

# **FAMILY WELL-BEING AND FERTILITY IN TRANSITION TO MARKET ECONOMY: THE CASE OF LITHUANIA**

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## **1 - Introduction**

The period which started with the transition of the former socialist system countries to a market economy has been marked by abrupt and vigorous demographic changes in these countries.

In post-socialist countries economic transformation from a centrally planned to a market economy was or has been accompanied by economic recession, a decline in the standard of living, and formation of new lifestyles and values. This finds expression at both the macro- and micro-levels of society. The recent processes and changes are reflected in the demographic behaviour of families. Family formation, fertility patterns and preferences have been changing. Different fertility theories have not yet agreed upon a central paradigm of explanation of fertility changes; and the unique and revolutionary transformation of socio-economic settings to the conditions of a market economy makes the explanations of fertility changes even more complicated.

The latest abrupt drop of fertility in post-socialist countries has been undoubtedly affected both by economic changes (fast and deep), by transformation of values and by the suddenly and essentially changed possibilities of using modern contraceptives. The Preston

discussion on the effects of different factors on fertility (Preston, 1986; Pollak and Watkins, 1993) is very much in place here. All these factors have of late produced a strong impact on post-socialist countries, notably, on the former USSR countries, in which "the effect of isolation from information and ideas originating outside their boundaries" (Bongaarts and Watkins, 1996) on family and fertility was until recently especially strong.

In the mixed socio-economic environment of the countries in transition, conditions and behaviour features typical for the socialist system have not yet been fully eliminated. Nevertheless, the factors of market economy have been consolidating strongly enough to introduce certain modifications of fertility in the post-transitional stage of demographic development. With the effect of economic recession on family building and fertility in mind, defining the role of economic factors in the recent fertility changes and attempting to provide a theoretical interpretation proves particularly difficult. Although one may detect an increasing impact of "rational choice" and "utility-maximizing behaviour" (Robinson, 1997; Wunsch, 1995) on fertility, still, all that is manifested in an extremely inconsistent way. Furthermore, the evaluation of the current fertility changes and the establishing of conclusions are further aggravated by scanty empirical information.

Lithuania is one of the countries experiencing the transition to a market economy with effects in different fields, and specifically, in demographic development. Abrupt recent changes of demographic processes in the country require full awareness thereof and an evaluation of their relations with the socio-economic environment in order to provide insight into the future. Economic information, which provides at least an approximate picture of the socio-economic situation of the country, as well as rather fragmentary data obtained from household budget and sociological surveys which indicate the relation between fertility and economic factors, can be used here for these purposes.

This paper aims at establishing, on an empirical level, the relations between family living standards, poverty level and the number of children in the family. The paper also inquires into the causes of the recent decrease of fertility, which is rooted in the changes of economic conditions and living standards, manifestation of poverty and increasing stratification of the society.

## **2 - National context: Lithuania**

### **2.1 - Geography, history**

Geographically, Lithuania lies in central Europe (the geometric centre of Europe is just 20 km from Vilnius) and is one of the Baltic States. But in political and economic terms Lithuania is placed among the East European countries and was one of the republics of the former USSR. Lithuania borders on Latvia, Poland, Belarus and Russia (Kaliningrad region), and has a population of 3.7 million. The urban population accounts for 68% of the total, and Lithuanians make up 81% of the population of Lithuania.

Lithuania's location at the crossroads between East and West Europe has resulted in its complicated and turbulent history. Over the centuries its geopolitical situation changed frequently. The state of Lithuania, founded in the 13<sup>th</sup> century, lost its independence several times and for long periods. Lithuania regained independence in 1990 after the latest such episode, a 50-year-long Soviet Union annexation in 1940. Eight years of independence, marked not only by strengthening statehood but also by transition from a totalitarian to a democratic society and from a centrally planned to a market economy, have made great changes in the political, socio-economic, and cultural life of the country. They have also had a considerable impact on demographic behaviour.

### **2.2 - Economy**

The transition to a market economy, the privatisation which started in Lithuania in the early 1990s, has essentially changed the economic structure and given rise to new economic phenomena (unemployment, inflation, etc.).

With the recovery of independence the economic situation has been undergoing essential changes since the early 1990s. However, the economic changes that are occurring cannot be given a one-sided assessment. Their dynamics have been affected not only by the environment of the transitional period, but also by the economic crisis of the early 1990s as well. Rapid economic deterioration was conditioned by economic restructuring and the vanishing military industry as well.

The Lithuanian economy is still undergoing major transformations. Privatisation has been ongoing. The economy struck bottom in 1992-1993, and

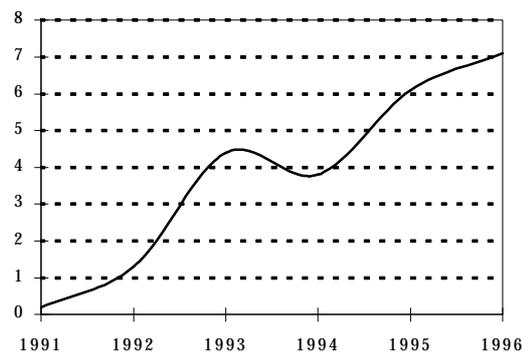
has been on the rise since 1995: the index of GDP was 66% in 1992, 101% in 1994, 103% in 1995, 104.2% in 1996 and 106% in 1997. GDP per capita increased from 487 USD in 1992 to 2,120 USD in 1996.

