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Creation of Public Goods and Safeguarding Common-Pool Resources

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Population survey of Latvia regarding opinions, values and understanding of public good carried out by market and opinion research agency "Latvian Facts".

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Foreword

Dear Reader,

successful development of Latvian state requires vigorous national science. Research, particularly in the field of social sciences, enables us to detect problems and suggests potential solutions for facilitating further growth of Latvia.

A significant contribution to the assessment of Latvia's progress is brought by the traditional Human Development Reports regularly prepared by the University of Latvia researchers. Every report is a review of the achievements gained within the given period of time, providing a scientifically correct, comprehensive appraisal of the development trends, highlighting the areas that require closer attention.

The research findings contained in the present Report focus on the key concept of the common good. To have our own independent state means that every citizen is obliged to contribute to its development and to assume the responsibility for the entire country. Moreover, for further progress of this state it is essential that every person in the course of their daily activities should give a more frequent thought to the common good and public benefit.

The pillar of a strong and flourishing state is the society that understands the common good as performance of specific duties and responsibilities expected from its every member rather than an abstract slogan.

We should jointly stand up for honest fulfilment of duty and for the rule of law, because corrupt activities, illegal economic practices, "envelope salaries" and tax avoidance undermine the state and deprive all of us of long-term benefits. It is our common responsibility to render assistance to the socially vulnerable groups in our society to ensure that education, health care and decent social security are available to every person.

Everybody's duty of care for the common good has already been laid down in the Constitution of Latvia.

However, the state, society and each individual still have a lot to do in order to implement the postulates of the Constitution in our everyday life. I am convinced that the conclusions presented in this Human Development Report will urge the readers to consider the common good of the society more profoundly and seek the ways to enhance it.

Raimonds Vējonis

Raimonds Vējonis
President of the Republic of Latvia

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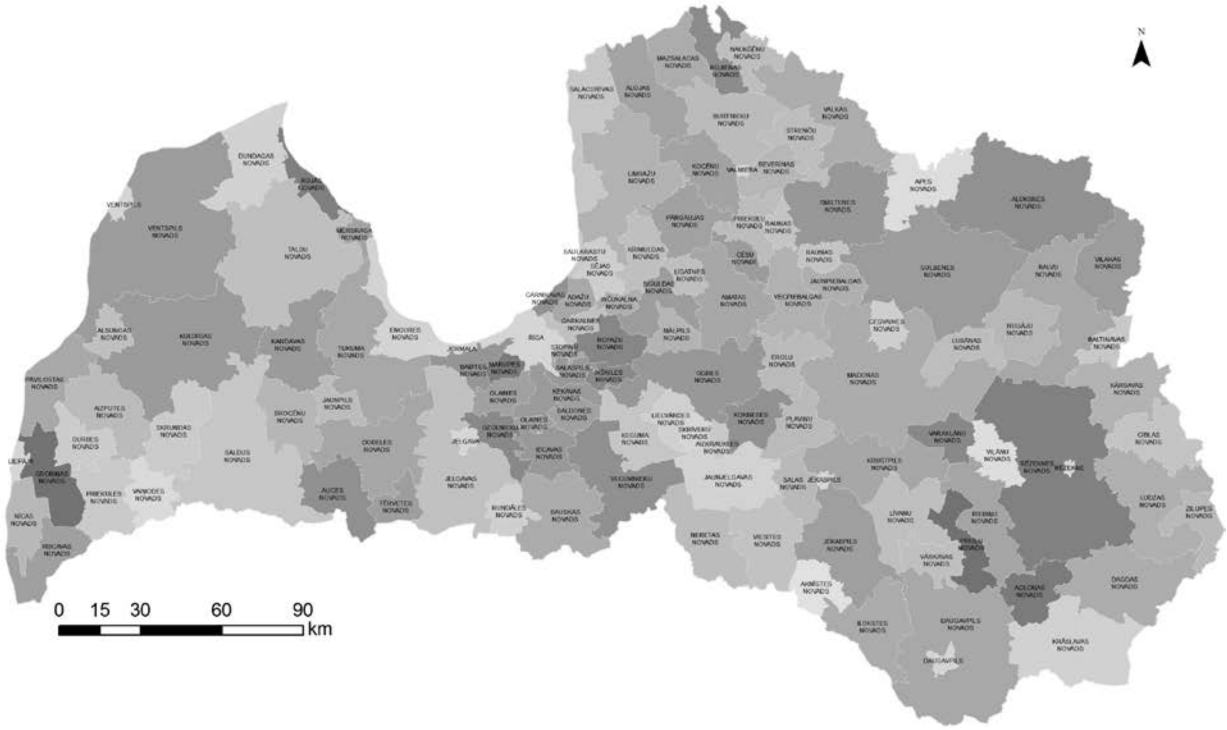


Population

Population, millions	2.0
Natural increase, %	–0.4
Population density, person per km²	30

Gender distribution, %

Males	46
Females	54

Ethnic structure, % (beginning of the year)

Latvians	62
Russians	25
Belarussians	3
Ukrainians	2
Poles	2
Lithuanians	1
Others	5

Economy

GDP, million euro	26 856.6
GDP per capita, average prices in the year 2010, euro	11 758
GDP per capita, purchasing power	13 900
GDP growth, %	4.5
Unemployment rate, %	6.8

Employment by sector, %

Agriculture	6.9
Industry	23.3
Services	69.8

Exchange rate of euro per USD 1 (end of year 2017) – 1.199

Population distribution, %

Rural	31
Urban	69

Age structure, % (beginning of the year)

0–14 years	15.8
Working age (males 15–62 years, females 15–61.5 years)	61.7
Above working age	22.5

Human Development Index Rank – 41
(Human Development Indices and Indicators 2018)

Human Development Index	0.847
Adult literacy rate, %	99.9

Health

Average life expectancy, years	74.8
Males	69.8
Females	79.6
Infant mortality per 1000 live births	4.2
Number of physicians per 10 000 inhabitants	34.6

Government expenditures, % of GDP, 2016

TOTAL	37.3
of which:	
defence	1.6
education	5.5
health	3.8
social security	12.0

Territory, km² – 64 569

Introduction

Inta Mieriņa, Agita Misāne

Efficient functioning of society is based on public good and common-pool resources whose creation and maintenance demand joint work and efforts. **Today, our life is unthinkable without clean air and water, public infrastructure (roads, bridges, street lighting, parks), state defence and other goods jointly created or maintained by society, yet creation and maintenance of such goods are among the most critical challenges of this century.**

The growth of interest about the increase of public goods in academic and political circles has been facilitated by theoretical development of social sciences, by economic, political and social changes over the past decades as well as by social threats arising from these changes and stronger awareness thereof throughout the general public. The changes and social challenges arising from them can be divided into several groups:

- Climate change, depletion of fossil fuels, degradation of agricultural land, environmental pollution, shortage of safe foodstuffs and threat to ecosystems. Those are global problems whose manifestations are mostly irreversible and will lead to serious socioeconomic changes making the biggest impact on the world's poorest countries and the most destitute part of the population in the industrially developed countries.
- Inequality, irregular economic development and density of population. More than half of the world's population currently reside in cities and one third of these residents live in slum areas. Various studies show that just a small part of the global population possesses the bulk of the global wealth (see: Swilling, 2011).
- The consequences and lessons of the global economic crisis that resulted in revision of the governments' role and responsibility in the situation of austerity regime experienced by the states hit by the crisis and rethinking of the creation and consumption mechanisms of public good (Benington & Hartley, 2009).

Today's situation is particularly complicated also because all the aforementioned problems happen in complex and none of them has an isolated "technical" solution. Governments cannot address them in a consistent and gradual way. "Protecting nature first and fighting poverty after" (or vice versa) is not the solution today. Solutions to such complex problems require both transnational cooperation and joint action of different agents within a single country, as well as a whole new ideology of public administration (Stewart, 2001).

The essential precondition of creation and protection of public goods is the public understanding of what is public and common good and where lie the state's and each individual's own responsibility and role in creation and maintenance of public value. According to Mark Moore, professor of Harvard Kennedy School (Moore, 1995), the society itself chooses what to consider a value and it cannot be identified with a value of private consumption. What the Latvian society considers a value, to a great extent is the matter of the nation's existence, in that it should determine what deserves the closest attention and major share of resources.

Creation of public good in the context of ecological threat is particularly affected by objective contradictions existing between the economy and its driving forces – growth of production and markets, social sphere focussed on insurance and increase of welfare, and the necessity to protect environment (Swilling, 2011). All the three areas are hard to develop simultaneously, especially in the short term. Therefore, sustainability and synergy of the three aforementioned spheres must become the basic principle of creation of public good.

Given the important role of the state in creation of public good, a great blow to public good can be dealt by the extreme ideology of neoliberalism, where "the public sector" is juxtaposed to "the private sector" maintaining a concept of the government as the only spender and the private business as the only producer. In the 1980s and 1990s, the economists of the neoliberal persuasion maintained that good government is small government, each citizen should receive benefits in proportion to his or her contribution to the gross domestic product and that the rules of the free market would surely take care of everything. In response to this, there appeared the book by Mark Moore, professor of Harvard Kennedy School of Government, *Creating Public Value: Strategic Management in Government* (Moore, 1995), closely linking the creation of public value with good management practices and practical solutions of its implementation. Moore points out several aspects that make us look at the government's role more broadly than just in the context of effective economic management and provision of services. The governments can potentially be creators of public good and public space. Moore also stresses that civil servants and other officers of the public sector can see to it that the best possible policy instruments be selected to serve for enlargement of the society's common good, and to do it jointly with other social agents – non-governmental organizations, researchers and the private sector.

The dispute with the economists of neo-liberal persuasion and adepts of new public government has lost its topicality in Western democracies yet we should keep in mind that in Latvia the aforementioned discourse is still urgent. Preparing for the elections of *Saeima* in 2018, several parties in their programmes in some form included neo-liberal ideas of minimizing government. For example, the manifesto of party *Kustība Par!* ("Movement For!") speaks of "a slender public government", the 4000—sign Programme of the New Conservative Party (*Jaunā konservatīvā partija*) promises cuts of several taxes and freeze of the others. The Public Administration Reform Plan for 2020 adopted in 2017 envisages reorganisation or liquidation of 17 institutions and downsizing of the number of civil servants by three thousand. Such a position can find positive response in the population. According to the research carried out by Mareks Niklass, the data of *International Social Survey Programme* show that the residents of Latvia expect a lot from the government while the costs and taxes should be reduced (Niklass, 2017). In his opinion, this attitude most likely stems from a widespread incomprehension of the actual workings of public administration.

According to Moore (Moore, 1995), public value is created by public administration in the interests of the public, by using the instruments at its disposal, such as drafting of laws and regulations, provision of public services and such other activities as the society finds to be useful and is ready to invest in creation of this public good. Subsequent development of public value theories emphasized that governments and public administration on the whole are not the only creators of public goods, whereas the members of public are not the clients of the public administration using the services provided by it and paying a certain price for such services. If we considered public value the property of the public who has entrusted management of public value to paid public administration (using analogy with real estate), it would be a simplistic approach. More often, public value is understood much more broadly. Typical examples of public good are clean air or state defence. These are things that are not competed for (i.e., if somebody uses them, that does not reduce other people's access to them). We can also speak of common resources, access to which cannot be restricted, yet the use of which reduces their availability for other persons (e.g., water or fish resources), and so-called club resources, access to which can be restricted yet their use does not reduce the opportunity of others to use them (e.g., public transport). Since a few things only comply with the traditional definition of public good, it has been widely accepted that anything that is intended for and brings benefit to every member of public, is deemed public good (Olson, 1971).

Public value must be created and maintained purposefully and consciously by means of three mutually linked processes. Firstly, public value must be defined, secondly, it requires "authorising environment", and, thirdly, available resources must be mobilized and the capacity of the agents involved in creation of public value must be increased (Moore, 1995, 71).

A critical role in creation of public good belongs to mutual trust and cooperation among

- various sectors of society – public, private, voluntary organizations and informal communities;
- various levels of administration – national government, local governments, regions and supranational administrative institutions;
- various providers of services (health, safety, education etc.), and users;
- professionals and experts of various matters;
- legislators, executives and civic society, etc.

Thus, public administration today is polycentric and multidimensional, cooperating both horizontally, i.e., intersectorally, and vertically, when public value is created along the entire chain of public value – from a legislator to a provider of simple service, and diagonally, connecting the agents placed in various hierarchical positions (Benington & Moore, 2011, 15). The need for such a versatile cooperation of institutions calls for a new type of public administration capable of implementing this complicated task. In practice it means both research-based action policy and delegation of certain tasks to non-governmental sector, procurement of services from non-governmental and private sector, and wider engagement of civic society in decision making. This model is being successfully implemented in many places, including Latvia. Non-governmental organizations perform certification in specific professions, such as medicine, where doctors' certification and accreditation are carried out by Latvian Medical Association, several religious organizations issue state-approved marriage certificates etc. Non-governmental organizations also provide a number of social services, for example, the society *Patvērums "Drošā māja"* ("Shelter "Safe House"") promotes integration of immigrants in the society, other services are delivered by Latvian Red Cross, Samaritan Association of Latvia etc. Besides, non-governmental organizations may provide their opinion on specific draft normative acts in the course of their review at the Cabinet of Ministers.

