

Contribution of LATVIA to public consultations on Green Paper "Confronting demographic change: a new solidarity between the generations"

### Introduction

**Do you take the view that the discussion on demographic trends and managing their impact should take place at European level? If so, what should be the objectives of the discussion, and which policy areas are concerned?**

The discussion of demographic trends and managing their impact should take place at European level, because these issues are closely related to implementation of the Lisbon Strategy and ensuring the competitiveness of the European Union. The objective of the discussion should be an assessment of the impact of demographic trends on the development of the EU, and opportunities for improving the situation with the aid of various policies. The discussion should take the following policy areas into account:

- employment,
- social protection,
- family policy,
- education,
- housing policy,
- health,
- gender equality,
- socio-economic policy,
- immigration policy.

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The discussion should focus on the integrated development of these policies. Each policy area should guarantee a favourable impact on demographic trends, by preventing or reducing all forms of discrimination (regional, gender, employment, income and others).

Discussions should also take place at Community level on how good practice in one Member State might be applied in other Member States, taking into account the consequences of social and demographic changes and globalisation.

The ageing of society and a reduction in the number of employed people will put significant pressure on the sustainability of public finances (the budget). In future this issue should also be discussed and researched at European level.

### Challenges: low birth rate

**How can a better work/life balance help to tackle the problems associated with demographic ageing?**

Increased flexible organisation of working time would help provide a better work/life balance, and:

- create more favourable pre-conditions for an increase in the birth rate;
- foster the participation of older people in the labour market.

Possible solutions include: motivating employers to provide support to employees for reconciling work and family time, ensuring statutory guarantees for pregnant women, and providing support to employees in the development of child care services.

**How can a more balanced distribution of household and family tasks between men and women be encouraged?**

In order to balance this distribution of tasks between men and women, it is important to break existing stereotypes: for example, by taking educative measures, particularly in schools, and by developing education programmes and methods to discuss the role of men and women in society. It is also very important that there is a change in the attitude of employers towards employees who have children, and who wish to make use of various statutory provisions for reconciling work and family life.

**Should the award of certain benefits or advantages (leave, etc.) be linked to an equal distribution of tasks between the sexes? How best to ensure an adequate income for both parents on parental leave?**

The award of certain benefits and parental leave should be linked to an equal distribution of tasks between the sexes, by determining equal rights for men and women to parental leave, as well as social benefits and social insurance benefits. In order to ensure an adequate income for both parents on parental leave, in Latvia child care benefits for socially insured people are set at 70% of average social insurance payments from earnings, as a result of which people (either mothers or fathers) who are on parental leave do not actually lose work-related income.

In order to foster greater participation by men in child care, it is important to inform the public of the possibilities that are available. Women should also allow men to take on child care responsibilities, given that it is generally accepted that men will be unable to cope. Benefits are only one type of motivational instrument – it is important to change public attitudes towards these issues.

**How can the availability of child care structures and elderly care structures be improved in the public and private sectors? Can a reduced rate of VAT contribute to the development of care services?**

Availability of social care services is influenced by national tax policy. Given that the development of alternative forms of care is dependent on various conditions, including available funding, a reduced rate of VAT will contribute to the development of care and other social services.

In Latvia VAT is not applied to social services provided by social care and rehabilitation centres and other specialised bodies, if they are fully or partially maintained from the State budget or municipal budgets.

**How can parents, in particular young parents, be encouraged to integrate in the labour market, have the career that they want and the number of children they want?**

In order to encourage young parents to **integrate in** the labour market, it is necessary to create a family friendly environment – not only should opportunities for flexible working hours be provided, but also, sufficient high-quality kindergartens and nursery schools, as well as local authority support for educational establishments providing extra curricular activities.

In Latvia the following measures are being planned in order to encourage young people to **integrate in** the labour market:

- the implementation of control mechanisms for employers, to ensure the statutory right for parents to return to the same job following a period of parental leave;
- subsidising work experience placements for young people and providing subsidies to employers for employees who have been taken on without any previous work experience.