In recent years production by sector has changed greatly: the share of GDP produced in industry has fallen significantly but it has risen in services. In 1992 approximately 40% of GDP was from services, 33% from industry and 27% from agriculture. By 1996, the corresponding production of GDP by sector was 56%, 31% and 13%, respectively.

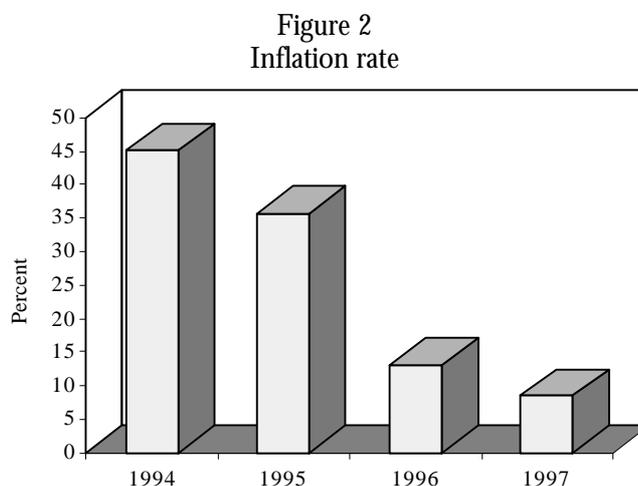
But these are rather approximate data. For example, in agriculture features of natural farming have become more pronounced over the recent period: in economic recession a considerable proportion of agricultural products was either consumed or traded in the free market and therefore not registered in statistics.

At the beginning of the current decade unemployment, a new phenomenon typical in a market economy, emerged in Lithuania. Registration of unemployment in the country began in 1991. However, official statistics do not indicate a high level of unemployment, which stood at 6.1% in 1995 and at 7.1% in 1996 (Fig. 1). The actual unemployment is further aggravated by hidden unemployment (which has been decreasing of late). The income of the population is directly related to their position in the labour market. Earned income is low: at the end of 1997 the average gross monthly wage was 985 Lt (246 USD).

Figure 1  
Unemployment rate



Source: *Employed and Non-Employed Population 1992-1996* (1997).



Sources: *Main Macroeconomic Indicators of Lithuania 1996* (1997); *Lithuania in Figures* (1998).

Highly unstable economic development during the first years of Lithuania's independence is also illustrated by the dynamics of inflation. In 1991 the inflation rate reached 383%, but after reaching the hyperinflation rate of 1163% in 1992 in subsequent years it started decreasing, falling to 8.4% in 1997 (Fig. 2). Thus, the economic situation of the last three years, as witnessed by the macroeconomic indicators, has been gradually improving in Lithuania.

### **2.3 - Demographic development: recent changes**

Rapid and fundamental political and socio-economic changes of recent years have discontinued the long-term demographic trends and resulted in the formation of new ones. Some of these demographic changes are short-term fluctuations of demographic trends on the way to a new phase, others signify the emergence of new demographic behaviour, which has been taking a firmer hold every year, and still others are the expression of negative trends which have persisted for years and have become intensified in the conditions of economic recession. In recent years all demographic processes have acquired new features: fertility has dropped suddenly, mortality has risen, migration flows have reversed the previous trend - the long-term net immigration of the Soviet period was replaced by net emigration in the early 1990s.

These processes are responsible for the decrease in the Lithuanian population that began in 1992. From 1992 to 1997 the Lithuania population went down by 42 thousand people.

The nature of demographic development typical for Lithuania until the current decade was discontinued, specifically, by political changes. Upon the re-establishment of independence *migration* of population to the CIS countries increased significantly, while arrivals subsided. Re-emigration, mostly to Russia, Belarus, Ukraine, reached its peak in 1992 and went down rapidly in later years. At present a practically balanced situation of immigration and emigration flows between Lithuania and the CIS countries has been achieved. Consequently, migration now has no influence on the population changes of the country.

At the outset of the recent changes, when the open-door emigration policy was introduced, emigration to Western countries was slightly higher, since the majority of the Jewish population departed from Lithuania. However, of late emigration to the West is not substantial. In 1996 1,064 people departed (*Demographic Yearbook 1996, 1997*). Thus, the emigration flows, which at the start of the recent changes were responsible for the decrease of the Lithuanian population, presently have an insignificant effect on the population dynamics.

To date the decrease of the Lithuanian population and the specifics of the demographic situation are mostly determined by the dynamics of fertility, family transformation, and mortality. Since 1994 mortality has exceeded fertility. Lithuania has entered depopulation.