Although the tremendous role of the state in creation and maintenance of public value is undeniable, we should not forget about the asymmetry in power distribution and the dark side of public administration (Rhodes & Wanna, 2009; for larger discussion see Benington & Moore, 2011, 16–20). Democratic countries, too, are tempted to restrict civic freedoms, excessively supervise and control citizens' private affairs and choices, collect disproportionate amounts of information on residents, justifying such actions by security measures and the desire for more efficient public administration. The distrust between the society and the authorities is often mutual. The government's term of office is relatively short, determined by the electoral cycle, whereas creation of public good is a long-term process.

The context of post-communist countries unfortunately is not beneficial for creation of public value both due to the Soviet heritage and the experience received in the period of transition. The swift social and political changes swept away the mechanisms essential for creation and protection of public good (Letki & Evans, 2005; Rose-Ackerman, 2001; Rothstein, 2000). Corruption scandals, non-transparency of political decisions, apparent inefficiency of public administration in the eyes of the population have diminished the state's legitimate right to regulate and manage the public resources and to demand compliance with the law, which in turn hinders creation of such benefits and further complicates the state's relationship with the population (Foley & Edwards 1996). Besides, the absence of mutual trust among people hardly encourages cooperation and care for the common good.

Although the attitudes and actions related to public good is a vital and problematic issue in such countries as Latvia, unfortunately, there is little research regarding this topic in the post-communist countries. The current study will significantly add to our stock of knowledge on creation and protection of public good in Latvia and the factors affecting it. The Human Development Report is built on *an integrated interdisciplinary analytical framework* for defining the attitude and actions of the population in the context of social dilemmas and public value, which, in turn, is based on the conclusions of political, psychological, sociological and economic sciences. The generality of the framework may render it unresponsive to various relevant nuances, yet, at the same time, it is an advantage, because the Report can be used to include the classification of the recent theories and studies on cooperation and compliance in the context of creation and maintenance of public good.

In the Report, the researchers highlight the mechanisms enhancing mutual cooperation among the residents as well as the residents' cooperation with the state in provision and protection of public value and common resources.

Chapter 1 of the Report outlines the dilemmas and challenges related to creation of public good. The insight is given into theoretical and analytical approaches and the conclusions of the recent studies outlining the analytical framework defining the contribution to public value. Separate attention is paid to individual factors (motivation, values, concepts), social factors (social norms, trust, concepts regarding other people's actions) and structural factors (residents' attitude to the state authorities and relationship with them).

The following part of the Report "Population and state" deals with the interaction of the population and the state in creation of public good. In the first part of Chapter 1, I. Ījabs analyses residents' expectations from the state, their opinion of the state's contribution and their own role and responsibility. Looking at the structure of the popular attitude and the state expenses, the author highlights a contradiction caused by historical and cultural reasons (the state of Latvia has a small role in maintenance of welfare and provision of common good) – the average Latvian citizen gives a minor share of his or her income to the state and gets just as little in return, yet he or she *expects* from the state a lot. The shortage is felt especially hard in the individually consumed benefits, such as health care, education and pensions. Such a situation can cause a profound feeling of injustice and reluctance to pay taxes, therefore the author points out that it is necessary not only to increase the wealth and quality of social services, but also to launch an in-depth discussion regarding the sustainability of the welfare state model chosen by Latvia.

In Chapter 1, J. Ņikišins dwells on individual and collective engagement in solution of communal and societal problems as a cornerstone of every democratic society. Contemplating various forms of civic activity, the author concludes: although a large part of the Latvian population is not socially or politically active, neither is social and political apathy observed in Latvia and the future outlook is quite hopeful. Many residents engage in donation of money, signing of petitions and try to persuade their fellow citizens to vote in a specific way, besides, a great role in activation of the society belongs to the internet and the opportunities provided by it. Sadly, not all the groups of the society are equally active, therefore, the author points out that the state and the society should phase out inequality and social apathy, approach all groups of the society urging them to be active in solution of urgent communal and societal problems.

The next part of the Report "Society and social good" is dedicated to the factors related to an individual's participation in a group and identity with a special focus on the issue of tax avoidance topical in Latvia.

In Chapter 2, I. Mieriņa highlights the social factors either facilitating or hampering residents' active participation in creation of public good or protection of collective resources, emphasising that creation of public good requires coordination and mutual trust. In Latvia's case, alienation, materialism, little trust in fellow citizens and the state, lack of empathy and reluctance to cooperate make people – both the elite and the rest of the population – take care of narrow individual interests rather than the greater common good. The author makes a conclusion that these feelings partly stem from the weak sense of belonging to the local community that discourages donation, care for the environment and affects the general attitude to public good. The activities of strengthening the national and local identity and participation in the future could trigger the efforts directed to common good and maintenance of collective resources.

I. Austers in Chapter 2 applies social and cognitive psychology theories in order to explain people's tax behaviour. The author argues that payment or non-payment of taxes can be explained as behaviour caused either as positive ("approach") or negative ("avoidance") motivation. Payment of taxes is related to the participation factor (social responsibility, care of one's future, care for maintenance of institutions and functions of state importance), the notion to what extent one's relatives and friends have paid taxes and to what extent tax payment is explained as a duty. On the other hand, the opinion that something is wrong with the country's tax policy makes one think of personal gains from the shadow economy. The analysis shows that the excuse "the situation demands this" to a great extent is a myth – it is seen more like an explanation regarding other people, whereas one's own behaviour is mostly affected by the aspect of participation. According to the analysis, it is essential that social norms in respect of tax payment are established in the society, as well as the awareness of why taxes must be paid is raised.

In Chapter 2, A. Sauka and T. Putniņš analyse the tax morale of the Latvian residents by applying a theoretical model developed by Mickevičs, Rebmane and Sauka (2017) wherein a rational choice approach is combined with a tax morale approach, with an emphasis on the normative perspective (i.e., government assessment), cultural/cognitive perspective (social identity) and regulative/instrumental perspective (effectiveness of application of formal sanctions). The study performed by the authors show that, despite the widespread shadow economy in Latvia, the tax morale of businesses in Latvia is high, therefore, in addition to tax morale, the scope of shadow economy in the Baltic countries is affected by several other factors. In boosting of tax morale, it is important to trust the government and to understand how the business community perceives the consequences of tax evasion, besides, the level of penalty is of greater importance than the possibility of being caught. The authors suggest that these arguments be taken into account in drafting policy initiatives in order to decrease tax evasion and raise the tax morale of the Latvian businesses.

Part 3 "Environment and common-pool resources" deals with the Latvian residents' attitude to the environmental and ecological issues. S. Rozentāle and I. Druva-Druvaskalne examine the rural environment as a public value by briefly characterising the major historical turning points and functional changes in the historical development of the Latvian rural space as well as the viability of rural areas today.

A great potential of the rural territory is seen in a high-quality habitat and rural landscape as one of its elements. The study reveals that the potential of the environment and resources is currently undervalued and insufficiently used in the balanced development of Latvia's countryside. The authors call for progress in achievement of the UNO goals by implementing urgent measures to combat climate change and its impact, they urge to protect, renew and use the terrestrial ecosystems and forests in a sustainable way, to facilitate land reclamation, to stop extinction of biodiversity as well as to achieve other goals of sustainability.

R. Felcis and E. Felcis in Part 3 of the Report contemplate the residents' attitude and behaviour in respect of the environment and ecology as collective resources. The authors point out that the awareness of global ecological and sustainability problems in the countries of Central and Eastern Europe is lower than in other European Union member states. It is particularly evident in cities where people are alienated from the biosphere and its processes. The authors see a problem in the conviction predominant among the Latvian residents that the existing economic system will be able to solve the problems created by itself. Although in the course of time the predomination of the economic paradigm has declined and people's environmental awareness has increased, except the diligence in waste sorting, no improvements whatsoever have been observed in any other ecologically-oriented action. The residents fully rely on the state who lays down the rules of environment protection, yet the state, unfortunately, fulfils this task insufficiently. The authors insist that the state must undertake a proactive role in solving ecological problems seeing it as an opportunity to ensure greater independence of development and wellbeing in the future.

Chapter 4 of the Report, given the increasing importance of the internet, examines the collective self-organization in the social networks. The authors V. Valtenbergs and L. Brice name various examples of self-organization and online activism on the internet, including the situations when the state or a local government does not provide sufficient support or assistance. The examples prove that online participation has enabled the web users to make their voice louder and to form the agenda on social issues by drawing the public attention to various urgent matters. The authors insist that it is necessary to keep seeking and supporting the ways for the online activism to become the means of self-expression of the Latvian civic society, at the same time bridging the digital divide and seeing to it that the online activities have a tangible impact on the offline events.

Overall, **the Report gives an insight into the Latvian residents' understanding of public good, their contribution to preservation of the common resources and their opinion on their own and the state's role in creation and sustaining of such resources.** It shows to what extent these matters preoccupy people and concern them and how they affect people's readiness to cooperate. The available literature on public good is mostly based on experimental analysis (except the studies on tax morale and payment, see Kirchler, 2007), hence the valuable additional information provided by public opinion survey data helping ascertain the external validity of conclusions.

The public opinion survey within the state research programme "Innovation and Sustainable Development: Latvian Post-crisis Processes in the Global Context" (SUSTINNO) was conducted by the market and opinion research agency "Latvian Facts" (hereinafter also – "SUSTINNO survey"). The survey was carried out from 2 to 20 December 2017 and it involved 1003 respondents – permanent residents of the Republic of Latvia aged 18 to 74 years all over Latvia. This survey-based approach is of particular value because the opinions and culture greatly affect cooperation and the norms of compliance with rules – two extraordinarily important aspects in creation and preservation of public good (Andreoni et al., 1998).

Motivation and barriers to creating and safeguarding public good

Inta Mieriņa

Introduction

Creating and safeguarding of public good is hindered by two types of dilemmas – situations, where individual rationality leads to collective irrationality: the public good dilemma and the commons (or resource) dilemma (Vugt et al., 2012; Biel, 2000, 183). In the first case, the individual incurs costs that will benefit everyone, while in the second, the individual can reap immediate benefits that will result in costs shared by all (Kollock, 1998).[1] Therefore, the most frequent problem in creating and maintaining public good is the free-riding and resource degradation that leads to "the tragedy of the commons" described by Elinor Ostrom. Protecting of common resources requires responsibility and cooperation, refraining from the degradation of common resources accessible to all, while public good problems require a joint contribution to the production of such goods (Hardin, 1968; Olson, 1971; Ostrom, 1999; Gächter & Fehr, 1999; Vugt et al., 2012).

In this chapter, we will look at mechanisms that promote or hinder contribution to public good and can help overcome social dilemmas. The report does not distinguish between public good and commons (resource) dilemmas, because "if an individual is primarily interested in the outcome of his or her actions, there should be no structural difference whether their decision is not to take more from collective resources or to contribute to their creation, while the end result is the same" (Brewer & Kramer, 1986, 543).

Public good: factors contributing to its formation or hindering it. Theoretical model

Previous research suggests that the creation and maintenance of public good can be influenced by 1) individual motivation and values; 2) social or community factors and 3) structural factors, incl. citizens' relations with the state and perceptions of the extent to which the public contract with the state is fulfilled (how well the state provides the services expected from it). Accordingly, following van Vugt and colleagues (Vugt et al., 2000; see also Tyler, 2000; Messick, 2000), our theoretical model (Table 01) includes three levels that determine the response to collective action problems: the macro-level (institutional structure and activity), meso-level (community), and micro-level (individual him- or herself). All three levels include motivation, incentives and regulatory mechanisms that affect collaboration and compliance in the context of generating common good, and of course they are interrelated. Macro-level factors are constituted by public authorities that control and regulate compliance with laws based on the common interest of society. Compliance can be achieved either through sanctions or by encouraging voluntary compliance. Compliance is additionally promoted by social factors and individual-level values, as well as sanctioning mechanisms. Mesozoic factors with or without state intervention may also influence creation and cultivation strategies of public good (Vugt et al., 2000; Ostrom, 1990), and may also be purely individual when people contribute to the public good voluntarily. Social (community) level solutions are reflected in the arguments provided by the literature on social capital and social cohesion, while factors of individual level are associated with many values and attitudes (see review: Kirchler, 2007). Action at both the social and the individual level can be further influenced by public recognition or condemnation and individual pride or shame (Messick, 2000).

In a modern democratic society, the creation of public good is based on understanding, trust and mutual agreement on cooperation, not on coercion and duress. Therefore, the middle row of the Table 01 refers to processes arising from an explicit or implicit "contract" or agreement regarding creation of a public good. Following Fehr & Falk (2002), we distinguish between two types of agreement-enforcement behaviour: cooperation and reciprocity. The main difference between them is the expected result: reciprocity, in contrast to cooperation, is not driven by the expectation of future material benefits. It is, therefore, fundamentally different from "cooperative" or "retaliatory" behaviour in repeated interaction. In the case of reciprocity, the actor is responding to friendly or hostile actions even if no material gains can be expected (Fehr & Falk, 2002, 689). Cooperation and reciprocity are self-reinforcing and mutually reinforcing because positive cooperation experience fosters emotional bonding among participants and encourage selfish individuals to follow the example of collaborating

[1] For a more detailed account of the distinction between public good dilemmas and common resource pool dilemmas, see A. Biel (2000).

