

The **income inequalities** in Latvia have developed fairly little from 2005 until 2009, while at the same time they have decreased in Norway during that period. However, the participation rate in the labour market in Norway has declined since 2001, in part reflecting increases in disability and early retirement.

It is striking that people with low or medium education exhibit clear and significantly higher levels of long term sickness absence than people with higher education both in Latvia and in Norway. It is also striking that the young group in Latvia and Norway exhibit quite opposite patterns; young people in Latvia are more often on long term sickness absence than the age group 25-44 years, while the young ones in Norway are less often on long term sickness absence than that of the age group 25-44.

The article, describing **the study conducted in June 2012 for the HEPROGRESS project**, presents a picture of similar challenges to the two countries in regard to the expected demographical trends. Latvia has a large group of inhabitants living at risk of poverty and low level of social protection. In Norway the proportion of inhabitants is significantly smaller measured in proportions of people living at risk of poverty and high level of social protection.

**Latvia and Norway are expressively different** with regard to income equality, level of poverty among their populations, and participation rates on the labor market.

### **Nevertheless**

, both countries cope with related challenges: the increasing proportion of elderly people, differences in health between men and women, education and age groups.

**The conducted study** examined whether the national welfare policies in Latvia and Norway converge. The following examples of convergence in policies are observed, however the empirical support of the examples are not very clear in all fields:

- to increase private initiatives, outsourcing and the role of NGOs;
- to search for self-help policy rather than passive means of social assistance (“workfare” instead of “welfare”);
- to educate more people to the caring and social services;
- incentives to make people stay longer in their jobs before they retire, and/or to activate people to help themselves in order to decrease the number of early retired people and people on social benefit;

## Challenges for welfare policies in Latvia and Norway

Written by Karolina

Sunday, 18 September 2011 00:00

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Considering the demands that the EU placed on the Central and Eastern Europe states (CEE) before they became members and after 2004, it is no surprise to observe such examples of convergence in policies. Another explanation may be that both countries are captured in roughly the same demographic picture of an aging population, and this leaves them no other choice than developing policies to cope with the challenge and the tools for such policies are limited in number.

The economic crisis observed since 2008 has had more painful effects in Latvia than in Norway. However, it is important to remember that during the communist time people developed what Elster, Ofte and Preuss labeled “**unofficial virtues**”, e.g. self-reliance, flexibility, effort and inventiveness. These virtues, probably not quite forgotten, may turn out to be useful today. The political debate about solutions to tackle the demographic challenge has escalated in both countries after the world economic crisis. The years to come may probably show a different picture than the one which is put forward in the presented article.

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