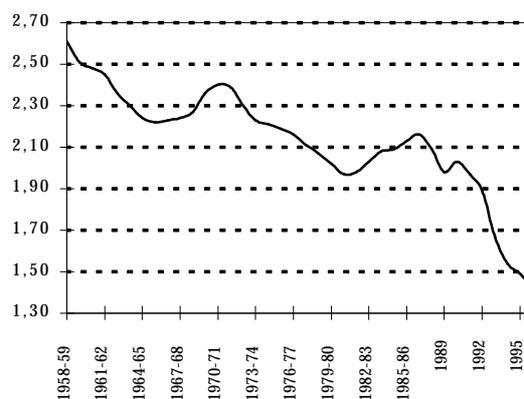
The growth of *mortality*, which started in the 1960s and had affected, specifically, young and middle-age male population, most notably vis-à-vis deaths from accidents, cardiovascular diseases, and neoplasms, rose to an alarming rate in 1990-1994. This resulted in a decrease in the life expectancy at birth of men, which fell by 4.1 years (from 66.9 in 1989 to 62.8 in 1994), and also of women - by 1.4 years (correspondingly declining from 76.3 to 74.9). However, in 1995 a turning point occurred in mortality trends and mortality started decreasing. Life expectancy at birth started growing, reaching 65 years for men and 76.1 years for women in 1996 (*Demographic Yearbook 1996, 1997*).

Recent transformations of socio-economic conditions and structures in Lithuania have contributed to basic changes in all spheres of life. This is also reflected in the quantitative and qualitative features of demographic processes. Economic difficulties of the first years of independence, the decline in living standards, consolidation of market

relations, and emergence and spread of unemployment have all brought significant changes into the life of every individual and family. In order to survive, families, facing the new social phenomena and problems never experienced before, had to adapt themselves to the rapidly transforming surroundings, to change their economic activity, lifestyle, and behaviour. Modes and timing of family formation, as well as the number of children in the family, have been changing.

*Fertility* and the institution of the family have been acquiring essentially new features. Lithuania has been rapidly adopting family transformation features typical for the advanced European countries. Marriages and childbearing are being postponed, and consensual unions and extra-marital births are becoming more common in Lithuania. The traditional family pattern is dying away and the new one is gaining strength. At the outset of these changes the decline of fertility usually becomes substantial.

Figure 3  
Total fertility rate



Source: *Demographic Yearbook 1996* (1997).

In Lithuania fertility has been declining since 1990. The total fertility rate decreased from 2 in 1990 to 1.39 in 1997 (*Demographic Yearbook 1997, 1998*). The decrease of fertility has been brought about mostly by the reduced number of second and third births. However, the decrease of marriages results in a corresponding reduction of first births, and also has an effect on their timing.

Prior to the current decade extra-marital births accounted for 7% of all births in Lithuania, however, in recent years the rate has been growing (in 1997: 16.5%) (*Demographic Yearbook 1997, 1998*). A rapid increase in consensual unions during the recent period is likely to be followed by a growth in the number of extra-marital births, which are quite common in the Western countries and have, of late, become more popular in the neighbouring Baltic countries.

Periods of economic recession are usually marked by declines in marriage and fertility. However, the *Lithuanian Family and Fertility Survey* (LFFS) has demonstrated that the above trends are also influenced by the basic changes taking place in the society. All these factors result in a rapid change in fertility attitudes in Lithuania. Re-assessment of values has been ongoing. To date priority is given to such competitive values as professional career, material provisions, self-expression and consolidation of one's position in life. The number of children desired has dropped significantly. According to the findings of the 1988 and 1990 surveys<sup>1</sup> the number of children desired at that time was close to 3 (on average 2.8), and in 1995 the indicator was close to 2 (2.1). The concept of the ideal number of children has changed radically as well. The ideal number of children dropped from 2.9 in 1990 to 2.3 in 1994-1995 (data from LFFS).

Recent changes in fertility indicate not only the manifestation of transient effects, conditioned by deteriorating living conditions trends, but also the formation of the features of new fertility behaviour.

### 3 - Data

The data used in this paper are taken from the *Lithuanian Family and Fertility Survey* and the *Household Budget Surveys*.

The Lithuanian Family and Fertility Survey is an integral part of the international project, "Fertility and Family Surveys in the ECE Countries", co-ordinated by the United Nations Population Activities Unit of the Economic Commission for Europe. The survey has been carried out in 20 countries. In Lithuania the survey was conducted by

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1. The surveys were carried out by the Department of Demography of the Lithuanian Institute of Economics of the Academy of Sciences. In 1988, 2,880 employed people were surveyed; in 1990, 1,540 people, aged 18 and over.

the Department of Demography of the Lithuanian Institute of Philosophy and Sociology. The fieldwork of the LFFS was carried out by *Baltic Surveys Ltd.* in 1994-1995, during which 5,000 people aged 18-49 were surveyed.