Table 01. **Theoretical model: factors determining cooperation and contribution to common good**

	Institutional factors	Social factors	Individual factors
Control	External factors	Reputational factors	Internal factors
Contract, agreement	Cooperation Reciprocity	Psychological contract	Attitude toward the task itself
Commitment	Patriotism	Collectivism	Egoism / altruism, principlism

individuals (Fehr & Falk, 2002, 704). Assessing the behaviour of the other participant in the interaction and weighing the expected outcome is integrated into a process that considers issues like costs and benefits, impact on the performer, effectiveness and fairness. Therefore, an agreement, or "contract" must be regarded as a conditional cooperation that depends on the behaviour of the other participant in the interaction.

However, controls, punishments, and emotional context are also important. Therefore, the other two rows containing "control" and "commitment" outline the regulatory and emotional context of behaviour. The first refers to what is classically understood to mean cooperation through control and punishment, but also due to trustworthiness and moral standards (Fehr & Falk, 2002, 695), and the second to the individual's propensity to act in a particular way due to empathic and emotional attitudes toward someone or something.

The role of control mechanisms is to promote prosocial behaviour – activities that incur costs to the individual and primarily benefit others (Benabou & Tirole, 2006, 1652). Following Benabou and Tirole (2006), we designate the regulatory mechanisms within the institutional framework as "external", while those related to internalized values and motivation as "internal", whereas those that describe the regulatory power of social groups – as "reputation" mechanisms.

The mechanisms at each of the three levels are slightly different, and the relationships among them is not obvious either. The norms that serve as a reference point for the control system can be divided into two categories: norms of benevolence (individual and internalized prescriptive norms) and general norms of interaction (Kerr, 1995). The former refers to behaviours that are specifically aimed at enhancing the well-being of another person (e.g., helping someone in need), while the latter are about equality, reciprocity, and respecting commitments. Respecting commitments implies that the individual will perform the promised activity (Kerr, 1995, 37). This rule describes conduct that is honest, reliable and trustworthy, or at least internally consistent. The norm of reciprocity is mostly self-explanatory, but it should be emphasized that only reciprocating activities that were meant to be kind promote cooperation and that altruistic motivation may prevail over the norm of reciprocity, for example, when one does not respond in the same way to hostile behaviours due to care for common resources. In conclusion, the norm of equality dictates that goods should be distributed equally and that inequalities should be reduced. This rule is critical for reducing the problem of free-riders, and is also associated with altruistic punishment, i.e., punishing offenders, despite the considerable cost to those punishing the offender (Fehr & Gächter, 2000). Moreover, it forms the basis for justice and fairness considerations, which are critical to understanding cooperation and compliance (see Tyler, 1990; Wenzel, 2003). Norms are neither stable nor universal. While reciprocity, honesty and fairness are expected in most interactions, what is considered to be sufficiently fair or honest depends on the social characteristics of both participants (e.g., their social position and identity), and the context of the exchange. The same behaviour or contribution can be interpreted differently by different actors.

The row of "commitment" in the Table 01 includes "one-way" factors in the sense that they are emotions and attitudes that are directly aimed at someone, but do not include expectations regarding that person's response behaviour. Commitment is an affective attachment to a social entity (Meyer, 1997), and serves as a motivation to act in a particular way to benefit someone to whom the respective individual is attached or committed to help. In exchange, if the subject of the commitment and the source of control overlap, the commitment gives legitimacy to the mechanisms of the control system. At the institutional level, one can speak of patriotism as a form of ideological commitment to serve (Levi, 1997, 161) resulting from identification with a historically and culturally defined territorial unit (national patriotism but also local and regional patriotism) or institutional norms or principles (constitutional patriotism). At the social level, one can talk about collectivism – the motivation to benefit a particular group as a whole. Finally, at the individual level, we talk about egoism (motivation to benefit oneself), altruism (to benefit another person) and principlism (motivation for upholding a particular norm or principle) (Batson et al., 2002). With the exception of egoism, all other motivations are inherently altruistic, i.e., focus on benefiting others, even at one's own expense. A large body of psychological and economic literature argues that altruistic motivations, too, actually are self-serving or "impure", because they benefit the individual, for example, in the form of a "warm glow", that is, helps one to feel good about oneself or reduces the internal tension resulting from the large difference between one's position and those in need (Andreoni, 1989, 1990; Batson, 1987; Snyder & Omoto, 2000). In any case, motivation to help is rooted in empathy for someone else's situation.

At *the structural level*, control mechanisms include the quality of the work of the institutions, the fairness of the punishment, and the perception of the likelihood of being caught, while on an emotional level contribution to the public good is promoted by national pride, patriotism, and general support for the existing system. *Social factors* that influence the contribution to the public good include notions of other people's honesty towards each other and the state, trust and reciprocity, and the social norms prevailing in society as a mechanism for social control, as well as responsibility and concern for others as an emotional motivation for cooperation. This level of motivation is related to social capital and social cohesion. Finally, *individual factors* focus on the individual's personal attitude to investing in the public good – whether it is perceived as important and yields moral or other satisfaction. The combination of all these factors regulates and creates the preconditions for creation and safeguarding of the public good.

Institutional factors

Since the public good can only come from a common contribution by everyone – or at least the greatest part of the public – and sufficient cooperation and coordination can hardly arise suddenly by themselves, there is a need for a third party that sets the rules as to how the cooperation is organized, and, if necessary, incentives to comply with these rules, and the further rules for implementation thereof. From this follows the key role of the state. Its main function is to maintain – by regulating, deterring and encouraging subordination – the contribution of citizens to the creation and maintenance of public good. The institutional approach is based on the cooperation of citizens with the state (Ostrom, 1990).

Several studies on law-abiding behaviour highlight two approaches to increasing compliance through government-issued rules and regulations: one is a normative mechanism based primarily on coercion and punishment (the so-called deterrence model (Murphy, 2008) or power of authorities (Kirchler et al., 2008)), while the other recommends a partnership-type relationship between citizens and authorities to encourage voluntary compliance (the accommodative model (Murphy, 2008) or trust in the authorities (Kirchler et al., 2008)). Thus, compliance can be either coercive, based on deterrence, or voluntary, consensual (Kirchler et al., 2008). It is considered preferable for the authorities to achieve their goals by improving their relationship with the public in such a way that citizens feel the need or inspiration to cooperate for public good rather than being forced or complying out of duty (Vugt et al., 2000).

Agreement

The agreement or "social contract" between citizens and state is multidimensional, but the principle is the same as always: both parties have clear responsibilities to each other. In previous studies, an agreement is usually seen as a prerequisite for justice because when one party violates them, the other party can resort to repression (Cropanzano & Byrne, 2000). This mechanism is also found in a "contract" between citizens and state: the state provides goods and services, in return expecting citizens' contributions – they have to pay taxes or perform a service (e.g., military service). If this transaction is considered unfair, citizens are likely to shirk their responsibilities in their efforts to restore justice (Frey & Torgler, 2007; Kirchler, 2007; Feld & Frey, 2002; Uslaner, 2010).

Tax compliance is an extensively studied topic. The classic economic model emphasizes the aspiration of individuals to increase the net benefit, which has later been supplemented by a "psychological" component by several researchers. Feld & Frey (2002), in describing a "psychological contract" between citizens and the state, argues that respectful and fair treatment of taxpayers by the (tax) authority will lead to taxpayers' respectfulness and fairness, which, in turn, will strengthen their positive tax attitude and tax compliance. They point to the three components of a psychological contract (concerning the payment of taxes):

1) benefit gained (redistributional justice),
2) participation (procedural justice) and
3) respect (interactional justice).

Participation or involvement of citizens in decision-making increases the willingness to comply, since the problem changes – instead of obeying external authority, citizens voluntarily comply and act according to their own decisions (Hatcher et al., 2000; Schlager, 2000). The emphasis on fairness in interaction (a clear and transparent process and respect for taxpayers as individuals), on the other hand, shifts the emphasis from cooperation to reciprocity as the primary form of agreement, making cooperation more stable and sustainable (Feld & Frey, 2007).

A similar model is proposed by Wenzel (2003), who talks about three different areas of justice in the views of citizens regarding interactions with tax authorities. In addition to Tom Tyler's research (Tyler, 1990, 2006), he mentions

1) distributive justice, which concerns the citizens' assessment pertaining to exchange with the state (what they give to state in comparison to what they receive from it),
2) procedural justice, defined with regard to procedural transparency and efficiency, and
3) retributive justice, i.e., appropriateness and fairness of sanctions.

The reason why people are particularly concerned about procedural justice, according to Tyler, is that the authorities represent society and thus from their actions one can judge the state of society (pride) and the status of citizens in society (respect and dignity) (Tyler, 2000). Favourable treatment on the part of the authorities is a sign of respect and inclusion. By providing a fair process, public authorities can shape citizens' social identity, their individual and collective self-esteem with respect to each person's social "self" and the commitment to their society (see also Cropanzano & Byrne, 2000).

Organizational theory offers a similar argument based on social change theory (for a more extensive review see Rhoades & Eisenberger, 2002; Eisenberger et al., 2001). According to it, the support of the organization creates a reciprocal attitude of the participants, i.e. commitment to the organization (Cropanzano & Byrne, 2000).

Kirchler and colleagues (Kirchler et al., 2008) emphasize two procedural aspects in the operation of tax authorities: (1) the power stemming from the effective detection and punishment of tax evaders, and (2) trust in the authorities because of their transparent and society-centred nature. "The slippery slope" model proposed by Eric Kirchler and colleagues argues that in a hostile tax climate based on coercion, tax evasion will be more common and more costly to combat than in a harmonious climate characterized by recognition of common effort and a sense of duty toward the other party. They also point out that institutional power and trust in institutions are closely linked. Excessive reliance on the power of the institutions deprives them of confidence, and the emphasis on the latter gives legitimacy to the former. The assumption provided by "the slippery slope model" has been empirically tested and the effect of both methods has been confirmed (Fischer et al., 2010). Also, the model of "responsive regulation" by Valerie Braithwaite (2007) offers an alternative to the usual repressive mechanisms that authorities use to achieve compliance. This model includes techniques that emphasize persuasion and education. The model proposed by Braithwaite implies that regulation must operate in a flexibly continuous process between forced regulation and self-regulation, where the emphasis on taxpayers' self-regulatory motivation builds trust in the system, whereas increased pressure leads to resistance (Braithwaite, 2007).

Margaret Levi (1997), basing her analysis on the determinants of enlisting into military service during World War I, concludes that citizens' compliance with the social system is determined by their trust in institutions, that is, that these institutions will be fair, competent and achieve the desired results. If institutions are perceived to be corrupt and ineffective, citizens will not believe that they will genuinely take care of the public good and be interested in fair and effective provision of public good, but instead will suspect these institutions of misallocation of resources. This situation undermines the legitimacy of public authority and entitlement to regulate (Levi, 1998, 1997). In addition to compliance based on their positive evaluation of the state, citizens also expect a fair and equitable contribution from other citizens and believe in the state ensuring that it is actually done.

Scholz and colleagues argue that since citizens are not able to accurately assess the likelihood of punishment for non-compliance, they base their decision to comply on the heuristics of duty (Scholz & Pinney, 1995). Secondly, the authors demonstrate that trust in government and trust in compliance of other citizens increases the level of compliance more than fear of punishment or heuristics of duty (Scholz & Lubell, 1998).

Collaborative behaviour which would serve as an example of the models proposed by Levi, Scholz and colleagues, can be found in a number of experiments, especially in the field of organizational economics. For example, a series of experiments by Hibbing & Alford (2004) analysed the influence on compliance extended by participants' perceptions of behaviour by decision-makers and other involved parties. They argue that while people expect results, relationships between players and decision-makers are equally important. Compliance is not influenced by whether the participant considers the result to be fair and useful, but by whether the intention and behaviour of decision-makers is judged fairly and appropriately. The participants of experiments were much more willing to make a decision and comply with it in a situation where the decision-maker did not want to be the decision-maker at all, assuming that he or she had no hidden intentions that served their own purposes. Thus, compliance is heavily influenced by the perception of fairness of an institution and by measures established to limit the arbitrariness of decision-makers and to facilitate participations of those who are not decision-makers (Hibbing & Alford, 2004).

The main question people ask before deciding how to respond to a government's decision is not "What did I get?" but "Have I been screwed?" It is not a strange coincidence, an anomaly, idiosyncrasy or a learned reaction. People's strong desire to get involved and the desire to avoid being used (even if it means that the end result will be less significant) are intrinsic human characteristics (Hibbing & Alford, 2004, 74).

Comparative studies on compliance with determinants are less common. Frey & Torgler (2007) have analysed criteria determining structural regulatory tax morale using the World Values Survey data, while Letki (2006) using the same data set has examined the factors affecting civic morality (defined as honesty in the context of the public good). Both studies agree that trust in public institutions and their objective quality bolsters tax morale and strengthens civic morality.

Control

The most obvious mechanism for promoting compliance is control, the threat of punishment, supplemented by incentives introduced by decision-makers to uphold compliance. The state, an external force, provides a regulatory framework for horizontal exchanges between citizens, as well as for vertical exchanges between citizens and the state[2].

