is mainly determined by employment status and financial means. Overall, there is a clear trend towards gender equality in the understanding of gender roles (Priedola, 2018).

4. SOCIO-ECONOMIC CONDITIONS

Young people have been defined as one of the important target groups in the main policy documents (National Development Plan of Latvia for 2014–2020, 2012; Youth Law, 2008) operating in such areas as education/vocational training, active labor market policy (ALMPs), poverty reduction and social exclusion. The main activities of these policies are aimed to reduce youth unemployment and promote social inclusion of young people into the labor market, as well as increase young people's social protection and equality. It is also important to provide high quality of education and up-skilling of young people.

According to the research *Young People Situation from Employment Perspective: International Study* (2020), one of the foundations of a good youth employment policy is to improve the education system and adapt it to the requirements of the modern economy labor market. It is important to take actions on reducing the risk of youth poverty in any country. In reducing the risk of youth poverty, it is important to understand that this is not a short-term but a long-term benefit for the development of each society and economy as a whole. The risk of youth poverty is higher in families where young people are raised only by one parent, so national social protection policies must be focused on serious measures to preserve families and strengthen family values (Gūtmane & Griņeviča, 2020).

Latvia has rather equal and high access to general public funded education (level 0–3). The vast majority of youth at the age of 15 are enrolled in lower secondary education (ISCED level 2) and/or obtain upper secondary education (ISCED level 3) between ages 16 and 18. Higher level of education (level 6) is obtained in the age 20–24 and is rather high, while enrolment in post-secondary non-tertiary education and short-cycle tertiary education is very low (Eurostat, 2020a). Latvia can be characterized as a rather flexible and non-selective education system both in terms of the early childhood education, general education and vocational education and training (Eurydice, 2019). Unfortunately, Latvia did not launch free-of-charge full-time studies in tertiary education (in reference to the Bologna process), in comparison with Estonia (launched in 2013). The payment of studies is shared between state funding and private funding. Differentiated measures are available on the local level for youth experiencing disadvantages, e.g., individual career counselling, free school lunch, support for school equip-

ment, support for families in need, social pedagogy, psychology at school etc. (Eurydice, 2019). The level of public expenditures in education remain rather low and similar pre- and after economic recession (Toots & Lauri, 2017). The major concern today evolves around the ability to respond to the labor market needs, ensure quality of education, equal opportunities, and increase participation.

In 2019, employment rate among men was 5.8 percentage points higher than that among women—68.1% and 62.3%, respectively. The EU average indicator is higher among men as well. The employment rate among women in Latvia was 6.7 percentage points and among men 1.7 percentage points higher than the EU average. Regardless of the fact that Latvian legislation enhances gender equality in the labor market, e.g., by ensuring paid childcare leave, the greatest gender gap in employment may be observed among population aged 25–34 (8.4 percentage points), which is related to the fact that people tend to build families at this age, and household and care duties are distributed unequally. In 2018, employment rate of women in households (consisting of population aged 25–49) having at least one child aged under six was 18.1 percentage points lower than that of men (Central Statistical Bureau of Latvia, 2020).

According to the labor statistics, youth employment is low while they are in education (aged 15–19), but substantially increases from 20 to 29 years of age to 51.9%. Youth unemployment is rather low (9.3%) in the age group from 15 to 29 (Eurostat, 2019, 2019b). Young people are considered rather independent and can assure their living from a rather early stage (starting at age 18–20), i.e., they are enrolled in further education, combining education with work, or simply starting their own family life. Income insecurity or poverty remains to be an important hindering factor for early transition to adulthood.

The Baltic countries, in respect to poverty reduction and application of youth orientated ALMPs, are valued as being most decisive (Tosun et al., 2017). Since 2016, at-risk-of-poverty remains at approx. 16%, which is comparatively lower than the situation during recession (Eurostat, 2019a). Dependency on family income in the age group between 15–19 years is closely interrelated with education, while other subsistence is closely related to family benefits and social assistance for families in need on local level.

One of the concerns challenging both education/ VET system and labor market is the state of the youth not being in education and training (NEET) and their ability to re-enter. Early leavers from education and training or the NEET rate increase with age is evident in higher level of education (starting with upper secondary education) (see Figure 7.1. Eurostat, 2019, 2019b,c).

Social assistance, adequacy and coverage of social protection for different groups of young people across regions vary. In general terms, youth (from 18 to 20 or, if studying, to 24 years) can apply for all types of social benefits, such as unemployment or family benefits if they are living with their parents or if they have children. In addition, there is housing and social assistance or additional social assistance for single parenthood or disability (Council of Europe, 2020).