Data on living standards and poverty are obtained from Household Budget Surveys carried out by the Department of Statistics of Lithuania in 1992-1997. After the restoration of independence a new survey programme was introduced in Lithuania. However, in 1996 the methods of the Household Budget Surveys were changed, and at present the Department of Statistics of Lithuania has been carrying out the Household Budget Survey according to the programme, which complies with the main requirements of Eurostat.

#### **4 - Family and poverty**

##### ***4.1 - Universal and specific difficulties in measurement of the extent of poverty***<sup>2</sup>

Recently, the term "poverty" has increasingly been used in Lithuania. However, it is very difficult to estimate who is poor and how many are poor. Although since Lithuania's turn to the market economy poverty has been a focus of attention in the country, its essence has not been defined yet. Given that many manifestations of poverty, such as unemployment, homelessness and social exclusion, are new phenomena for Lithuania, it is necessary to define the national concept of poverty.

Usually poverty is not based on a single definition. It is subject to change, and signifies the process that is closely linked to the development of society. Therefore, it differs from country to country. The concept of poverty also includes many components which complicate its definition, even on a national level. Poverty is a multi-dimensional phenomenon. Therefore, there is no universal definition of poverty. The poor are usually considered to be those whose income is not sufficient to guarantee a nationally accepted minimum standard of living.

Since there is no officially defined poverty indicator in Lithuania, poverty is often measured by the following criteria: the minimum con-

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2. This part of the paper is based on: *Lithuanian Human Development Report 1997*, UNDP, Vilnius.

sumption basket;<sup>3</sup> the minimum subsistence level (MSL);<sup>4</sup> poverty lines (absolute, relative and subjective);<sup>5</sup> the poverty level (the percentage of the population below the poverty line), etc. These indicators are closely interrelated. The minimum consumption basket serves as a basis for the definition of the MSL, which in turn provides the basis for an absolute poverty line.

#### **4.2 - Poverty in Lithuania: recent trends and the general situation**

The poverty indicators provided here are based on the Household Budget Surveys conducted on a regular basis by the Department of Statistics of Lithuania (*Lithuanian Human Development Report 1997*).

In 1990-1992 the number of people whose disposable monetary income was less than the *official* MSL accounted for approximately 15-18% of the Lithuanian population. Between 1993 and 1995 this rate reached approximately 25%. Nevertheless, the proportion of people whose per capita income was less than the official MSL fell from 18.2% in 1992 to 5.6% in 1995. However, the official MSL was not adjusted to the rate of inflation and this rapid decrease in the apparent

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3. The minimum consumption basket is closely linked to consumption patterns. The minimum nutrition diet, which consists of 36 food items (11 food groups) serves as the basis of the real MSL.

4. Two definitions of MSL are used in Lithuania: *official* and *real*. The *official* MSL is set by the Government and is based on the ability of the state budget to ensure a minimum standard of living through social assistance. Since the main social benefits are linked to the official MSL, its level is particularly important for welfare recipients. The *real* MSL is an alternative based on the cost of the minimum consumption basket. It is not set by the Government, but it is regularly calculated by the Ministry of Social Security and Labour of the Republic of Lithuania.

5. Since poverty is a multi-dimensional phenomenon, three types of poverty lines are used in Lithuania: *absolute*, *relative* and *subjective*. The *absolute* poverty line is a basic, primary indicator of poverty. It denotes the minimum income necessary to meet basic consumer needs. The absolute poverty line is based on the MSL, which in turn is based on the minimum consumption basket. The *relative* poverty line is related to average income and expenditure and is dependent on the distribution of income in society. Therefore, individuals or households with a lower than average income or expenditure are considered poor. The *subjective* poverty line is an important poverty indicator which is based on self estimation of poverty. The level is obtained from sociological surveys in which respondents are asked to indicate what cash income would be sufficient to provide for their basic needs, or to provide an open-ended assessment of their financial status.

incidence of poverty based on the official poverty line was not dependent on a decrease in the number of poor people, but mostly on the devaluation of the MSL. The extent of poverty actually stabilised in Lithuania in 1994-1995, when inflation moderated.

According to the *relative* poverty line the proportion of poor people was decreasing slowly in Lithuania in 1992-1995 and in 1995 equalled approximately 11% of the total population.

The poverty level calculated according to the *real* MSL is the highest: in 1995 more than one fourth of the Lithuanian population were living below the real poverty line. In 1996 approximately 7% of households had consumer expenditure below the real MSL, while the extent of poverty calculated according to the 50% average expenditure poverty line reached nearly 18% in Lithuania.

#### **4.3 - Living standards of families raising children in Lithuania: the overall situation**

The Household Budget Surveys in Lithuania show that living standards of the family depend directly upon family type and the number of children in the family. Poverty is most prevalent in families with children under 18 years old (Table 1), especially with several children (3 or more).

Table 1  
Poverty level by household type, 1995

Type of household	Poverty level <sup>a</sup>
Married couples with children under 18	9.2
Married couples without children	2.0
Single parents with children under 18	5.3
Other families with children	4.7
Other families without children	1.9
Single persons	1.7

Source: UNDP (1997), *Lithuanian Human Development Report 1997*.

a. % of households with income per person lower than the official MSL.