Tyler refers to complying to stimulus and punishing disobedience as keys to normative strategies available to institutions, but an alternative way to enhance citizens' collaboration strategies is to build confidence in their

[2] The results of the latter in the asymmetry of the agreement, as the state is at the same time the regulator and the enforcer, and also the party to the agreement.

competence and effectiveness (Tyler, 2006). This distinguishes between two types of trust in institutions – trust in the institutions' role of regulator and executive (i.e., how fair and efficient the process is) and trust in their role as a contractual partner (i.e., how honest, fair and effective the state is in fulfilling its contractual obligations towards its citizens).

Institutional power (Hardin believes that "a strong government [is able] to enforce agreements and punish non-compliance") is necessary to ensure both vertical (i.e., citizen and state) and horizontal (between citizens) agreements (Hardin, 1993, 514). Citizens need to perceive institutions as trusted in their role as regulators and executors, otherwise the authority of institutions will not exist (Carpenter, 2007; Fehr & Gächter, 2000).

Effective monitoring discourages violations of laws and is one of the main mechanisms of legitimizing agreements, as it promotes fairness of contract and ensures that those who do not comply are not better off than those who comply with the law (Levi, 1997; Schlager, 2000). The risk of detection and the level of punishment imposed definitely change people's behaviour (Hatcher et al., 2000; Kirchler, 2007). On the other hand, a strategy based on punishment and prevention through coercion or its threat has a number of important disadvantages and potential risks that can render it ineffective.

A system based primarily on control and coercion has a high potential to produce the opposite result. Several studies have shown that regulation that is considered intrusive or unfair and therefore illegal creates resistance and disobedience. The notion that punitive measures are unfair and unjustified leads to resentment against the institutions and a generally negative view of the means of control and audit, which significantly lowers the level of tax morale and compliance with tax legislation (Kirchler, 2007; Wenzel, 2003; Murphy, 2008; Murphy) et al., 2009). What matters is not the degree of power but the quality, including whether it is considered lawful. In fact, the threat of punishment (e.g., as part of a formal agreement) is often seen as a sign of distrust, reducing willingness to cooperate and comply (Falk & Kosfeld, 2006; Vugt el al., 2000). Incentives (especially monetary incentives) can sometimes produce the effects that are contrary to the intentions of the decision-maker; for example, the introduction of a payment for blood donation reduces the donation rate; or imposing a fee for late picking up of children at pre-school significantly increases the rate of those who are regularly late to collect their children (Gneezy & Rustichini, 2000A, B; Frey & Jegen, 2001). The effect of this type of crowding out of external control is explained by Benabou and Tirole: "The presence of extrinsic incentives spoils the reputational value of good deeds, creating doubt about the extent to which they were performed for the incentives rather than for themselves" (Benabou & Tirole, 2006, 1654). The last but not the least is a psychological risk. Most people, by their very nature, tend to abide the law and do not even consider the potential benefits and consequences of disobedience to the law (Messick, 2000). The introduction of formal rules (structural solutions), according to Messick (2000), provokes consideration of this issue, prompting individuals to think about the issue from a cost-benefit perspective. As a result, people lose their spontaneous ability to cooperate and to solve problems collectively.

Commitment

One of the conspicuous examples of the emotional context pertaining to a relationship is patriotism. In earlier studies, patriotism was closely linked to nationalism and ethnocentrism, as well as to unconditional support for one's country and its actions (Adorno et al., 1950). However, over time, different dimensions of patriotism have been differentiated, such as "blind" or "constructive" patriotism. Both are based on attachment to and identification with one's country, although both differ qualitatively in that the former requires unconditional support and compliance, while the latter calls for a critical and inquisitive approach to one's country's image and performance (Schatz et al., 1999). Simultaneously, the study of Schatz and his colleagues (Schatz et al., 1999) suggest a positive link between constructive patriotism and political activist behaviour and political effectiveness (and the negative impact of blind nationalism on political participation). Others have identified the positive impact of patriotism on tax morale – by financially investing in the country, that is, paying taxes, a citizen can feel more patriotic and experience the "warm glow" within. There is a noticeably negative relationship between patriotism and the size of the shadow economy, as well as the justification of tax evasion (Konrad & Qari, 2009). Pride of being a citizen of one's own country (the most commonly used empirical indicator of patriotism) has a slightly positive effect on tax morale in several Eastern and Western European countries (Torgler, 2007). Regional identity and site attachment have been shown to have a positive influence on the treatment of locally protected environmental zones and proactive environmental measures (Bonaiuto et al., 2002). The most influential, however, is the study carried out by Levi (1997), which develops a theory linking patriotism to behaviour. The subject of her research – military service – can be called a classic example of an investment in public good. Finally, the Lubell's experiment reveals that citizens tend to comply with the laws and regulations proposed by political actors who are ideologically closer to them (Lubell, 2007, 249).

Organizational theory also provides valuable examples. Dutton and colleagues (Dutton et al., 1994) emphasize identification with an organization as a factor that preserves the continuity everyone's self-concept, enhances self-esteem, and also provides distinctiveness. They argue that strong organizational identification may translate into desirable outcomes such as intra-organizational cooperation or citizenship behaviours (Dutton et al., 1994, 240). Their definition of organizational identification – "one form of psychological attachment that occurs when members adopt the defining characteristics of the organization as defining characteristics for themselves" (Dutton et al., 1994, 242) – is very similar to definition of patriotism by Schatz et al.: "positive identification with and affective attachment to one's country" (Schatz et al., 1999, 152).

Social factors

Another approach to solving collective action problems in the context of public good refers to social cohesion and social norms, which are sometimes described using the concept of social capital. In addition to the assumptions of the standard economic model, individuals are influenced by group membership and the wider social context when they make decisions about participation, cooperation, or avoidance of responsibilities (Olson, 2009). Social capital refers to the level of social cohesion in a society expressed through participation in formal and informal groups, networks of trust and reciprocity (Putnam, 1993). Where there is a lack of trust, cooperation cannot occur (Rothstein, 2005).

Contract/agreement

In Table 1, we differentiate between two types of agreements: cooperation and reciprocity. Available studies associate the former with calculated trust, which is based on the assumption of a common interest in being trustworthy (Hardin, 2002)[3], and the latter with a "conditional kindness" or the norm of reciprocity, that is, with the motivation to repay a generous action (Cox, 2004). In both cases, human behaviour is determined by the actions of others, and therefore cooperation itself is called conditional cooperation. According to Axelrod's model of evolution of social cooperation, individuals, following an initial attempt to cooperate, implement a "tit-for-tat" strategy that ends as soon as the other party does not repay the trust with his or her own trust or generosity with similar generosity (Axelrod & Hamilton, 1981). Experiments have shown that individuals engage with one another by implementing such conditional cooperation strategy: Hibbing and Alford (2004) in their study conclude that **people are wary cooperators: 1) they tend to cooperate only when others cooperate, 2) want to punish those who do not cooperate, even at extra cost to themselves.**

However, at the community level, cooperation does not always lead to more frequent cooperation, nor does noncompliance engender more disobedience. What matters is how individuals perceive the situation (Messick, 2000). In some situations, such as so-called "battle of sexes" described by Kelley and Thibaut (1978), the more others choose to collaborate, the more attractive the opportunity for non-cooperation seems to be, and vice versa. Another obvious example is the choice between public transport and car (Lange et al., 2000). Collaboration is more likely to occur when people see the problem as a group problem requiring a collective solution (Messick, 2000). Another factor that will influence the extent to which a certain behaviour will be imitated is group identity. Someone might choose to do exactly the opposite of what everyone else is doing to stand out in contrast to the out-group. A study by Gino et al. (2009, 1299) indicates that when people experience unethical behaviour of an in-group member, they join in and behave dishonestly themselves. However, the unethical behaviour of an out-group member does not have a similar assimilating effect. Finally, there is a risk that this will lead to the notion that if others are actively involved, then enough is already being done. Thus, the relationship between one's own choices and the choices of others is not linear.

Trust in the experimental economics is perceived as the expectation upon which the first player's first move is based (Herreros, 2004), and is a prerequisite for both cooperation and reciprocity. In social dilemmas, trust is especially important because players are tempted and they know that their partners are also tempted to shift payments onto others for their own benefit (Foddy & Dawes, 2008, 68). Individual trust resulting from interaction (Di Cagno & Sciubba, 2010) is not easily generalizable to other people and situations, and this aspect makes it difficult to apply it in collective action situations: in such situations the assumption that to be trustworthy is in other people's interests is simply unrealistic, because enrichment at the expense of others provides a more attractive option (Hardin, 1993; Foddy & Dawes, 2008).

There are several approaches that explain how individual or encapsulated trust becomes public or generalized trust, that is, "trusting someone we do not know personally", which, in turn, can be used to overcome collective action dilemmas. The first holds that the trust that is based on familiarity, similarity, and shared values/goals refers to small communities where individuals are rooted in a common structure and possibly use the same resources and share a common concern for resources. While some researchers believe that trust acquired in a small-scale environment can be similarly applied in large-scale environments (Rothstein, 2005), others see this transition as less clear due to the lack of classical control mechanisms operating in the context where the number of actors is small (Ostrom, 1990; Scholz 1998).

The second approach is best explained in Robert Putnam's work, which mentions a "positive development cycle": individuals who repeatedly experience positive interactions with fellow citizens in an informal environment of volunteer groups and organizations begin to look after other people's interests and gain awareness of public interest, which usually is not the same as the total of individual interest (Putnam, 1993). Such a civic-minded citizen will be able to transpose his or her individual interests to conform with the public interest and act accordingly[4]. Moreover, trust and participation reinforce each

[3] Hardin described this attitude as "encapsulated interest": "I trust you because I think it is in your best interest to take my interests seriously in this sense: You value the continuation of our relationship and therefore have a reason to take my interests into account. In other words, you encapsulate my interests in your own interests" (Hardin, 2002, 1).

[4] Although Putnam does not directly refer to social identity, his discussion coincides with research on the role of social identity in promoting common interests (Brewer and Kramer, 1986).

other (hence the term "positive development cycle"). This approach helps to explain how to translate individual desires and interests into collective interests. In such an environment, the assumption of "common interest" becomes realistic again and cooperation is based on the belief that all participants have similar norms and objectives and will therefore act with a similar level of trustworthiness.

Foddy & Dawes (2008) emphasize that social dilemmas require collective action and depend on the action of the group, and in this context, one must talk about trust in the collective (as a group) and it requires the commitment of its members to the collective good rather than trust in one particular individual. According to social identity theory, trust can result from strong identification with the group, as the subsequent process of "anonymization" makes a person him/herself and other members of the group "interchangeable". In this case, others will be expected to take into account your interests just as you will consider theirs. Another explanation is offered by the theory of generalized reciprocity, emphasizing the heuristics of the group, which includes the expectation that there will be general reciprocity, credibility, and collaboration among the people who are all part of the same group. The authors' main conclusion, based on experiments, is that group membership can become a beginning of exchange (reciprocity, trust, altruism) (Foddy & Dawes, 2008).

This view is opposed by Eric Uslaner, who sees trust as a moral value (Uslaner, 2002), which is absolute, i.e., independent of other people's behaviour (Di Cagno & Sciubba, 2010). According to Wenzel (2005a), social trust is mostly a reflection of one's own trustworthiness. This conclusion is strongly supported by a study by Glaeser and colleagues, which shows that answers to the question about other people's trustworthiness are reflected in the research participant's own trustworthy behaviour (Glaeser et al., 2000, see also Dawes, 1989). At the same time, studies reveal that we tend to see others as more dishonest than we perceive ourselves (Wenzel, 2005b) or our group (Brewer, 2000). Social trust can be successfully modified by information about the actual actions of others (Biel, 2000; Wenzel, 2005b).

Finally, according to Colmean and Portes, trust can be seen as a "collective level" phenomenon. In Coleman's and Portes' work, social capital (of which trust is a part) is a property of social structures, not individuals (Coleman, 1994; Portes, 1998), trustworthiness of society is depersonalised, since it does not benefit an individual due to his or her individual ties with others, but instead because of his or her inclusion in a larger group or network, its norms and common values. Trust-based behaviour becomes the norm at the societal level (Wenzel, 2005b).

The theoretical link between general trust and collective action problems in a large number of participant environments has been little studied, and empirical testing is also rare (Nannestad, 2008). One example is the study by Jones, which shows that social trust helps to explain environmentally friendly behaviour (Jones, 2010), in this case, it influenced the costs and benefits intended for waste collection.

To date, the experimental approach prevails in studying the determinants of readiness to cooperate, and research in this field abounds. However, while trust is often cited as the necessary basic mechanism for overcoming collective action problems, and qualities promoting reciprocity are considered to be the most important resource of society, they are rarely found in experimental research of public good. There are a couple of exceptions: the first is a study by Anderson and colleagues. It concludes that trust and social cohesion contribute to investment in public good, whereas conflict and diversity undermine it (Anderson et al., 2004). The second is a series of experiments conducted by Kocher, Martinsson and Visser. They demonstrated that social capital positively influences behaviours that promote collaboration and enforcement of norms (Kocher et al., 2012). At the same time, using survey data, Letki demonstrated that trust does not have a notable impact on attitudes that determine the action directed towards public good, i.e., to civic morality (Letki, 2006). The social capital argument has gained a greater representation in empirical research that explores environmental concerns and "green" behaviour. There is evidence that social capital and social cohesion help small groups overcome the challenges of managing shared resources and, increase the rate of participation in state programmes (Adger, 2003; Daniere et al., 2002; Rydin & Pennington, 2000; Jones, 2009).

