Inclusion unaffordable?

The decline of integration and non-discrimination policies in the face of growing budget deficits

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Social Inclusion:
was it ever real priority in public policy?

- Level of Policy Formulation
- Institutionalization:ministries, departments
- Budgeting: local, national
- Implementation
- Monitoring/regular evaluation/priorities
- Review and restructuring
- Public Agenda and Policy Agenda

Background of Integration policy:

- Was it growing from inside as response to the needs,initiated by ngo, parties, voluntary
- or
- Enforced from outside by EU, Council of Europe, OECD;
- 1998, spring, Head of Government – Guntars Krasts (Fatherland & Freedom) initiated the elaboration of this programm as solution to some acute problems;
- 1999 – debates in society, broadening the programm, including social, regional and information aspects;
- Necessity to join EU and sponsors'' money has stimulated the institutionalization of this programm (as department in the Ministry of Justice in the beginning and as Ministry of Integration in 2003-2008)

Who's responsibility? Possible variations:

- consensus in society, in public opinion -? Referendum in 1998 (53% vs 47%)
- Consensus in parliament?
- Consensus in ruling coalition?
- Responsibility of whole Government as institution?
- Or shared reponsibility of ministries?
- Ministry of Welfare
- Ministry of Education
- Ministry of Economy
- Ministry of Health – since 2003
- Ministry of Family & Child Care Affairs – 2003-2008
- Ministry of Integration – 2003-2008

Ruling coalitions 2001-2009

- 2000-2002 – Latvian Way, People''s Party; Fatherland and Freedom;
- 2002-2004 – New Era; First Party; Union of Farmer''s Party and Green Party; Fatherland and Freedom;
- 2004 - Union of Farmer''s Party and Green Party; People''s Party; First Party/Latvian Way
- 2004-2006 – People''s Party, First Party, Union of Farmer''s Party and Green Party, *New Era, Fatherland and Freedom*
- 2006-2007 – People''s Party; First Party/Latvian Way; Union of Farmer''s Party and Green Party, Fatherland and Freedom;
- 2007-2009- People''s Party; First Party/Latvian Way; Union of Farmer''s Party and Green Party, Fatherland and Freedom;
- 2009 - ... New Era, People''s Party; Union of Farmer''s Party and Green Party, Fatherland and Freedom, Civic Aliance;
- The most consistent supporters of the integration idea among parties of ruling coalition - Latvian Way/First party

Joint Inclusion Memorandum, December 2003

- Even though the economic indicators are relatively high, the increase in the level of public welfare is still too low.
- The increase in the income of inhabitants is very uneven.
- The polarisation of material welfare is growing; there are a large number of persons receiving a low income.

Joint Inclusion Memorandum, December 2003

- The low funding for health care raises particular concerns and is insufficient in view of the present state of health and the material provision of the population.
- The given indicator is among the lowest in Central and Eastern European countries. On the whole, **GDP has increased faster than the increase in resources allocated for social protection**. The decrease in the proportion of resources allocated for social protection from GDP has a negative impact on the standard of living and state of health of the population. It also affects the ability of the respective area institutions to perform their functions.
- Compared to the EU countries, the **general health condition** of the Latvian population in terms of life expectancy and mortality indicators **is unsatisfactory**.

Joint Inclusion Memorandum, December 2003

- Using the **monetary poverty indicators** approved at the **Laeken** European Council in 2001, it is clear that Latvia has relatively high levels of income inequality and risk-of-poverty index.
- In 1999 the Gini coefficient characterising the inequality in income distribution in Latvia reached 31 (EU15 – 29) in 2002 – 34,
- There was no trend of improvement
- In 2005- 36, in 2006-39, in 2007-35, in 2008-38
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[1] *Sources for poverty indicator calculations are CBS calculations and Eurostat publications Statistics in Focus, theme 3-8/2003 and Draft of Statistics in Focus, theme 3 - 03/2003.*

Inequality

- The ratio between the incomes of the top 20% of the income distribution and the bottom 20% was 5.1 in 1999 (EU15 – 4.6)
- 5.5 in 2002,
- 6.7 in 2005
- 7.9 in 2006
- 6.3 in 2007
- 7.3 in 2008

Outcome of social integration policy GDP per capita for social expenditures

- in absolute terms € per capita

	Latvia,	Lithuania	Estonia,	EU-25
2000	541.7	558.9	623.4	5358.7
2001	559.4	574.1	664.2	5595.0
2002	577.5	609.6	724.6	5834.8
2003	586.3	646.0	807.8	5981.7
2004	624.5	701.4	932.8	6216.0
2005	700.4	802.1	1043.0	6441.9
	+ 158.7	**+243.2**	**+419.6**	**+1083.2**

Social expenditures as % of GDP;

	Latvia,	Lithuania	Estonia,	EU-25
2000	15.3	15.8	14.0	26.6
2001	14.3	14.7	13.1	26.8
2002	13.9	14.1	12.7	27.1
2003	13.8	13.6	12.6	27.4
2004	12.9	13.3	13.1	27.3
2005	12.4	13.2	12.5	27.4
	- 2.9	**-2.6**	**- 1.5**	**+0.8**

Positive trends

- There are some positive trends: poverty in families with children has diminished to a certain extent due to the internal pressure
- movement toward a higher untaxed minimum in Latvia – from LVL 21 in 2004 to fully LVL 90 in the first half of 2009 and to the increase of untaxable sum for dependent person from 10.5LVL till 63 LVL. The main beneficiaries of this were people with low wages and working parents.
- They were the biggest losers, when the untaxed minimum was slashed dramatically on 1 July 2009 – from LVL 90 to just LVL 35, with each person having to contribute an additional LVL 12.65 a month to the national budget.

Housing policy

- the state pursued a policy of non-intervention for a long time, relying on the invisible hand of the free market, as well as on local government housing subsidies.
- A positive trend emerged along with accession to the EU,
- but efforts that have been made are not in line with the scope of the problem.
- The country lacks cheap housing, and the proportion of social houses (0.1%) is the 100x lower than average in the EU (11%).

Inconsistency

- The reduction of poverty and social exclusion is one of the **primary long-term social policy objectives** in Latvia. The main attention should be paid to efforts aimed at eliminating the causes of poverty and social exclusion for various population groups. Besides implementing preventive measures, it is necessary to identify targeted support measures for the most vulnerable groups.(JIM, 2003)
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The poverty risk index for households of various demographic groups, 2005-2007 (%)

	2005	2006	2007
One-person household	41	55	59
One person aged 65+	45	69	75
2 adults, 3 or more dependent children	39	52	46
2 adults, 2 dependent children	18	22	16
2 adults, 1 dependent child	14	15	12

- **The highest risk of poverty – single elderly person**

Is poverty inherited or acquired condition? (2007)

	Inherited	Acquired	DK
EU-27	28	59	13
EU-15	28	58	14
NMS-12	29	59	12
LV	10	88	2
EE	15	78	7
LT	19	74	7
PL	23	68	9

- Source, Special Eurobarometer Poverty and Exclusion, Fieldwork February –March 2007, Publication, September 2007, p. 28

- In policy documents, social integration goals are formulated and the institutional framework for social integration policies has basically been established, but the political process has not ensured an adequate reaction to public needs, and it does not deal with the increasing polarisation which is evident in society