According to the 1997 Household Budget Survey, average monthly disposable household *income* per person in Lithuania was

369 Lt<sup>6</sup>. In households with children under 18, the figure was 327 Lt (i.e. 88.6% of the national level), and in households with 3 or more children, it was 223 Lt (only 60.4% of the national level). Disposable income per person of households with one child under 18 was 1.7 times higher than in the households with 3 or more children (Unicef, 1998).

In recent years an improvement in family well-being has been observed in the country. However, these positive changes practically omit families raising children. In 1997 the monthly disposable income of all households exceeded that of 1996 by 13%, whereas in households with children under 18, the corresponding figure was only 7.6%. After taking into account the rate of inflation, it is seen that in 1997 the real disposable income of all households increased by 3.7%, while that of families with children under 18 decreased by 1.2%.

Similar results are obtained in appraising family well-being by *consumption expenditure*. In 1997 average monthly consumption expenditure was 383 Lt per household member in Lithuania, i.e., 10% larger than in 1996. In households with under-age children consumer expenditure rose, in comparison to 1996, by 9% and totalled 342 Lt per household member per month.

Furthermore, the level of household expenditure depends on the number of children in the family (Annex 1). Per capita monthly consumption expenditure for households with two children is 11% less than that for all the households surveyed, and in households with three or more children this figure is lower by 40%. Families with many children (three or more under-age children) can afford only 4.5 Lt a day for the nutrition of one person (all households: 6.6 Lt on average). Whereas expenditures for food of all households with children under 18 are close to the average expenditures for food in the expenditure pattern of all households in Lithuania (in 1997 the figures were 51.5% and 52.2%, respectively), households with three or more children spent a much higher share of their income on food, about 60%. Whereas in 1992-1993 the share of expenditure for food was growing very fast (it rose from 34% in 1990 to 62% in 1993), since 1994 this proportion has been gradually going down, accounting for 52% in 1997. In total consumption pattern the share of expenditure for non-food commodities has been correspondingly rising (Unicef, 1998).

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6. 4 Lt = 1 USD.

Acquisition of housing with adequate amenities is an important indicator for the living standards of the family. It has been observed in Lithuania that the more children a family has the lower-quality housing it possesses: according to the findings of the 1997 Household Budget Survey, 62% of families with three or more children, 84% with one child, and 83% with two children are in possession of a housing unit with cold water, and the corresponding percentages are 67%, 87%, 86% with sewerage, 32%, 68%, 62% with hot water, and 58%, 78%, 78% with a separate bathroom or shower, respectively (Unicef, 1998). Housing conditions depend also on the place of residence: rural dwellers usually have more floor space, but their dwellings or houses are not always well-appointed (Annex 2).

## **5 - Well-being of the family and fertility**

Although the pronounced fertility trends and fertility behaviour in Lithuania of recent years have been evidently affected by the fundamental changes in the economy, the economic downfall of the first transformation years, deterioration of the standards of living, and poverty in some social strata and economic groups have also had an effect on fertility behaviour and attitudes. Furthermore, in order to develop an efficient family-related policy, the knowledge of what type of families are most vulnerable to poverty and what families are in need of outside assistance is highly relevant.

### **5.1 - Families at risk of impoverishment: self-estimation of poverty**

In Lithuania the basic Fertility and Family Surveys questionnaire was supplemented with a few questions about well-being at the time of the survey and about the prospects for the family's living standards.<sup>7</sup>

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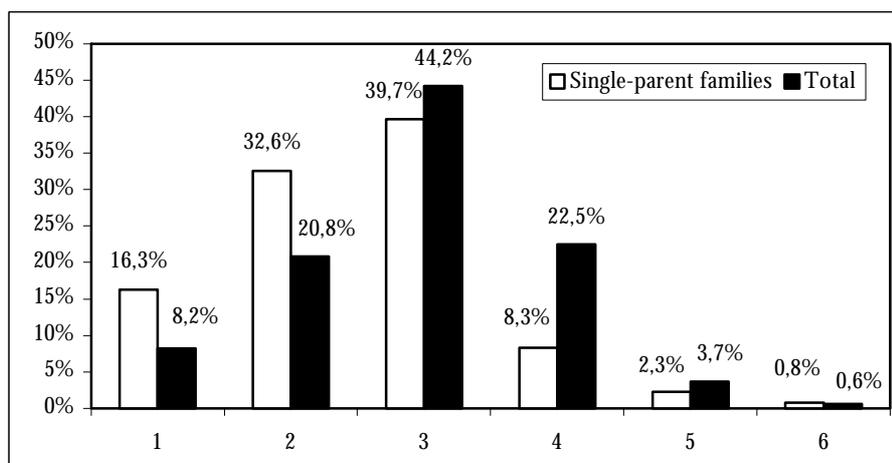
7. Additional questions:

*How do you evaluate your material state?*

- Our life is difficult, uncertain, we live from hand to mouth, borrow money.
- I have means only for everyday expenses.
- It is enough money only for purchasing clothes. We are forced to borrow money.
- We are short of money to buy only such expensive things as a car, new lodgings...
- We have everything and the money too. (.../...)