The other type of agreement referred to above concerns mutual cooperation without concern for cost-benefit ratio. Current research shows that even in anonymous and unclear conditions that are typical of environments with a large number of participants, people act according to principles or reciprocity. For example, Fischbacher et al., 2001, show that people are more likely to prefer reciprocity than avoidance: in one shot game, exact 50% of participants increased their financial contribution to the public good, if others increased theirs, whereas 30% chose to gain at the expense of others (Fischbacher et al., 2001; see also Andreoni, 1995). The explanation for such behaviour refers to the so-called strong reciprocity.

An individual is a strong reciprocator, if he is willing to sacrifice resources, firstly, to be kind to those who are kind to him (strengthened by positive reciprocity), and secondly, to punish those who are not kind (strong negative reciprocity). A key element of strong reciprocity is the readiness to sacrifice resources to reward honest action and punish dishonest behaviour, even if it is expensive and does not materially benefit the reciprocator either at present, or in the future (Fehr et al., 2002, 3).

Although strong reciprocity works best in environments with a small number of participants, experimental evidence shows that strong reciprocity is a mechanism that significantly increases the contribution to the public good and allows cooperation to be maintained where it would normally have been impossible (Bowles & Gintis, 2002; Fehr et al., 2002).

Control

The system of control at community level refers to social norms. Fehr and Gaechter define social norms as (1) regularity of behaviour, which is (2) based on socially accepted beliefs about how one should behave; which achieves 3) definite behaviour with informal social sanctions (Fehr & Gaechter, 2000, 166). Belief in what is and is not a socially acceptable act is the result of observing each other's actions and their consequences (Benabou & Tirole, 2006; see also Wenzel, 2005b). Similarly, Kolman has written about collective norms where disobedience is punished by members of the group themselves, indicating what behaviour is acceptable and what is not (Coleman, 1987). Social sanctions can take various forms, including expulsion and banishment from the group. Much of the earlier research into the managing the resources of public good relied on sanctions imposed by an external actor (Olson, 2009; Hardin, 1968). The great revolution in the management of social dilemmas was contributed by Elinor Ostrom, especially her study on the "governing the commons" (1990). She explored the role of self-organization in addressing common resource and public benefit dilemmas, and confirmed through laboratory experiments and in-depth case studies that self-governance is possible; in order to reduce the likelihood of trust being abused and to promote long-term cooperation, societies invent and implement a system of increasing sanctions (Ostrom, 1990, 1999; Ostorm et al., 1992).

The two main mechanisms referred to by Ostrom are mutual supervision and reputation building. First of all, "mutual supervision" is a "dilemma hidden within a dilemma" (Ostrom, 1990, 45), because supervision is expensive and not easily justified by returns. However, both case studies and experiments indicate that people are prepared to punish others, even if they incur costs to themselves (Ostrom, 1990; Fehr & Gaechter, 2000). Sanctions are complemented by incentives, but their effects on cooperation vary and are not always mutually reinforcing (Sefton et al., 2007, 673). Sanctions are frequently used to promote cooperation where the reward system is more difficult to maintain and its effects fade over time.

Another control mechanism mentioned in articles on social dilemmas is reputation building (Olson, 2009; Ostrom, 1990, 1999). The reputation building function is based on two assumptions. The first is that most individuals fear condemnation and want admiration. The second, reputation is a resource: if people want to participate in other exchanges in the future, they need to have a reputation for being trustworthy and reliable. Benabou and Tirole (2006) emphasize that all decisions affect reputation for better or worse. They argue that reputation value can play an important role (making one more attractive to others) or a purely affective role (social dignity or shame as a hedonic good) (Benabou & Tirole, 2006, 1656). The fact that people invest in the public good, knowing that their investment will not have a great effect confirms that investing is part of a strategy for building reputation (Vugt & Hardy, 2010).

Therefore, individuals' behaviour is linked to their belief in what is socially desirable or acceptable behaviour. Experimental studies in economics and psychology show, for example, that the desire to gain admiration for one's generosity is a powerful mechanism that stimulates charitable giving, and anonymous donations are rare (Benabou & Tirole, 2006; Milinski et al., 2002). Punishments and incentives can damage the value that is contributed to reputation by good deeds (Benabou & Tirole, 2006). The fact that the impact on reputation and positive social appreciation significantly increases the contribution to the public good when a future communication is anticipated, suggests that its value is mainly due to utility: "...the need to maintain reputation for indirect reciprocity maintains contributions to the public good at an unexpectedly high level. But if rounds of indirect reciprocation are not expected, then contributions to the public good drop quickly to zero" (Milinski et al., 2002, 424). Similarly, Gaechter & Fehr (1999) have found that public appreciation alone is not sufficient to reduce gaining at the expense of others in collective action situations, unless there is a certain familiarity between the participants of experiment. Dasgupta states that people are willing to invest resources to build a "reputation for honesty" that will pay off in later transactions (Dasgupta, 2000, 70).

Both mutual supervision and reputation building work best in environments with a small number of participants, where individuals share common norms, are rooted in a similar context, and are likely to interact in the future (Boyd & Richerson, 1988). Ostrom's studies, including several experiments, show that familiarity and similarity make collaboration simpler and more effective. Similarity actually seems to be a sufficient factor to stimulate cooperation; Riolo and colleagues (2001) call it tag-based collaboration. For example, Gaechter and Fehr have concluded: "Yet, if the social distance between subjects is somewhat reduced by allowing the creation of a group identity and of forming weak social ties, approval incentives give rise to a large and significant reduction in free-riding" (Gaechter & Fehr, 1999, 362).

Small-sized environments are characterized by close links (bonding social capital) and their importance has been extensively studied by social capital researchers (studies have been reviewed by Woolcock & Narayan, 2000; Grootaert, 1998). Close internal bonds within the society and the trust related to it have been found to promote compliance with norms and reduce opportunistic behaviour in the management of shared resources (Pretty, 2003; Pretty & Smith, 2004; Adger, 2003), encourages involvement in associations (emphasis on public good) (Herreros, 2004; Putnam, 1993; McGinnis & Ostrom, 2008), and increases volunteering (Wilson & Musick, 1997). The overall conclusion of these studies is that social capital is essential for addressing dilemmas of shared resources and public good.

At the same time, it has been found that in environments with a large number of participants, people tend to act less prosocially and invest less in the public good. In large-scale dilemmas, norm-based control does not work well because people act in conditions of high anonymity, low group solidarity, low communication, and low perceived personal efficacy (Kerr, 1995). As the size of the group increases, both the ability to monitor and effectively enforce sanctions, as well as to communicate and build reputation, diminishes: large group logistics can hinder mutual ability to oversee one another and discipline those that benefit at the expense of others (Carpenter 2007, 48). This confirms Olson's famous saying: "the larger the group, the less it will promote the common interest" (Olson, 2009, 65; see also Brewer & Kramer, 1986).[5]

Taking into account the influence of group size, researchers of social dilemmas sometimes distinguish between large-scale situations, which are manifested in society as "social dilemmas" (Biel, 2000). Large-scale dilemmas of this kind are generally perceived as the most difficult to solve (Lange et al., 2000). The lack of intimacy in large groups can be replaced by social identification. Social or group identity serves here as a mechanism that provides a reference point for both norms and incentives/punishments. In particular, the self-categorization theory (Turner et al., 1987) and the subsequent empirical tests provide insight into how we internalize the opinions of people who we think are similar to us or belonging to the same category as us, and treat them as our own norms, and how we adjust our norms and behaviours to what we think dominates in our group.

In addition, social identity can act as a mechanism that increases the importance and value of the "common interest" in the person's perception (Brewer & Kramer, 1986). It also significantly influences people's perceptions of "justice and injustice", and their environmentally-friendly actions, as well as their attitudes towards tax compliance (Wenzel, 2004; Terry et al., 1999). It is emphasized that norms are context-related and that self-categorization allows actors to choose a particular pattern of behaviour in a given situation (Bicchieri, 2002; Biel & Thogersen, 2007). In addition, reputation gained or lost in a group is important to self-image (Tyler, 2000; Fehr & Falk, 2002). To conclude, adapting to group norms reinforces a sense of identity and difference from others outside the group (Gino et al., 2009a, b).

Commitment

Commitment to acting in the interests of a group rather than in one's own or others' interests is called collectivism (Batson & Powell, 2003, 250). Collectivism plays a special role in social dilemmas because it incorporates the main motivation to sacrifice individual's own interests for the common good; in fact, according to definition, it focuses on the common good. It is argued that collectivism is a product of social identity (Turner et al., 1987; Tyler, 2000) and that the concern for the well-being of their group can contribute to collectivists' motivation (Batson et al., 2002). In the study on social capital, Portes (1998) mentions emotional ties with a specific group of people, often very similar to a sense of solidarity and shared destiny, and promoting cooperation for the "common good". Such "bonded solidarity" does not reflect internalized norms but is the product of a certain situation; altruistic motivation is not universal but limited by the boundaries of society (Portes, 1998). Portes thus thinks that the willingness to invest in the public good is increased by attachment to a particular group or community. Portes' arguments are also repeated in an article by Brewer & Kramer (1986), which argues that emphasizing common destiny could address collective action problems. In fact, group identity formation is one possible explanation for experimental data, that is, if one communicates about the problem in person before the experiment, it improves collaboration (Biel, 2000).

Collectivism is rarely measured directly, but it is assumed that group identity is a good indication of this. Thus, most studies investigating the impact of prosocial motivation on cooperation in social dilemmas investigate social identity as a factor that increases intra-group solidarity and influences the contribution to the common good. Such (group) identity or solidarity can be created and thus enhanced by a readiness to cooperate without expecting reciprocity sometime in the future, reward or punishment, or even reputational consequences among other group members. Moreover, this identity exists regardless of what conscience commands (Dawes et al., 1990, 99).

Here the operative mechanism is the one of "motivation shifting" where a heightened social identity leads to increased motivation to achieve positive results for the group, not just for oneself, and this has been proven in a series of experiments (De Cremer & Vugt, 1999). Other experiments have uncovered that willingness to cooperate increases with greater care for collective concerns (De Cremer & Barker, 2003) or stronger group identity (Tyler & Dawes, 1992), and that individuals with a stronger group identity exercise restraint in using endangered collective resources, although this effect slowly decreases with increasing group size (Brewer & Kramer, 1986). Studies on tax compliance have shown that social identity helps to explain concerns about the rule of law and actions that correspond to rules at a group level (Wenzel, 2004b) and that this behaviour is influenced by a sense of solidarity with the state, which reinforces collective identity (Pommerehne et al., 1994; Rawlings, 2005). Klandermans (2002) has empirically demonstrated with three different examples (farmers, older generation, and ethnic groups) in three different countries that both emotional and cognitive identification with a group is a prerequisite for political action on behalf of that group. In fact, identity (identification with a group and especially with a collective identity) has been one of the basic concepts in the psychology of protest action, and it has been empirically proven that devotion to a particular group increases the likelihood of people participating in collective action on behalf of the group (Klandermans, 2002). However, this identification may require politicization. Interestingly, studies have also shown that not

[5] On the other hand, Fehr et al. (2008) cite recent studies which have found that adults care even about what anonymous people think of them.

only is commitment to the group conducive to participation, but that participation strengthens the commitment (Barling et al., 1992). Finally, a link has been uncovered between social identity and cooperative behaviour, where a stronger identity leads to the importance of cooperation being considered as more important (Kerr, 1992).

Despite its many positive consequences, collectivism has one dangerous characteristic: because it is so closely linked to group identity, intergroup conflicts may be likely to be activated (Batson et al., 2002; Brewer, 1991; Portes, 2000, 1998). In addition, defending the interests of group members can lead to corruption, nepotism, irrational economic decisions and, as a result, create major negative externalities (see, for example, Portes, 1998; Olson, 1982; Fukuyama, 2001).

Collectivism, like any other empathic attitude, may derive from individual characteristics that intensify in the socialization process (Kunyk & Olson, 2001), but it may also be a social property, since systematic differences in levels of cooperation between social dilemmas are found in countries with different sets of dominant values (Parks & Vu, 1994).

Individual factors

Contract/agreement

Fehr & Falk (2002) argue that economists make the mistake of assuming that motivation for action always involves some gain or loss. There are activities that make people happy and they become the ultimate goal without any additional motivation. The satisfaction and pleasure that comes with completing a task (task-related benefit) can influence people's willingness to act. There are many different qualities that make a task enjoyable, such as its importance, sense of independence, creativity, or the variety of skills that are expected to complete the task. Task motivation is very much related to all types of volunteering.

Organizational theory has long recognized that job characteristics influence motivation of performing the job (Gagne & Deci, 2005), and psychological research long ago has separated the pleasure of giving from other rewards for prosocial behaviour (Benabou & Tirole, 2006). For example, a study on determinants of participation in an open-access project *Wikipedia* has shown that characteristics of the task are the main reason for voluntary contributions (Schroer & Hertel, 2009). Snyder and Omoto (2000) conclude that, among other reasons, people volunteer to help those living with HIV/AIDS because it provides an opportunity to learn more about the problem, a challenge that helps personal growth, and, as the volunteers work, their self-esteem rises and social networks are expanding. Enjoying a task affects perceptions of the participation of others – those who do not enjoy the task at hand are particularly sensitive to potential inequalities in contribution to the task (Wilke et al., 2000).