## Challenges: potential immigration

### **To what extent can immigration mitigate certain negative effects of demographic ageing?**

Controlled immigration can be a partial and temporary solution to the effects of demographic changes to the labour market. Forecasts carried out in Latvia indicate that, taken overall, immigration has a positive effect on the age structure of the population, as a result of which the demographic burden is reduced, resulting in a favourable impact on the workforce and development of the economy. Initially, however, full use should be made of the EU's internal capacity by facilitating internal migration.

### **What policies should be developed for better integrating these migrants, in particular young people?**

Education and training policies play a significant role in better integrating migrant young people – these include policies on vocational education, as well as other policies (such as employment, social, internal affairs and health), the development of which make a significant contribution towards integration. At the same time there should be a focus on principle of equality towards any disadvantaged young people, by fostering their integration into society. Possible solutions include:

- inviting the local population to provide support to migrant young people;
- providing material support to youth organisations which organise activities and projects relating to the integration of immigrants.

The question of intercultural education should be included in the compulsory curriculum in order to better integrate migrants, in particular young people, as this will foster young people's understanding of cultural diversity and equality.

Focus should also be placed on health care. Given the health risks that are specific to young people (HIV/AIDS, unwanted pregnancies, etc.), special preventive programmes should be developed. It would be useful to develop access to health care services aimed at young people (for example, consultation points in youth centres run by local authorities or non-governmental organisations).

### **How could Community instruments, in particular the legislative framework to combat discrimination, the structural funds and the Employment Strategy, contribute?**

Directives 2000/43/EC and 2000/78/EC ensure the relevant legislative framework to combat discrimination. Nevertheless additional measures are needed to explain the need for such norms, in particular amongst private entrepreneurs. Such measures could be carried out within the framework of the "European Year for Equal Opportunities" (2007).

The Employment Strategy, with the intervention of the structural funds, can provide an investment in increasing immigrants' abilities to adapt (including language training and a skills audit), thereby facilitating the involvement of these people in the labour market and the local community.

## **Solidarity between the generations: integration of young people**

### **How can Community policies contribute more to combating child poverty and poverty among single-parent families and to reducing the risk of poverty and exclusion among young people?**

By using the Open Method of Coordination in the area of social protection and social inclusion, support can be provided for exchanging and researching good practice on poverty among children and young people, as well as single-parent families. Community social protection policy must be harmonised with Community employment policy to combat the causes of poverty; this includes fostering employment among parents, balancing work and family life better, providing opportunities for part-time work and teleworking, fostering opportunities for work experience, vocational training and interest learning among young people, in particular those who are poor. Community policies can be used to provide access to lifelong learning in the Member States and information on vacancies and career training. The existing Community Action programme to combat social exclusion (up to 2006) and the new Action Programme PROGRESS (from 2007) can be used to combat poverty among children and young people.

Particular attention must be given to below average earnings among women, which influence the creation of a lifelong poverty trend, given that the size of pensions is related to the scope of social insurance payments. Single parents (in particular women) are one of the population groups most at risk of poverty and social exclusion.

**How can initial training and adult training schemes be improved? What can non-formal education and voluntary activities contribute? How can the structural funds and the instruments for achieving better access to the knowledge society contribute?**

The quality of and access to education are the basic principles on which initial education and training schemes should be based. The development of lifelong learning and fostering of understanding on the significance of lifelong learning as regards opportunities are particularly significant for the development of adult learning. Vocational orientation is important in reducing social exclusion among young people – choosing a profession that is commensurate with young people's skills and interests will motivate them during the learning process and increase their competitiveness on the labour market following graduation.

Non-formal education and voluntary activities play a decisive role by including young people in the processes of society, and fostering their active participation at all levels of governance, in particular at local and regional levels. There should be an association between the interests of young people and social governance structures, and therefore the creation of youth organisations should be fostered. The manner and methods of non-formal education provide young people with skills which they cannot acquire within the framework of formal education, and support their transition from education to working life, and foster their civil activity.