In the course of the survey self-evaluation of family well-being revealed several groups of families at risk of impoverishment, whose social protection in present-day Lithuania is the weakest.

Figure 4  
Family well-being according to self-estimation



*Legend:*

1. Our life is difficult, uncertain, we live from hand to mouth, borrow money.
2. I have means only for everyday expenses.
3. It is enough money only for purchasing clothes. We are forced to borrow money.
4. We are short of money to buy only such expensive things as a car, new lodgings...
5. We have everything and the money too.
6. No answer.

*Portrait of a poor family.* Based on subjective self-evaluations, the economic situation of 29% of the families in Lithuania is regarded as below the poverty level: either they cannot exist on their income and are constantly forced to borrow, or else they can only purchase the most basic essential everyday household items. Among all families,

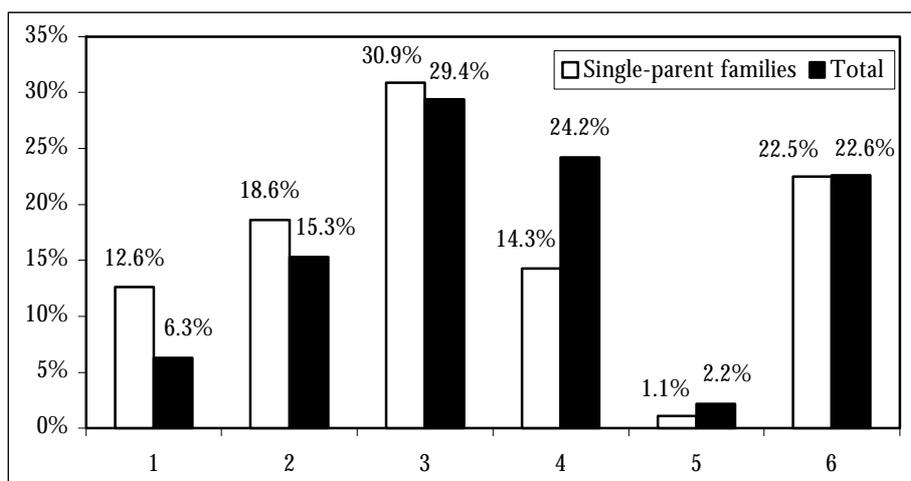
(.../...) *What do you think about your future standard of living?*

- It will become much worse.
- It will fall down a little.
- It will not change.
- It will rise a little.
- It will rise significantly.

44% estimate their economic situation as average and 25% consider it good. Families at risk of impoverishment are those with three to four or more children, single-parent families, widowed families, young families, rural families, and families with unemployed or disabled persons.

*Single-parent families.* Single-parent families, with only one breadwinner, often experience financial difficulties and almost half (49%) are in debt or have only enough money for the most essential daily expenses (compared to 27% for two-parent families). Only 10.6% of single-parent families describe their financial situation as good (compared to 28% of other families). Thus, an assessment could be made that by self-estimation nearly half of such families are impoverished, and 16% live below the poverty line.

Figure 5  
Changes of families well-being in the future (according to self-estimation)



Legend :

- 1. Become much worse.
- 2. Fall down a little.
- 3. Not change.
- 4. Rise a little.
- 5. Rise significantly.
- 6. Don't know.

Single-parent families are not only consistently worse off. Many do not see any prospects for improving their living standards and conditions. Only one-sixth (15%) of single-parent families believe that their

financial situation will improve (compared to 28% of other families), while nearly one-third believe that it will deteriorate (compared to 20% of others). In demographic and economic terms these are vulnerable families, which can only survive with great difficulty on their own, and which usually need outside support.

*Young families.* LFFS data indicate that, in contrast with older generations, a greater number of young people in Lithuania lately start working as early as 16-18 years old. Accordingly, 39% of males born between 1971 and 1975 were already working at age 18, compared to 29% of males born from 1961 to 1965. However, at a slightly older age (20-24 years) the rate of entering the official labour market slows down. However, a significant number of young people of Lithuania are presently involved in "shadow" economic activities or unemployed. In the former case it is beneficial for the individual's personal economic circumstances, although the improvement is not stable. The latter case means a low standard of living or even poverty. All that has an impact on nuptiality and fertility behaviour of young generations.

In spite of a lower level of official employment among young people, they estimate their material situation to be better than that of older working age generations. One third (33%) of young families (in which both partners are under 30) evaluate their financial conditions positively, while almost a quarter (23%) consider themselves to be in a bad financial situation. These figures are reversed among older working age people: a quarter (25%) view their material conditions as good while nearly a third (30%) consider them bad.

Thus, on the whole, young families according to their own evaluation of their living standards appear better off and more optimistic about their future than do older families. It can be assumed that the standard of living of young families is more frequently related to their involvement in the "shadow economy" and to postponing marriage and childbearing, limiting themselves to only one child or having no children. The observed link between well-being and the size of the family does not suggest that the fertility rate will increase in the near future.