Enjoyment of the task can be eliminated by external regulation and external reward that are not related to the task (Fehr & Falk, 2002; Benabou & Tirole, 2006). Unkind and over-regulated environments also make the task less interesting (Deci et al., 1999). There is also evidence to suggest that tasks are considered pleasant and positive when they are perceived as significant and effective.

Control

The difference between social norms and personal norms and values lies in the fact that the latter are an internalized version of the former (Schwartz, 1977; Campbell, 1964). A difference is also found in the control and reward/disciplinary mechanism, which is entirely based on personal conscience and does not involve social or structural sanctions, rendering external monitoring and coercion unnecessary (Orbell & Dawes, 1981).

While personal norms certainly influence people's perceptions of what is right and wrong, it is well known from the branch of moral psychology that moral perception does not always lead to moral action. In fact, based on people's perceptions, it is difficult to predict what they will actually do (Blasi, 2004). The link between perception and action is mediated by a sense of personal responsibility for moral action, that is, the process of moral engagement (Haste, 1990), which, on the other hand, is the consequence of a person associating himself with his/her own morals, i.e., the central place of moral values in a person's self-identity.

Moral beliefs, such as honesty, fairness, and being good are essential and fundamental to everyone's self-identity and "moral self" as far as one identifies with them. Blasi's theory is based on the idea that people have a natural desire (or need) to maintain their positive self-identity and also its unity, i.e., to be internally consistent (Blasi, 2004; see also Benabou & Tirole, 2006). To achieve this consistency, attitudes and actions must be consistent, thus, acting against one's core values is considered to be a betrayal of one's self and has negative consequences for self-identity (Blasi, 1983)[6]. Self-assessment forms the basis for pride or guilt if the self-image differs from what one sees as desirable (Benabou & Tirole, 2006). Maintaining a self-concept, favourable self-esteem, self-image, or simply put, shame and embarrassment that results from one's acting against personal moral beliefs is the main source of internal control, i.e., the key mechanism, alongside structural solutions and social pressures that discourage unlawful action and disobedience (Fehr & Falk, 2002; Benabou & Tirole, 2006; Blasi, 1984; Mazar et al., 2008).

According to Blasi's theory of moral identity, people want to appear honest and morally good in the eyes of others and themselves. Evans III and colleagues (2001) in their experimental study found that individuals had sacrificed a part of their money to provide honest or at least semi-honest reports. Therefore, appeal to everyone's intrinsic motivation, to his/her norms and moral

6 However, according to other researchers (Mazar et al., 2008), the theory of self-concept maintenance holds that there is a certain range of dishonesty in which people cheat without feeling negative about being unfair and this range is "flexible".

values forms an important mechanism that promotes compliance. "...the most productive way to achieve genuine acceptance of, and adherence to, regulations is by an exclusive reliance upon sanctions and legal coercion but rather through strategies that appeal to a citizen's law abiding self" (Murphy, 2004, 188).

This conclusion is strongly supported by experimental research, which has found, for example, that reminding the participants of experiment of their own and generally known moral standards can radically reduce the tendency to cheat (Mazar et al., 2008). At the same time, Nucci argues that the importance of morality varies in different social situations. Morality depends on context, beliefs are influenced by each social role, one's place in social hierarchy, and other factors (Nucci, 2004). Of course, self-assessment or self-image are also closely linked to social evaluation. Praising or criticizing someone can arouse a sense of pride or shame, and the power of these stimuli to influence prosocial behaviour has been demonstrated in several experiments (Deci, 1971).

References to personal norms are found in explaining cooperation in one shot games (Mazar et al., 2008) as well as in "altruistic punishment" (Fehr & Gaechter, 2000). Extensive reports have been produced by several researchers on the effects of personal norms on taxpayers' behaviour (Kirchler, 2007; Biel & Thogersen, 2007, Ch. 3.3), volunteering (Snyder & Omoto, 2000), and environmentally friendly actions (Biel & Thogersen, 2007). While there is no clear list of personal norms to test as the determinants of cooperation and compliance in social dilemmas, three – fairness, trustworthiness and honesty – have earned particular attention. They all follow from the so-called general norms of interaction: "norms like waiting for one's turn, equality, justice, reciprocity and commitment" (Kerr, 1995, 33).

Justice in research has received as much attention as trustworthiness and honesty (already discussed above) (Kazemi & Eek, 2008). However, as with other moral standards, people have different views on what is fair. The principle of equality states that in order to benefit from the public good, one must also invest in it. Profiting at the expense of another violates this norm (Kerr, 1995). It is not surprising that Eek and colleagues (2000) find that people in Sweden prefer to pay collectively (through taxes) for health care, while individually (through fees) for childcare. However, with this in mind, respondents still saw the principle of equality as the fairest one in receiving services, that is, they preferred to have health care and child care distributed equally to everyone rather than in proportion to everyone's payment. Fairness concerns have been found to have a marked impact on tax payment in Australia (Wenzel, 2002). The importance of the perceptions of fairness and considerations of equality and fairness in collaborative decisions has also been experimentally proven (Dijk & Wilke, 1993). Interestingly, Wit and colleagues (1992) found that in an asymmetrical situation norms of fairness differ – the more likely an individual is to benefit from it, the more often he or she feels obliged to participate.

Finally, it must be emphasized that personal norms do not necessarily have to be stable and persistent, as they are most likely to be formed by social norms that are subject to change (Wenzel, 2004a). In addition, structural solutions take over the role of personal norms, because "Moral behavior is often considered to be moral for the very reason that it is undertaken despite pecuniary incentives to the contrary" (Fehr & Falk 2002, 710).

Trust

Let us now turn to types of motivation that focus either on individuals (egoism/altruism) or general principles (principlism). People have differing views on how much they are interested in something, how the outcome affects others, and how they feel personally responsible for the collective well-being (Vugt et al., 2012). Some people tend to be selfish or could be described as egoists (Weigel et al., 1999), while others place greater emphasis on collective rather than personal interests, even when there is no reason to expect reciprocity or cooperation (Lange et al., 1997; Foddy & Dawes, 2008)[7]. Egoism, the motivation to increase one's personal well-being, is generally considered to be the main mechanism that hinders cooperation in social dilemmas. Its negative effects have been empirically demonstrated by Adams and Webley (1996) in a study on traffic offenses. At the same time, the instrumental approach to public goods as a way to improve one's situation is entirely consistent with the definition of classical social dilemmas – all individuals will benefit more from cooperation rather than desertion (Dawes, 1980). Batson and colleagues (2002) emphasize that the importance of egoism with regard to collective action lies in its motivating power: people are ready to take on a great deal to meet their needs and desires. At the same time, since egoists are not committed to the public good but instead to their own self-interest, in a situation where "self-interest can be served as well or better without enhancing the common good, then the common good be damned" (Batson et al., 2002, 435).

Altruism, defined as generally prosocial behaviour directed at others (Puka, 2004), is often referred to as a major factor that increases contribution to public good, but in Batson's and colleagues' description, its potential impact on public good makes it appear similar to egoism. It is limited and emphasizes specific "others", and as such cannot be easily generalized to groups and societies and their interests. In fact, it can be detrimental to collective well-being if the benefit of the specific "other", who is being supported, does not coincide with the public good (Batson et al., 2002, 436–437). On the other hand, empirical evidence from experiments and surveys shows that altruism is indeed positively associated with collaboration and compliance in the context of social dilemmas (Lange et al., 1997; Hofmann et al., 2008; Kirchler, 1997).

[7] Some researchers distinguish between three different types of characters in situations of social dilemma: 1) It is assumed that individualists are driven forward by the desire to maximize their ultimate benefit; 2) the desire of competitors to increase their relative gain; 3) collaborators strive to maximize common benefits for themselves and others (Biel, 2008).

However, the true nature of altruism is still under discussion. Contrary to Batson's approach (Batson, 1987; Batson et al., 2003), most current research does not distinguish between altruism and collectivism, but emphasizes the link between general empathic attitude and prosocial behaviour. Others, however, see altruism as instrumental egoism, arguing that actions that appear to be altruistic are in fact determined by selfish interests, driven by the desire to avoid bad feelings with regard to oneself or another person, to gain positive social appreciation, or generally to maintain the integrity of self-identity (Blasi, 2004)[8]. Puka (2004) proposes a complex model of altruism, according to which, both the approaches based on empathy and selfishness are essential for understanding altruism. He also argues that there is a third category of interest or commitment that is different from egoism and altruism. There is a wide range of motivations that are not related to personal interests. Many activities are aimed at impersonal objects or concepts – special problems, wildlife, pets, nature, art, etc., and there might not be the least interest in personal gain.

Calls for action in the public interest often refer to the principle of fairness. Principlism, the commitment to upholding moral principles, is therefore by default aimed at an objective universal good that would seem to fit the definition of public good (Batson et al., 2002, 439–440). To understand what makes people so passionate about defending certain principles, one has to go back to Blasi's theory of moral identity. A study by Colby and Damon (1992), "Patterns of Morality", showed that those who had morality in the centre of self-definition were tormented when someone compromised their ideals and expressed their feelings of shame, guilt, and depression regarding such choice. This kind of strong blending of personal and moral goals is probably one of the main foundations of principlism. However, principlism seems to be the weakest of the three aforementioned motivations, vulnerable to rationalization and tends to take on a secondary significance when it goes against personal interests. In addition, the moral principles that are fought for may be related to a specific context, or may be determined by identity or participation (Wenzel, 2004b), so that, after all, they are less universal in the end. Consequently, it must be concluded there is limited empirical support for the relation of principlism to collective action (Blasi, 1983).

Other factors

There are various factors outside the above model, but they influence how certain impacts could be interpreted. These are described below.

A problem that is often discussed in the literature on social dilemmas is uncertainty and obscurity of environment. In this context, Dawes refers to people's awareness of being in the dilemma situation as one of the two prerequisites for cooperation (the second is the conviction that others will not profit at the expense of the individual) (Dawes, 1980). It has been empirically proven that people do things differently when they realize that resources are scarce rather than abundant, and when they realize that failure to cooperate or noncompliance could lead to the tragic consequences not only for them but also for the general public (Rapoport et al., 1992; Tyler, 2000).

The so-called illusion of large common resources is seen as one of the reasons for over-utilization of shared resources or lack of cooperation in preserving them. Unlike field studies or experiments dedicated to collective resource dilemmas, people in large-scale social dilemmas are not always aware that they are acting in a dilemma situation, and therefore we can expect less cooperation (Biel, 2000). In general, knowledge and understanding of processes, especially in the context of structural solutions, are the basis for readiness to comply and participate (Kirchler, 2007; Biel, 2000). According to van Lange and colleagues (2000), **awareness is the first step to being ready to act. Subsequently, it is important that people believe that their contribution will be effective in achieving a goal which, in turn, depends on expectations as to the extent of cooperation of other citizens.**

Awareness is closely related to another topic, namely, affectedness – whether the problem affects the actor at all; whether they are interested in the public good that is being created. While the good that arises or is managed in situations of social dilemma is meant to be shared by all, in reality the need to use it will be distributed unequally. This, in turn, affects the willingness to cooperate and invest in generating the good (Kirchler, 2007). For example, the results of an experimental study by Eek and colleagues (1998) have shown that people who need childcare themselves are willing to pay for childcare more than those who need it less.

Next question – what is expected? Expectations and choices, for example as to the level of regulation desired, greatly influence the assessment of the good received by the institutions, other citizens and oneself. They are very likely to be influenced by past experience, stereotypes and the dominant social image of certain actors. The same result and action can be interpreted as acceptable or unacceptable depending on the reference point of evaluation.

Next, is the goal achievable? Another factor that determines readiness to cooperate is efficiency – the perception of the effectiveness of the investment or cooperation. Its dependence on group size has also been emphasized (Kerr, 1992). It seems that when it comes to inefficiency of a potential investment, the contribution of others is often considered to be too low for the cooperation to be of any use. Francis Lee (2006) advocates the idea of collective efficiency, defined as the citizen's belief in the ability of society to play the role of a collective

[8] What makes altruism different, what makes it "moral"? In Blasi's view, one "small step" is needed – "the agent must consider and foresee that this behavior is morally good" (quoted from: Puka, 2004). If action is aimed at the moral good of the sake of the idea itself, only then it is morally praiseworthy (Blasi, 2004).

participant in order to achieve social and political outcomes. If efforts to create or manage public goods/ collective resources are perceived as ineffective, this can happen if the problem has outstripped the group's potential to achieve change. At the same time, free-riders tend to invoke their own inefficiency to retrospectively justify their non-cooperation (Kerr & Kaufman-Gilliland, 1997).

Social dilemmas in post-communist countries of Central and Eastern Europe

In post-communist countries, scientific literature and research have been dominated by tax concerns, but less so by other forms of investment in public good (ecological behaviour, volunteering, donation, etc.). A study by Gërxhani (2004) used individual-level public opinion survey data to analyse tax behaviour in post-communist Albania. Her findings support Feige's (1998, see also Ledeneva & Ledeneva, 1998) assumption that conflict between the new formal institutions and informal practices is the main cause of citizens' aggressive behaviour (tax evasion) and the growth of the shadow economy. This study provides a unique example of how social norms crowd out "tax-compliant behaviour". Gërxhani and Wintrobe (2004) test Levi's contingent consent model, and their results lead to conclusion that compliance with tax laws depends both on trust in the state and on the trust in other citizens' trustworthiness.