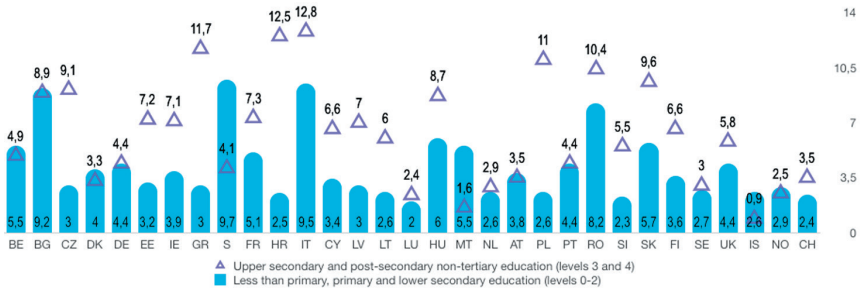


FIGURE 7.1. Youth NEET Rate (%) With Less Than Primary, Primary and Lower Secondary Education (Levels 0–2) and Upper Secondary and Post-Secondary Non-Tertiary Education (Levels 3 and 4), Age Group 15–29. Data source: Authors, using data from Eurostat.

The ALMPs play the most crucial role in the poverty reduction strategy among youth, especially the NEETs. Traditional vocational education programs (VET) were supplemented by work-based learning (WBL) programs, “Youth Guarantee” since 2013 and “Upskilling Pathways” since 2016—partly EU co-funded programs directly oriented at youth, especially the NEET youth inclusion in the labor market. Free training and career opportunities were assured until 2018 for more than 6500 young people (Council of Europe, 2020). In 2013–2014, Latvia adopted as many as seven youth-oriented reforms and spent the largest share of expenditures (% of GDP) on training and incentives, but less for job creation and start-ups (Tosun et al., 2017). Still, Latvia has difficulties in integrating youth into the labor market, which may bring about other disadvantages besides unemployment and poverty risk. Early leavers from education and training are among the highest in Latvia (8.7% in age group 18–24). Employment among youth is rather high (51.9% in age group 20–29) (Eurostat, 2019, 2019b). Positive results can be explained with available public funded education, ALMPs as part of education/training and public work initiatives, as well as the ability to combine work with education. Even though social welfare services are not analyzed in detail here, some positive effects of the expansion of social policies are evident. Differentiated and flexible education and employment arrangements, social entitlements and supplementary support measures (ALMPs) at the state and municipal levels in Latvia encourage young people to become more self-sufficient, independent and establish families earlier.

5. INSTITUTIONAL FRAMEWORK

Similar to other EU countries, Latvia follows competitive knowledge economy and productiveness as part of the EU development strategy, with the commitment to invest in children and families (Esping-Andersen, 2002). According to the welfare regime typology (Esping-Andersen, 1990), the Baltic countries are considered to rep-

resent a post-communist version of the Anglo-Saxon world with an important role of the market and family in welfare provision (Aidukaite, 2009; Toots & Backmann, 2010). A more specific family policy entails a conservative-corporatist regime with modest child benefits and a heavy reliance on social insurance programs based on employment (Aidukaite, 2019). The Latvian family policy, specifically analyzing social security policies during the period from 2007–2019, can be characterized by expansion of the general social services and increased support for poor families and families in need of differentiated services (care for children with disabilities, foster care etc.). Changes in family policy can be divided into three main periods: severity of economic crisis (2008–2012), expansion and reconstruction of social policy areas after the crisis (2013–2017) (Rajevska & Rajevska, 2020), and initial shift towards universality and progressivity. The economic crisis is considered an austerity period in different policy areas, especially those affecting families with children and the elderly. Compared with other Baltic States, support for families with children was most significantly reduced during the crisis. During the recovery phase, it took the direction towards an effective state in economic dimension, while family policies and social assistance were shifting in between continuity, predictability and flexibility (Āboliņa, 2016). The simplified taxation regime that was introduced (in 2010), i.e., the micro-tax, self-employment, part-time, revealed during the Covid-19 pandemic that approx. 150 000 people are not socially insured. This was an important push for the state to introduce new initiatives for families in need (Mihailova & Broka, 2020). The existing Latvian pension scheme is sustained by taxpayers with minimized responsibility of the state and pension fund managers. In the absence of a social safety net, Latvian pensioners are among the poorest in the EU (Rajevska & Rajevska, 2020).

Although the population increase as the main priority of family policy and social security policies was acknowledged, birth rates increased only partially in line with increasing birth allowances and maternity/paternity leave schemes, extra support for larger families and income tax deduction equivalent for every child. The most important shortage is the lack of cross-sectoral coordination and intensified social investment policy measures, especially targeting single-parent families and parenthood in general. Availability of early-childhood education is diversified between the regions, while family support and social assistance are increasingly marketized. The increasing flexible forms of work (teleworking), distance-work or other flexible work arrangements are at the edge of precarious employment and social insecurity. While flexible labor market conditions are assured, family support measures are still not sufficient and do not significantly improve the financial situation of large families with children and the elderly.