However, a more detailed analysis shows that the well-being of young families and their future prospects differ and depend on whether they have children, and if so, how many; the level and sustainability of their income; and their place of residence. Young families with more than one child, who live apart from their parents with at least one breadwinner in the public, industry or construction sectors

and families who reside in rural areas live under the worst economic conditions and make quite pessimistic evaluations of their future. Approximately a third of these families are either permanently in debt or live from paycheque to paycheque, only able to purchase the most essential daily household items.

Among young families surveyed who positively assess their economic situation are: 69% of those with at least one member of the couple in an employer position; 52% of those where the breadwinner has an independent private business or works in the banking sector; and 39% of families with no children. Young families living in the capital of Lithuania (Vilnius) are unique in their higher standards of living (good: 43%; bad: 14%), and in their somewhat greater optimism as regards their situation improving in the future (51%).

*Rural families.* The youngest rural men and women surveyed have a significantly lower estimation of their living standards than their urban counterparts, and they also have a more pessimistic outlook on the future and their ability to improve their living conditions. The survey confirmed that the economic and demographic vitality of rural families, especially younger ones, has been affected the most by the period of transition in Lithuania.

The young rural families have and orient themselves towards having fewer children than families of older generations. Most 20-24-year-old women would prefer to raise not more than two children (the average desired number is 2), while 18-19-year-old women want even fewer (the average number is 1.9). This is a lower level of fertility preferences than among urban young people where the average number of children desired for the same age groups are 2.1 and 2.0, respectively. Therefore, although rural young people are more inclined towards the traditional family the changes in fertility behaviour and attitudes among this group are even more rapid than in urban areas. Moreover, the youngest rural generations plan to have fewer children than those in cities. This may be a result of the lower living standards, widespread unemployment and limited opportunities for careers and education among rural young people in Lithuania.

## **5.2 - Fertility preferences and family well-being**

The Lithuanian Family and Fertility Survey was carried out at a time (1994-1995) when Lithuania had already undergone a major eco-

conomic downturn and the first symptoms of stabilization and even invigoration of economic development appeared. Families were still under the shock of a sudden fall in well-being, forced reduction of consumption, the emergence of poverty and, altogether, by the sharply rising expenses for items which had been given no consideration under the socialist setting, for example, utility bills, acquisition of a dwelling in the conditions of an emerging housing market, etc. At that time transformation of values, which had an impact on the demographic processes, was underway. On the basis of economic fertility theories (Schoen *et al.*, 1997) a conclusion could be made that the “cost” of children was rapidly growing owing, notably, to the greatly increased demands for their “quality”, and most notably, education. At that time the decrease in income was accompanied by a growing demand for “child quality”. Although “child quality is elastic with respect to income” (Robinson, 1997), growing demand for education in the context of rapidly changing conditions with a premium on skill improvement, made families maximize expenses for childrearing and conditioned a drop in fertility, reflecting suspension of childbearing (Holzer, 1995).

Nuptality and fertility timing changes in the direction of moving toward younger ages, which had been prevalent in Lithuania prior to the recent transformations, have been reversed: youths have started postponing family formation and childbearing.

In recent years the impact of changes in factors closely related to fertility has been so strong, that in an extremely short period it has changed fertility and its preferences. The wanted number of children in the family has dropped from 2.8 in 1990 to 2.1 in 1995.

According to the LFFS findings, the smallest desired number of children was expressed by those who at the time of the survey made the poorest assessment of their living standards, and, further, by those who considered that in the future their economic status could deteriorate or not change for the better.

The average number of children desired for respondents who live in partnership and have no children or have one child is 1.88 and 1.86, respectively. However, those who consider that their standard of living will worsen in the future want to have fewer children: 1.69 and 1.79 respectively. The average desired number of children for respondents optimistic about their future is close to 2 (1.96). For respondents who consider that their well-being is not going to change and who have no children, the desired number of children is 1.92, and for those with one

child, 1.76. This quite sizeable difference in the desired number of children between the couples with no children and with one child who think that their well-being is not going to change, might be determined by the fact that their actual standard of living is quite unequal: couples with no children live considerably better than couples with one child (on the self-evaluation dimension). Thus, their greater satisfaction with their current economic standing and belief in its future stability influences their expectations about a much higher standard of living and, correspondingly, higher preferences.

Respondents who made a poor self-evaluation of their current standard of living, and furthermore, expected a worsening of the situation were characterized by a very small desired number of children: both couples with one child and no children are in essence inclined to limit themselves to one child (average desired number of children: 1.2). They are basically impoverished families with very poor economic prospects.

Although the gap in the desired number of children between families with different incomes and different economic standing is not great, the differences in fertility preferences are evidently conditioned by the family's well-being perspectives. In fertility preferences this could be evaluated as the expression of fertility differences by differences in opportunities (Pollak and Watkins, 1993).