Torgler (2003) also contributes to research on the compliance with tax laws in post-communist countries through a cross-national study of the determinants of tax morale. His analysis highlights the differences in tax morale between Central and Eastern European countries and the former Soviet republics and the expansion of this gap over time. This suggests not only the different impact of the communist past on attitude toward taxes, but also the perceptible effects of the transition period. The results obtained by Torgler show that in all countries trust in the legal system and in government significantly boosts tax morale. Although this is the only study that investigates tax attitudes in the post-communist context, linking it to institutional trust, the weakness is reliance on a single indicator that measures attitude – tax morale.

A more complex model is proposed by Frey and Torgler (2007). The authors analyse the determinants of tax morale and include, among the key independent variables, trust in parliament and government, trust in fellow citizens, views on tax evasion, and World Bank's Worldwide Governance Indicators characterizing the quality of governance. However, these explanations are used interchangeably, not in a complementary way, and although Central and Eastern Europe are separated from Western Europe, they have not been studied in detail. As is the case in other studies, there are also drawbacks to this research, as the indicators of individual measurements are used individually.

Uslaner (2010) found that the key factors impacting compliance with tax laws in the 25 transition countries are low levels of government services and levels of corruption. These factors reinforce each other by reducing tax morale.

Research on new democracies proves that a country characterized by pathologies of corruption, clientelism, nepotism and aggressive behaviour, and in which prosecution and punishment of offenders are ineffective, creates the "rules of the game" that turn compliance and collaboration into gullible strategies (Karklins, 2005; Rothstein, 2004).

CONCLUSIONS

Understanding the determinants of attitudes and behaviours associated with the public good is particularly important in new democracies, which face a number of challenges. This chapter provides an insight into the multiple dimensions and offers a model for exploring this attitude and behaviour. So far, attitudes and behaviours related to the public good in Central and Eastern European countries have received very little attention. The reason is certainly not the lack of interest in the subject, but the shortage of data sources that allow for a systematic transnational study of attitudes and behavioural dimensions regarding public good and its determinants. Therefore, the research carried out in the framework of current Human Development Report will fill a very noticeable gap in knowledge about the factors that influence attitudes and behaviour with regard to the public good in new democracies.

Chapter 1

Population and state

State as the provider of social and common goods: between expectations and reality

Ivars Ījabs

This chapter focuses on the link of the state-provided social goods to the public expectations and attitudes. Citizens' relationship with the state, including declaration of income and payment of taxes, is related to the state-provided services and their compliance with the public expectations. **Latvia in its capacity of a welfare state provides its citizens with a relatively limited range of services, whereas the residents' expectations and needs are considerably larger**, particularly with respect to the so-called common good or the share of state services, such as pensions, health care etc., allocated to each individual. This disparity is reflected in the relatively low level of public confidence in the state authorities and the comparatively high perception of corruption. Although we can see that the public expectations regarding the state are gradually being adapted to the new situation, still, the limited volume of public goods makes its impact both on the tax ethics and possibly also on the social solidarity in general.

Since the earliest times, the state has provided social goods. Indeed, as far as we can speak about a state rather than about a group of people who have subjected the rest of the population, it has always aspired to dispensation of certain goods. Historically, the ultimate good provided by the state has been security: physical protection for oneself, one's household and family in exchange of obedience in the form of tax payment and observation of laws. However, as the society grows more complex and advanced, the range of public goods provided by the state increases. The state takes care not only of the internal and external security, but also addresses such issues as education, public health, economic growth, culture and others. Alongside with this "state expansion" trend there exists another one. It respects other providers of public goods – primarily, the market economy, but also people's voluntary self-organization into various NGOs, local communities and other forms, thus demonstrating in practice that the state is not necessarily the best provider of a certain good. Of course, there are goods, for provision of which the state is almost absolutely indispensable, such as public order and external security, whereas in other areas different providers of the respective good are a lot more effective. For example, many people here still remember the Soviet times with their centralized, state-planned system of distribution of food products (food itself is not a public good, but its distribution certainly is): even a very superficial comparison shows that the market economy is capable of providing this public good more efficiently by far.

Notably, in the developed democratic countries there are no absolute standards regarding the volumes of the public goods provided by the state. The majority of those countries maintain a certain level of health care, yet the proportions of state, market and non-governmental sector in provision of this good greatly differ. The state is generally indispensable in distribution of so-called "pure" public goods, such as external defence, maintenance of law and order, imposing of certain environmental standards, etc. However, in the areas where public goods overlap with common goods (for example, in comprehensive education), club goods (public transport) or private goods (higher education or health insurance), various countries choose different approaches. These approaches largely reflect the concepts of the respective society regarding the desired proportion between the shares of responsibility of the state, individuals and various communities in provision of public goods. At the same time, there are essential differences between the society's expectations with regard to the state and the actual public goods delivered by the state, and such differences may cause people's alienation from state institutions, legitimacy problems and general disillusionment with democracy.

The capability of state to provide certain public goods is related to readiness of population to participate in the provision of the common resources, for example, by paying taxes. The existing research findings show the correlation between the people's willingness to pay taxes and their satisfaction with the volume of goods provided by the state. Besides, higher taxes often go hand in hand with the greater willingness to pay them – despite the widespread opinion that high taxes are the reason for their non-payment (Friedman et al., 2000). People pay taxes more readily because they are satisfied with the goods provided by the state rather than because the taxes are low. Therefore, the governments of corrupt states generally maintain smaller public sectors than the governments in the states with a lower level of corruption (Uslaner, 2007). At the same time, the relationship between tax payment and state-provided public goods is not linear, but reciprocal and complex: it is determined both by subjective satisfaction with services and faith in the integrity of state institutions regarding the use of public resources.

Like everywhere else, in Latvia the notion of the optimum size and functions performed by the state has evolved historically. A certain role has been played by the Soviet heritage, when the state drastically reduced the opportunities of public participation, while simultaneously providing a range of goods, such as health care, housing, employment, transport, and so on in authoritarian, egalitarian and inefficient manner. The Soviet state, whilst wishing to keep all the spheres of public life under strict control, at the same time formed a concept of certain "normalcy", wherein the state provided the society with a vast range of goods – from interest-related education to public catering – yet did not tolerate any other agents beside itself supplying public goods, such as free market or horizontal, voluntary forms of cooperation.

After collapse of the USSR came a new phase that was characterised by rapid contraction of the state functions and spheres of responsibility. This was a frequent cause of "disappointment", when the familiar feeling of socialist security was replaced by the precariousness of market, the authoritarian egalitarianism – by rapidly growing social differences, and the informal solidarity – by atomization of the society. The role of the state had changed: instead of the planned Soviet economy emerged a democracy created after a fashion of the Washington Consensus, whose chief goal was to the maximum capacity to release the potential of the free market economy. Simultaneously, the relationship of state and society had to be radically transformed, as decision makers and general public, in accordance with the new reality, were forming the understanding of the distribution of public goods and the role of the state therein. Under the new, changing circumstances, the external points of reference had to be changed, too. If in the previous period Latvia had seen itself as one of the republics within the USSR, now, while gradually immersing itself into the Western world of liberal democracy, the society and its elites had to correct their views on delivery of public goods, their volumes and chief actors. The population of Latvia also increasingly compared the performance of their country with that of France and the Netherlands, rather than Ukraine or Kazakhstan, thus setting new criteria of successful state operation.

Latvia as state and government

Before we focus on the relationship of the Latvian society with the state, we should briefly look upon the main quantitative data characterising the state of Latvia – the size of the public sector, the share of gross product collected in taxes, as well as the performance of the government in various spheres, such as education, health care, security, etc. Certainly, the expenses and revenues of the state by no means characterize people's general relationship with the state: cultural and other factors also have a role there. At the same time, economic and fiscal indicators help compare Latvia's specific situation with that of other countries. The OECD and EU states with developed market economies playing in the same league as Latvia can be chosen as reference points.

Jolanta Aidukaite in her analysis of "the welfare state" model in the Baltic countries has indicated the similarities among them: comparatively small volume of public goods (e.g., old-age pensions cover only about 30–40% of earnings), relatively high inequality of incomes and a considerable share of shadow economy (Aidukaite, 2009). Menno Fenger, by using the well-known Esping-Andersen typology of welfare states (Esping-Andersen, 1990) applied in the analysis of post-communist state clusters, points out that the welfare models of the Baltic countries generally belong to the post-Soviet rather than the Central European cluster. They largely correspond to the conservative corporatist type characterized by focussing on the replacement of income according to the employment status and by a moderate range of the state-guaranteed services (so-called decommodification). At the same time, Fenger indicates that in the states of this group the volume of state-provided goods is considerably lower than the volume provided in the Western countries of the conservative corporatist type (such as Germany, France or Italy) (Fenger, 2007).

These conclusions can be accepted. Latvia by no means can be viewed as a "large" state in the general meaning of this term. For example, the overall government revenues in Latvia amount to 36.4 % of GDP (2016). This is not the lowest ratio either among the OECD countries (in Mexico it accounts for 24%), or in the EU (Ireland – 27.4%), yet on the whole this indicator is below the average in OECD (38.1%) and significantly below the average EU ratio (44.7%). In short, despite the fact that the share of funds distributed through the budget tends to grow over the recent years, compared to other states, Latvia in taxes collects a relatively small share of gross domestic product (OECD, 2015).

Of course, the decisive role here belongs to absolute rather than relative indicators. If we look at the expenses of the Latvian government, we find that, while the percentage of government expenses in GDP places us among such countries as Japan, Australia and the USA, in absolute figures, Latvia with 9481 USD state expenses per capita occupies a stable position at the end of the list of the OECD countries, leaving behind only Costa Rica (7141 USD) (OECD, 2015). Hence the conclusion: *an average Latvian citizen gives a comparatively small share of his/her income to the state, yet in absolute terms he or she receives from the state just as little.*

In order to examine the relationship of public good and common good in Latvia we can resort to a convenient OECD indicator, pointing out those parts of GDP that through the budget are distributed to the society in general and to an individual in particular. The share distributed to the society as a whole includes defence, internal security, infrastructure investments and other goods for collective consumption used by the entire society or at least by its major part. On the other hand, the share allocated to individuals largely covers those common goods that are consumed by persons individually, such as education, health care, social housing and other goods typical of a welfare state. The data of Latvia indicate a long-term trend favouring the society. In 2007, the expenses for purely public goods accounted for 10.16% of GDP, while for individually consumed goods – 7.47% of GDP. After a decade, in 2017, the situation had changed, but the prevalence of the public goods was still obvious: 9.25% of GDP for public goods, and 8.89% of GDP – for individually received goods. Besides, this long-term trend prevails despite economic and political fluctuations. Notably, this proportion in the major part of EU and OECD countries is reversed. In

OECD countries, the average of 7.84% of GDP are allocated for public goods and 9.52% for the goods consumed individually (2015). The same proportion is also observed in the structurally similar neighbouring countries of Latvia: in Lithuania, these indicators are correspondingly 7.14% and 8.87%, in Estonia – 8.98% for collective goods and 11.31% for individual goods (OECD, 2017).

The spheres of individually consumed goods are diverse, yet the most vivid are the spheres of health care and education. Services like school education or medical treatment are received by each person individually, while the state has undertaken the responsibility to provide those goods at a certain level to everybody, besides, through consumption of a good individually, the entire society can be expected to gain – by receiving more healthy, educated and, consequently – more productive and intelligent members. Among the OECD countries, Latvia has the second lowest government per capita expenditure for health care –828 USD (2016) accounting for 3.2% of GDP. Nor is the Latvian state more generous in education. The percentage of GDP allocated in Latvia to comprehensive education is 3.2%, and for higher education – 1.1%. It is true that the costs of education in the state budget account for 11.81%, which is more than in Lithuania and Estonia (11.33% and 11.12% respectively) (OECD, 2016). These indicators help us expand our conclusion regarding the role of the Latvian state in provision of public goods as follows: *an average Latvian citizen gives a comparatively small share of his/her income to the state yet in absolute figures he or she receives from the state just as little, besides, a proportionally larger part of the state support is allocated to purely public goods consumed collectively, rather than to common, i.e. individually receivable goods.*

Expectations and satisfaction

When asking the question, how the residents of Latvia perceive their state, it is essential to distinguish between two dimensions. First of all, this concerns people's expectations. What services is the state expected to provide, in which areas is the "deficit of the state" felt, where do the people see the need of the state as the solver of problems? Secondly, to what extent are the residents satisfied with the performance of the state and the government, and their role in addressing their problems? The answer to the second question is prompt: the Latvian residents' opinions on the work of their central government demonstrate a prevailing sceptical stagnation. According to the data of February 2018 published by Baltic International Bank's Latvian Barometer, 72% of the Latvian residents answer that they are completely dissatisfied (20%), or mostly dissatisfied (50%) with the government's work. The satisfied account for 21% (20% – almost satisfied, 1% – completely satisfied) (Baltic International Bank, 2018). It is important to note that this attitude regarding the work of the government is quite stable: the relative (and often also absolute) majority of the population are mostly dissatisfied with the work of the government, whereas the percentage of the satisfied does not exceed 25%. Interestingly, satisfaction with the government's work has a very weak correlation with the overall assessment of the state and own situation. For example, in the period since the lowest point of the economic crisis in 2009, improvement has been observed in the assessment of the opportunities to find a good job, of the development prospects of personal material status, and the number of the Latvian residents assessing the economic situation in Latvia as bad or very bad has unmistakably decreased with the average evaluation clearly prevailing (Baltic International Bank, 2018). At the same time, no similar positive changes are observed in the assessment of the government's performance: the results of the surveys conducted in 2018 are similar to the results of 2012. This shows that the assessment of the government's work is rather discreet in its character. It does not depend on the self-assessment of the person's material status or on optimism or pessimism regarding the country's economic growth.