Working for social organisations is a way of enhancing social capital – many organisations work for the good of society, but these organisations require human resources in order to carry out their objectives and strategies. The development of voluntary work and provision of support for organisations would foster the employment of school-age children and young people. As with work experience in various institutions, young people would acquire the necessary skills and knowledge within these organisations, supplement their CVs with activities and responsibilities undertaken, and facilitate their full involvement in the labour market, which, in turn, would reduce the poverty factor and exclusion. A system of co-financing should be established to support non-formal education programmes, as well as voluntary activities and projects that make appropriate use of free time.

The contribution of structural funds for achieving better access to the knowledge society is significant, not only in creating equal opportunities, but also in supporting quality and innovation. Structural funds can be used to support measures for combating unemployment among young people, by integrating those who have dropped out of school in the labour market, fostering economic activity, increasing their ability to adapt to the changing

requirements of the labour market, and providing opportunities for vocational education and training.

**How can the bridges between school and working life and the quality of young people's employment be improved? What role should social dialogue play? What can dialogue with civil society, in particular youth organisations, contribute?**

The teaching of skills and abilities relating to civil society should begin at school. The knowledge and skills of school-age children should be enhanced, by encouraging the formation of opinions on life in a civil society. In addition it is just as important for children and young people to have the requisite knowledge and skills so that young people may successfully integrate into the labour market and talk about the quality of employment. Youth organisations who work with children and young people have a particular role to play in this regard. The various projects and seminars that are organised facilitate the growth of young people's experience and knowledge in areas that are not covered by formal education as part of the school curriculum.

A State Youth Policy Programme for 2005-2009 has been approved in Latvia and provides for various tasks in order to successfully implement youth policy, including youth participation and information systems, which are of significant importance in the further integration of young people in the labour market. This policy planning document also includes a section on the employment of young people.

**What forms of solidarity can be fostered between young people and elderly people?**

Young people, in either an employed or voluntary capacity, can take part in providing home care or day centre services, as well as other activities that support elderly people, whilst elderly people can help young people acquire work and life skills, and share their experience and knowledge in other ways.

Undoubtedly, a system that coordinates mutual support and action should be mentioned in this context. The basis of solidarity is a community of interests, objectives and opinions. One form of solidarity, as regards the integration of young people, is the civil participation of young people. Whilst decision-makers in various institutions are not young people, they have a wealth of experience which would be of great use to young people. Strengthening the quality of participation of young people would foster solidarity, because young people need to gain an understanding of conformity to laws and existing systems.

In Latvia the pension system is based on the principle of solidarity both between and within generations. This means that payments by socially insured people (the employed) are used to pay pensions and benefits, rather than being saved in individual accounts (as part of the level one pension system). Solidarity also works in a reversible manner – the pension scheme operates on actuaries' calculations, and provides for the level of pension contributions to remain unchanged in the future, that is to say, the growing burden on future generations of taxpayers will be levelled.

### **Solidarity between the generations: the working life cycle**

**How can the organisation of work be modernised, to take into account the specific needs of each age group? How can young couples' integration in working life be facilitated and how can we help them to find a balance between flexibility and security to bring up their children, to train and update their skills to meet the needs of the labour market? How can we enable older people to work more?**

Information measures must be taken on opportunities for flexible organisation of working time, to enable people to make use of their working time according to the most acceptable work-life balance model. At the same time people should be economically motivated to work within the realms of their capabilities.

One possible solution for integrating young people in working life, renewing skills and retaining older people on the labour market is to introduce allowances for employers who employ people without experience or of pre-retirement age. For example:

- subsidising work placements for young people;
- providing subsidies to employers for employees who are hired without any experience.

Pension policies must facilitate the involvement of older people on the labour market by stimulating the employment of pensioners. The pension policy in Latvia facilitates the involvement of older people on the labour market. For example the size of pensions is also dependent on the retirement age, which, in turn, enables working life to be extended.

Structural funds could be used for training older people, thereby providing them with the opportunity and motivation to work more. Structural funds should also be used to improve occupational safety and health, and to introduce flexible organisation of working time as well as other motivational mechanisms, which would enable older people to remain on the labour market, and help the work/life balance, by supporting care services for children and other dependents.