## **6 - Conclusions**

Rapid and fundamental political, social, and economic changes which have been underway since the early 1990s, transition from a totalitarian to a democratic society, from a centralized command to a market economy, and privatization have brought about major transformations to all spheres and levels of life in Lithuania. The first years of transition to a market economy were marked in Lithuania, as well as in other post-socialist countries, by economic recession, decline of output, and an abrupt and considerable fall in living standards. New economic phenomena - unemployment, inflation, etc. - emerged, which are usually followed by social differentiation, exclusion and impoverishment of a part of the population. Since 1995, the socio-economic situation in Lithuania has been improving slowly. However, some social strata are socially unprotected. Young families and families

residing in rural areas quite frequently fall into the category of inadequately provided for or even poor. A deterioration of living standards on the part of some young families with children is often a temporary problem and quite frequently it is resolved through involvement in unofficial employment. This undoubtedly increases instability in a young family's well-being.

Meanwhile, impoverishment of a sizeable proportion of single-parent families and families with disabled members is a more permanent phenomenon, since the network for the insurance of their social security is still far from being completed. In general, families are looking for ways to adjust themselves to the rapidly changing new surroundings, which are not sufficiently adapted to family needs, to their changes in different spans of their life course and also in emergencies. All this has contributed to the demographic decline of the country and to an abrupt decrease of fertility.

In Lithuania an official definition of poverty has not yet been established. Several measures are used for the appraisal of living standards and poverty. One of them is self-evaluation of the standard of living. Information on living standards and the spread of poverty is quite fragmentary. Therefore evaluation of the relation between the standard of living and fertility behaviour is extremely difficult.

On the basis of the official statistical information on household standards of living, the Lithuanian Family and Fertility Survey, used in this paper, a few conclusions on the interrelation of living standards and fertility can be made:

- ◊ The Household Budget Surveys in Lithuania show that living standards of the family are directly related to family type and the number of children in the family.
- ◊ Poverty is most prevalent in young families with children under 18 years of age, and especially those with several children (three or more).
- ◊ A social stratum of young families with a considerably lower standard of living has emerged. They are young families with more than one child, who live apart from their parents with at least one breadwinner in the public, industry or construction sectors, and families who reside in rural areas – these are the families that live under the worst economic conditions.
- ◊ The youngest rural men and women surveyed have a significantly lower estimate of their living standards than their urban counterparts, and they also have a more pessimistic outlook on the future

and their ability to improve their living conditions. The survey confirmed that the economic and demographic vitality of rural families, especially younger ones, has been the most affected by the period of transition in Lithuania.

- ◇ Although young families live in poverty more frequently, they are active in solving the emerging economic problems, resorting to different methods, unofficial employment included, and are quite optimistic about their living standards in the future.
- ◇ In addition to young families, single-parent families, widowed families, rural families, and families with unemployed or disabled members are also at risk of impoverishment.
- ◇ Single-parent families are not only consistently worse off. Many do not see any prospects for improving their living standards and conditions.
- ◇ According to the LFFS findings, the smallest desired number of children was indicated by those who at the time of the survey made the poorest assessment of their living standards, and, further, by those who considered that in the future their economic status would deteriorate or not change for the better.

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Annex 1  
Consumption expenditure by type of household, 1997

	Households with children under 18	of which			Households without children
		with 1 child < 18	with 2 children <18	with 3 or more ch. < 18	
Average consumption expenditure per capita per month, in Lt	341.6	384.2	339.2	229.0	448.5
<i>Of which (in %):</i>					
Food	51.5	49.3	52.0	60.1	53.0
Alcohol	2.4	2.5	2.5	1.9	2.7
Tobacco	1.3	1.3	1.2	1.3	1.2
Clothing and footwear	8.6	8.8	8.5	8.4	6.6
Lodging, fuel and power	11.3	12.1	10.7	10.0	13.5
Household maintenance	4.0	4.7	3.4	3.5	3.7
Health care and services	2.1	2.2	2.0	1.9	4.3
Transport	7.4	7.1	8.6	4.0	5.6
Recreation, culture	3.2	3.5	3.0	2.7	2.3
Education	1.4	1.2	1.6	1.7	0.3
Eating out, hotels	3.0	3.4	2.8	1.9	3.3
Other goods and services	3.7	3.9	3.7	2.6	3.5

Source: UNICEF (1998), *Children and Family. Lithuania '98*.

Annex 2  
Housing amenities by number of children in the family, 1997 (in %)

Housing amenities	Urban households			Rural households		
	with 1 child	with 2 children	with 3 or more children	with 1 child	with 2 children	with 3 or more children
Cold water	96.4	97.0	90.3	68.3	74.0	59.1
Sewerage	94.7	94.8	87.3	61.8	68.0	53.5
Hot water	91.1	91.5	81.0	55.2	62.4	48.5
Bathroom, shower	85.4	85.6	77.9	52.5	60.6	43.4
Telephone	79.1	80.7	73.5	55.9	61.6	41.1

Source: UNICEF (1998), *Children and Family. Lithuania '98*.