The core of family support policy in Latvia is based on three key elements: financial support for families, support in the form of services or in-kind support, and other family-oriented activities. Family protection and support by the State is defined in the Constitution (Section 110), whereas marriage is strongly supported between man and woman as a family. Ten types of in-cash universal state social

allowances paid on regular basis and three types of lump-sum allowances (Law on State Social Allowance, Section 3) are encompassing the rights of parents and the child, special support for disabled children, children left without parental care or suffering from violence. More than 18 amendments with three Constitutional Court decisions (on Sections 4 and 20) and four Supreme Court decisions (on Section 3, 6, 9 and 10) were made in regard to different types of family allowances between 2007 and 2019. The universal family allowance (11.38 euros) is granted for all children aged 1–15 years, or 20 years if the person is studying¹. Considerable welfare redistribution changes were made to support large families with increased allowance² (entered into force 1 January 2018). Since 2013, childcare benefit increased to 171 euros and is granted until age of 1,5 years, and 42.69 euros until age 2 for every next child. Special support measures were implemented for families taking care of children with disabilities and severe disabilities³ (Cabinet of Ministers, 2009; State Social Insurance Agency of the Republic of Latvia, 2020). Following the deinstitutionalization process (2009–2017), several additional allowances were introduced for guardians, foster families and child adoption. The deinstitutionalization process is in mid-term implementation stage, but it is promising a continuity of supportive arrangements both for children out of family care and for children with disabilities (Broka et al., 2017, 2018).

Another objective of family policy development in Latvia relates to employment enhancement—labor market accessibility for families with children: part-time job opportunities or flexible working time arrangements and day-care facilities for working parents. Working time regulations is a matter of an individual agreement and evolves around regular daily working hours (40 hours weekly) of a five-day working week, overtime and part-time work in Latvia (Labour Law, 2001). During the economic recession (2008–2012), part-time work increased from 7% to 11% and can be explained by shorter working hours adopted to minimize employment cuts (European Institute for Gender Equality, 2014). Even though the law prohibits discrimination, the gender pay gap can be identified in lower paid jobs where women are employed (health care, education etc.). From 2012–2018, the share of part time workers (from 8.8% to 7%) and involuntary part-time⁴ work decreased especially among women (from 42.5% in 2012 to 29.6% in 2018). Possible explanation might be scarce availability of paid jobs, disproportion of the high qualification of workforce and labor demand for low qualified workers (Eurofound, 2018). Employment flexibility can be characterized by different types of agreements and contracts, but only a part of those agreements stipulate the obligation to pay social insurance tax (32.15%).

¹ Not receiving scholarship, except EU funded, and not married.

² For the second child (22.76 euros), the third (34.14) and for more than four children (50.07 euros) and extra payment (summing up for two children—10 euros, three—60, and next—50 euros).

³ Since 2009, the allowance increased from 71.14 euros to 106.72 euros; additional childcare benefit for children with severe disability increased from 106.72 euros to 313.43 euros per month in 2019.

⁴ Part-time working because they could not find full-time.

Different types of child-care facilities are available and provided, e.g., by municipalities, at educational institutions or by families (receiving methodological support) or other private sector providers. In 2013, the Ministry of Welfare adopted new regulations supporting diversified child-care services (Cabinet of Ministers, 2013). Diversified options resulted in an increased formal childcare provision both in the group under three years, from 15% in 2007 to 25.8% in 2018 (for 30 hours a week), and from three to compulsory school age from 51% to 84.8% (Eurostat, 2020). Shortages of public childcare are evident in the larger cities and the capital Riga, while less evident in smaller cities and rural areas. The use of formal childcare starts from approx. 1.5 years of age—which corresponds to the end of the maternity leave. The development and play centers established by private entities as alternative pre-school educational institutions are eligible to receive public funding (Mihailova & Broka, 2020). The development of a comprehensive social care and other services for families and children depend on the common understanding of family needs in the context of their activities in the labor market.

6. COUNTRY-SPECIFIC CHALLENGES TO FAMILY FORMATION

In the context of family deinstitutionalization and destabilization, the coexistence of extremely different forms of family in Latvian society should be emphasized. For example, in rural areas of Latvia, there are often families where parents have gone abroad to make money, leaving their children with grandparents or other relatives (presence of extended families). Occasionally, municipalities and schools are not only bearing the function of educators, but are the important social agents in childcare and upbringing in the families experiencing difficulties in fulfilling family functions. With the high proportion of divorced families and so-called post-nuclear families in Latvia, the boundaries between traditional family members and one or the other family are not strictly defined and supported. The unmarried couples' law has been initiated several times (most recent debate in 2019 was abolished) and did not get support in government due to the elaborated formulation in the Constitution arguing that the state primary supports the family of a mother and a father being married (Constitutional Assembly, Article 110, Amendments of 2005, entry into force 7 November 1922), religious arguments and tradition. The further debate about cohabiting partnership relations and non-traditional forms are still hardly accepted in the society.