### **How can the various stakeholders in the Union contribute, in particular by way of social dialogue and civil society?**

A civil society within the framework of the European social dialogue will foster improved decision-making, and an active and democratic balance of different interests.

### **Solidarity between the generations: the role of elderly people**

#### **Should there be a statutory retirement age, or should flexible, gradual retirement be permitted?**

To allow for a flexible pensions system and to encourage older people to remain on the labour market, the pensions system should not allow for a statutory retirement age. The pensions system in Latvia specifies only the minimum age for receiving a pension, that is to say, the system provides for a flexible retirement model, also within the context of the employment of pensioners.

#### **How can elderly people participate in economic and social life, e.g. through a combination of wages and pensions, new forms of employment (part-time, temporary) or other forms of financial incentive?**

Elderly people can be encouraged to participate in economic life by creating conditions under which employers would benefit from employing people of retirement age (for example, reduced obligatory social insurance payments for working pensioners, which would act as stimulus for employers to employ these people).

In addition, the participation of elderly people in economic life can be fostered within the framework of pension policies. For example the pension policy in Latvia facilitates participation in economic life, as the size of pensions is dependent on social insurance

payments that have been made, as well as the age at which a pension is received. Furthermore, working pensioners receive their pensions in full.

**How can activities employing elderly people in the voluntary sector and the social economy be developed?**

The State programme "Strengthening and developing a civil society (2005-2009)" includes the following measures to promote employment in the voluntary sector and the social economy:

- informing society on opportunities for working in social organisations;
- implementing a promotional campaign for NGOs and entrepreneurs, as well as State and municipal authorities on voluntary work;
- providing regular consultations to those providing opportunities for voluntary work;
- organising a voluntary activities forum (conferences and seminars for those undertaking voluntary work);
- developing support programmes for employing elderly people in the social economy.

**What should be the response to pensioner mobility between Member States, in particular with regard to social protection and health care?**

Council Regulations (EEC) No 1408/71 and (EEC) 574/72 provide the relevant basis for social protection and health care also in relation to pensioner mobility.

Mobility within the EEA will increase once the economic situation improves, therefore Member States should ensure the development of health care systems, to provide a full range of health care services. Similarly, Member States should guarantee access to social assistance and social services (care and rehabilitation).

**How should we be investing in health promotion and prevention so that the people of Europe continue to benefit from longer healthy life expectancy?**

Themed weeks aimed at male health, female health and family health should be organised so that the people of Europe continue to benefit from longer healthy life expectancy. In addition, investments should be made in promoting healthy lifestyles (at sports events and social activities), and the use of healthy food, to encourage people to give up bad habits and to stimulate mental health. There are plans to increase investments in health promotion and prevention, and to develop primary health care facilities, which, in turn, will reduce secondary health care expenditure.

One of the main tasks in infectious disease prevention is the compulsory vaccination of children against infectious diseases that can be controlled by vaccines (for example, Hepatitis B, Hepatitis A, pneumococcal and meningococcal infections, tick-borne encephalitis, etc.).

**Solidarity between the generations: solidarity with the very elderly**

**How can the coordination of national social protection policies that are due to be extended to long-term care for the elderly in 2006, help to manage demographic change?**

It is important to focus on the needs of elderly people, including the development of long-term care. It should be taken into account that the level and scope at which long-term care for the elderly is being developed in Latvia also has an impact on many people's opportunities for participating in the labour market and earning an adequate income, as opposed to providing full-time care for their relatives.

The development of long-term care for the elderly should also use the Open Method of Coordination, for example, by supporting the exchange of good practice.

**Should a distinction be drawn between retirement pensions and dependency allowances?**

Given that age and the loss of wage earners are different social risks, a distinction should be drawn between these risk insurance services. In Latvia there is no relation between retirement pensions and the award and calculation of dependency allowances.

**How do we arrive at a balanced distribution of care for the very old between families, social services and institutions? What can be done to help families and to support local care networks?**

Structural funds should be used to develop social care services to help those family members whose relatives require care, reconcile family life and work.

Greater attention should be paid to alternative and long-term forms of social care by providing access to social and medical services, so that the quality of very old people's lives does not suffer. In Latvia patients who are over 80 years old pay less for home visits by doctors, and those who are being cared for by State social care centres and municipal retirement homes (centres) do not pay any patient charges.

It would also be useful to develop the geriatric sector, by educating health care specialists and developing access to these services. The list of subsidised medicines and diagnostic groups should be increased, to provide easier access to medicines in the event of chronic illness. Family doctor training programmes should highlight the area of health care that specifically relates to elderly people and their treatment, as well as the use of medicines during treatment.

**What can be done to reduce inequality between men and women when they reach retirement age?**

Any form of gender discrimination in the pensions system must be eradicated. At present there are noticeable differences between men and women who have reached retirement age:

- on the whole women receive smaller pensions – women earn less than men; they have been outside the labour market for some time (caring for children or other dependents);
- women tend to choose early retirement;
- the percentage of women over the age of 64 who are employed (9.4%) is less than men of the same age (18.2%);

The following must be done in order to eradicate these differences:

- the education system must be improved so that women do not concentrate solely on professions within the social sector which are usually less well-paid;
- salary levels in the social sector must be revised;
- the man's/father's role within the family must be increased, particularly with regard to childcare;
- lifelong education programmes must be developed according to labour market requirements;
- new workplaces must be created;
- the question of male health must be re-addressed.

**How can new technologies support older people?**



New technologies can foster greater independence of elderly people, whilst avoiding the risk of social exclusion. New technologies make it possible to receive different services, make payments, apply for health care and other services, and maintain communication with society.

Providing new technologies in social care centres and elderly people's homes would support the elderly when they require medical or social help; for example, this would enable social workers to react more quickly and provide the support required.

## **Conclusion**

### **Should the EU be promoting exchanges and regular (e.g. annual) analysis of demographic change and its impact on societies and all the policies concerned?**

Exchanges and regular analysis of demographic change and its impact on society could help Member States comprehend demographic change more flexibly and ensure long-term stability as regards progressive ageing of the population.

An analysis should be carried out on a regular basis (every 3-5 years) in order to evaluate the impact of implemented activities on demographic change, and this should be followed by exchanges with other Member States.

### **Should the Union's financial instruments (particularly the structural funds) take better account of these changes? If so, how?**

The Union's financial instruments (particularly the structural funds) must take account of demographic change, both when planning the (structural fund) areas, scope and intensity of aid, and when determining target groups for aid measures.

### **How could European coordination of employment and social protection policies better take on board demographic change?**

Growth in the level of employment and a socio-economic environment that is favourable towards families and provides a better work/life balance would help take on board demographic change. Implementation of these measures is facilitated by coordination of employment and social protection policies at European level. When coordinating social protection policy, pension policy should also be taken into account as this plays a significant role in achieving employment objectives and facilitates integration of the able-bodied population in the labour market.

### **How can European social dialogue contribute to the better management of demographic change? What role can civil society and civil dialogue with young people play?**

A civil society within the context of European social dialogue will foster better public governance decision-making, more active democratic participation, mutual links and trust between authority and the population, and protect the interests and rights of social groups; in addition, it will increase and mobilise social capital by fostering cooperation and coordinated action between people for the mutual good, and help to resolve various issues, such as social problems that are caused by negative demographic trends.

### **How can demographic changes be made an integral part of all the Union's internal and external policies?**

Demographic policy should mostly be developed at national level, as the demographic situation is influenced by various factors (economic, social cultural, religious, and others), and therefore the situation in each Member State is different. However the development of

policies at Community level influences the demographic situation in Member States, and therefore discussions on the influence of demographic trends on the development of the EU and opportunities for improvement with the aid of various policies should be encouraged. It may also be useful, when drawing up and implementing Community policy and new legislation, to also take account of their existing and potential impact on demographic change (for example, to include an evaluation of the impact on the demographic situation when evaluating new legal acts).

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