After divorce, children usually remain in the care of their mother, which is not usually a subject of dispute. The results of an intergenerational study show that the understanding of gender roles is gradually changing according to the principles of gender equality; the care of young children is the only area that women and men still consider predominantly a “woman’s territory” (Interdepartmental Coordination Center, 2019). At the same time, there are initiatives in Latvia that highlight the role of the father in the family, stimulating discussions about the care provided by both genders during cohabitation and after divorce (Family Support Association “Fathers”, 2017).

Another aspect of family formation is marked by the policies of the state institutions to increase birth rate and strengthen the marriage institute. Increasing birth rate is seen as a prerequisite for the future existence of the Latvian nation. In its planning documents, the state supports the formation of families and their stability, supports parents in crisis situations, promotes birth, strengthens marriage and increases the value of marriage in society (Āboliņa et al., 2019). In addition to monetary and material benefits, there is also an ideological orientation in favor of marriage. Traditionally, pre-marriage courses are offered by various religious organizations, but in 2015, the Ministry of Justice of the Republic of Latvia also developed and implemented a pilot project on the economic, social and legal aspects of marriage (Ministry of Justice of the Republic of Latvia, 2016). The pilot project was unsuccessful due to the low level of responsiveness of the population, which also points to the gap between the actual behavior of the population towards family formation and the efforts of public authorities to improve the demographic situation. As the anthropologists' research revealed in 2008, the existence of the traditional ideal family model is often problematic in real life, and a large number of "diverse" families remain outside the family boundaries of state support policies (Putniņa, Zīverte, 2008). On the one hand, it can be seen that the conservative and traditional perceptions of the family and the importance of the reproductive function influence young people's choices about starting a family in Latvia. At the same time, young people face the challenges of the consumer society, which, first of all, makes them think about economic security. Since in the post-communist countries of Europe, the young are living below the standards determined in the EU policy in respect to all the indicators: the area and standard of utilized flats, the numbers of rooms per person or household operating costs (Backmann & Gieseke, 2018), it is more difficult to meet the demands of the consumer society for certain goods and lifestyles, so family formation is postponed. As a result, partnerships are maintained "on a temporary basis", with a more rational approach than in previous generations. A study on intergenerational differences in Latvia reveals that family formation among respondents is mainly related to positive feelings—it is expected to increase the joy of life and satisfaction with life, the opportunity to achieve other goals in life. In turn, one in five respondents is concerned about the loss of independence (Interdepartmental Coordination Center, 2019).

Relocation of young families with children from the cities to the countryside and, in some cases, the formation of communities, is a relatively new phenomenon in Latvian society (Idū, 2019). Here, the marriage institute and gender roles are being reconstructed, which testifies to the coexistence of diverse family forms in the Latvian society and among young people.

7. CONCLUSION

The demographic situation in Latvia is closely connected with the effect of the human capital, which affects the development of the national economy. In general, the society's ageing and the relatively low birth rate has a negative impact on

Latvia's economic situation and well-being. Low incomes and benefits, as well as unemployment, contribute to emigration, thereby decreasing the number of economically active population and worsening the demographic situation in Latvia. The society's ageing contributes to changes in the structure of the labor market. As the population shrinks, it is essential to boost economic productivity and development. This means effective use of resources by producing high value-added goods and services for foreign markets.

Education quality and availability for Latvia's inhabitants and foreigners are significant challenges for the development of human capital and population growth in Latvia. From a long-term perspective, changes in the labor market and the ability to prepare the young generation for innovative labor market requirements are challenges to be addressed.

In Latvia, it is still rather difficult to assess social investments in terms of affordability and quality of pre-school education due to the provision of diversified services. Generous parental leave benefits are supporting parents with small children, yet the benefits are rather based on the entire system of benefits. Although parental benefits are raised, the birth rate has not increased. During the economic downturn, the social policy response to reducing unemployment and poverty, and beyond, was initially successful, yet at the same time there was a lack of clear evidence to support the social investment strategy. Job security and retraining after returning from parental/ maternity leave is also not clearly evident. There is a need to continue with supportive measures not as part of the poverty reduction or population growth strategy but as part of reconciliation of family and work life duties, taking the gender pay gap seriously into consideration.

In Latvia, there is a tendency to think about family formation when the young people have reached their career goals. As mentioned previously, the support for families with children is low and there is a need for improvements in the long term.

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