When inquiring into the reasons of such sceptical stagnation, we should look at the Latvian residents' expectations with regard to the state. Frustration with the work of the state most probably arises from the fact that people do not see any efficient work of the state in the areas where it is most expected. And yet, what exactly is being expected and how vastly are certain expectations spread in the Latvian society? Prior to focussing on specific expectations, a few general observations should be noted. In 2012–2014, the institute of conservative ideas Populares, jointly with the sociological research company SKDS, conducted surveys attempting to find out the attitudes of various residents of Latvia to the state. By selecting among a relatively socialist, a conservative and a liberal view of the state, the majority of the Latvian residents (in 2014 – 53.4%) chose the socialist approach described as follows: "The state must take care of social justice and equality, provide for all its residents and ensure sufficient standard of living for everybody without exception. The state must maintain control over the strategically vital industries and by means of taxes redistribute the wealth. The state must guarantee the equality of all the members of the society" (Populares/SKDS, 2014). Clearly, such an approach to the state sets quite high demands to it – particularly the requirement to ensure a sufficient standard of living for everybody without exception.

These great demands go hand in hand with a comparatively high level of corruption. According to the data of Transparency International for 2017, Latvia in terms of corruption perception ranked the 40th among 180 countries. At the same time, a positive trend is observed of corruption in Latvia having declined according to the Corruption Perceptions Index, which in the period from 2012 to 2017 has improved from 49 to 58 (Transparency International, 2017).

What exactly do we expect?

The things that a certain group of the population expects from the state are historically and culturally determined. There are societies like those of Germany and the Nordic countries, where the state since ancient times has played an important role in distributing of various public and common goods. Elsewhere, as in the USA, the state has had a limited function in provision of various goods – many roles there have been undertaken by the market, local communities, non-governmental organizations and other players. The comparative research of the people's expectations from the state in various countries shows a similar picture. Besides, these differences are reflected in the welfare systems of the respective countries: liberal countries provide their people with a so-called "safety net" to satisfy their basic needs, while conservative corporatist countries focus on the substitutability of the former income, whereas social democratic countries provide a vast amount of services.

Similarly, the historical context should be taken into account in considering the situation in Latvia. Thirty years ago, the country was ruled by authoritarian socialism. At that time, a great number of functions was entrusted to the state, while an individual was placed in the situation of "learned helplessness" and the alternatives to the state as the distributor of all manner of public goods were severely restricted. Presumably, expectations from the state and dependence on the state should decrease as the distance of time and generations separates the period of authoritarian socialism from the current time. For this purpose, it is interesting to look at the expectations of the residents of various post-communist countries with regard to one specific matter, i.e., the obligation of the state to provide each resident with a workplace. The period chosen to observe a change was a decade from 2006 to 2016, when the relevant surveys under International Social Survey Programme were conducted.

The question that would elicit significant response was worded, as follows: "On the whole, do you think it should or should not be the government's responsibility to provide a job for everyone who wants one?" This question is symptomatic: an individual, who in the situation of free market economy insists that the state is obliged to provide its population with jobs, obviously supports a very substantial regulatory interference of the state in the economy. On the other hand, a negative answer to this question with high probability suggests support to a limited involvement of the state in the economic behaviour of individuals, entrusting the employment issue to the free market and other sources of public goods.

All these countries have a lot in common. Both in 2006 and 2016, the absolute majority of their residents agreed or tended to agree to the statement that it was the government's obligation to provide a workplace to everybody. This is the difference of the aforementioned post-communist countries from those like the USA, where this statement is generally accepted by 36.3% of the population, or Island with 41.7% (2016). At the same time, there is no reason to believe that high expectations from the state in addressing the employment problem are typical only of post-communist countries. To quite a great extent, similar expectations are cherished by other countries' population – both in the European democracies, such as Spain (82.4%) and Norway (72.2%), and in development countries in other parts of the world, such as Thailand (86.3%). High expectations from the state have no direct correlation either with the level of economic development nor with the democratic political system. What interests us most in this study is the change in the attitude toward the state in the post-communist societies. Over the above-mentioned decade, in all the four countries – Latvia, Hungary, the Czech Republic and Slovenia – the change has been considerable both as to the proportion and the intensity of support in the answers. In Latvia's case, such changes are very noticeable: in 2006, 87% of the population agreed to the given statement and

Table 1.1. Should it be the government's responsibility to provide a job for everyone?

	Year	Definitely should be	Probably should be	Probably should not be	Definitely should not be
Latvia	2006	56.2%	30.8%	9.1%	3.9%
	2016	45.9%	29.6%	18.1%	6.4%
Hungary	2006	49.6%	39.1%	9.4%	1.9%
	2016	49.7%	36,0%	12.4%	1.9%
Czech Republic	2006	44.8%	32.8%	13.2%	9.1%
	2016	37.7%	44.9%	12.4%	5.1%
Slovenia	2006	52.9%	36.0%	8.7%	2.4%
	2016	38.6%	44.3%	13.0%	4.0%

Source: International Social Survey Programme, The Role of Government 2006, 2016.
Retrieved from https://www.gesis.org/issp/modules/issp-modules-by-topic/role-of-government/

Table 1.2. **How much money the state, in your opinion, should spend for the following spheres?**

	Environmental protection	Healthcare	Police and law enforcement	Education	Army and defence	Pensions	Un-employment benefits	Culture and art
Much less	4.3	0.8	3.2	1.1	13.2	0.3	3.4	4.7
Less	9.1	1.4	9.7	1.5	15.0	0.7	7.7	11.2
The same amount	49.2	7.3	41.2	21.6	35.9	5.5	36.3	49.8
More	23.4	39.7	28.7	45.4	21.1	43.6	31.1	24.4
Much more	8.1	48.7	11.6	27.6	10.6	48.6	15.4	5.8
Difficult to say/ NA	6.0	2.2	5.7	2.8	4.3	1.4	6.2	4.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: SUSTINNO survey, 2017.

the majority of the respondents were absolutely sure of its correctness, whereas in 2016 we clearly observe a decline of this conviction. In 2016, approximately 75% respondents agree with the statement, yet only 45.9% are strongly convinced of its accuracy. Comparison with the Central European countries shows that such a trend can by no means be taken for granted. For example, in the Czech Republic and Slovenia, part of the society has become less convinced about the state's leading role in employment matters, yet this conviction has not become much less popular. In Hungary, the opinion has changed only slightly. This comparison leads to the following conclusion: although in Latvia the expectations from the state historically have been relatively high, in the longer run they tend to gradually decline as the understanding about other ways of providing public goods grows.

For better understanding of the public expectations regarding specific areas of state operation, we can refer to the data on the residents' opinions on budget expenditure in various spheres. An acknowledged necessity to spend public funds somewhere shows that people expect a greater participation of the state in providing the respective public good. Besides, in the spheres where people insist on substantial increase of funding and answer "Much more", these expectations are much more pronounced. On the other hand, in the spheres, where people largely agree to the existing level of funding or its decrease, this necessity is felt to a much lesser extent (see Table 1.2).

The data displayed in this table can be divided according to the distinction between the purely public (or collectively consumed) and the common (or individually consumed) goods discussed earlier. The purely public goods include environmental protection, police and law enforcement, army and defence as well as culture and art (this last – with a certain reservation, because the products of culture and art can also be consumed individually). The common or individually consumed goods are health care, education, pensions and unemployment benefits.

The responses of the Latvian residents suggest a number of conclusions. First of all, people generally have lower expectations regarding a greater involvement of state in purely public goods than in common goods. The leading position here is given to environmental protection as a purely public good, where almost half of the Latvian population supports the current level of funding. Similarly, police and law enforcement, army and defence, culture and art are those spheres, where the majority of respondents support the existing level of funding. This can be interpreted in various ways. At first, none of the spheres had a significant (i.e., greater than 15%) respondents' demand to decrease funding (with the exception of army and defence, which, due to propaganda in some parts of the Latvian society, where the funding for defence is interpreted as warmongering). Hence, the Latvian society generally does not blame the state for wastefulness and perceives the volume of pure public goods in the respective spheres (environmental protection, police and army) as optimal. It can be interpreted as a cautious approval of the Latvian state's operations in environmental protection, police and law enforcement, as well as in culture and art.

At the same time, it should be remembered that the majority of the respondents most probably are aware that the budgetary resources are not unlimited. Therefore, additional state funding, if available at all, should be directed to those spheres, where the deficit is most acute.

The deficiency is seen in all the spheres of "common" or individually consumed goods where the role of the state is considered as desperately inadequate. In spheres like health care, education and pensions the increase of funding is expected at the levels of 88.4%, 73.2% and 92.2% respectively. Besides, with regard to health care and pensions, these expectations are very acute, as the majority of respondents insist on a considerably greater increase of state funding. An interesting exception here is the attitude to financing of unemployment benefits, the only item of the common goods, in respect of which the relative majority of people (36.3%) agree to the maintenance of the existing amount of funding rather than an increase or even a substantial increase. This may be explained with the widespread suspicion of the fraudulent use of unemployment benefits on a mass scale, yet, at the same time could attest to a certain opinion regarding the social solidarity with the people capable of working. Here, too, the majority of people support the increase of funding (31.1% and 15.4% insist on a substantial increase of funding).

CONCLUSIONS

When contemplating the state of Latvia as a supplier of public goods, we can draw a number of general conclusions. First of all, we can see a certain bias between the actual performance of the state and the residents' expectations. A considerable part of the Latvian population expects from the state not only provision of collectively consumed public goods (defence, internal order, etc.), but also the individually consumed common goods or so-called social services, e.g., health care, education and pensions. However, the provision of these goods obviously has not been the priority of the decision makers of the Latvian state, because those goods have often been financed according to the leftover principle reflected by the budgetary allocation, where the majority of funds are directed to purely public goods, such as defence and the rule of law. Latvia as a welfare state is limited: according to Fenger's typology, it belongs more to the post-Soviet group – Russia, Ukraine, rather than to the majority of EU member states. On the other hand, the society's expectations are moving Latvia towards the Nordic states and post-communist EU states, where the percentage of the public sector and the amount of state-provided services are greater.

This discrepancy in itself is typical not only of Latvia. At the same time, we should take it into account if we wish to understand the general relationship of the Latvian society with its state. The limited range of common goods that Latvia as a welfare state hands out to its population is explained not only by the level of economic development, but also by the political peculiarities. In her analysis of the welfare models typical of the Baltic countries, Aidukaite points out the possible reasons of the reduced range of social services in these countries: poorly developed left-wing political parties (at least in Latvia and Estonia), and very weak trade unions. In view of the lack of demand for such an organized political movement, the range of services provided by the welfare state is somewhat limited (Aidukaite, 2009). At the same time, quite possibly, such lack of demand can be related to a comparatively low threshold of mutual trust of the people and the social capital, which should create the demand for social solidarity and deeper involvement in common civic activities. Although the studies of the relation of the social capital to the welfare state regime in different countries do not show exactly unequivocal results, Juha Kääriäinen and Heikki Lehtonen conclude that post-socialist countries, including Latvia, characterised by comparatively low mutual trust of people and low level of the bridging social capital, also have weak welfare regimes (Kääriäinen, Lehtonen, 2006).Thus, it can be stated that the weak welfare state in Latvia at least partially stems from the feeble political culture and civic solidarity. This, in turn, allows us to enlarge upon the hypothesis proposed at the beginning of this article that the tax ethics and readiness to participate in the creation of public goods is related not only to the scope and quality of the state-delivered goods, but indirectly also to the mutual trust of the residents or rather the lack thereof.

Speaking of the results achieved so far, we can see gradual progress in delivery level of common goods in the country, e.g., in health care, education, social security areas. It is stimulated by economic growth. At the same time, the expectations of the society regarding delivery of various goods by the state are decreasing in the longer perspective. The corruption perception, too, is gradually improving, which in the future could lead to the increase of people's trust in state institutions, improvement in tax ethics and eventually – of the state performance.

Nevertheless, the positive trend in the situation of rising scope and quality of public services is quite inconsistent. The improvement of the Corruption Perceptions Index, too, is very sluggish. Yet the most serious challenge is caused by political instability, when the citizens frustrated by the services provided by the state choose to support populist and radical political forces who ultimately prove their inability to sustain further development.

The crucial task for the future is to achieve faster growth of the scope and quality of public services, which would effectively reflect the common growth trends of the state in the lives of its residents. A serious discussion is needed regarding the sustainability of the welfare state model chosen by Latvia, given the trends of emigration and demography in the country.

Individual and collective engagement in solving current problems of community and society

Jurijs Ņikišins

Introduction

People's individual and collective engagement in the solution of the problems and issues arising in the community and the society is the cornerstone of a democratic society. Democracy by definition is the power of the people, yet effective implementation of this power in order to change the state and the society for the better is unthinkable without participation of the members of the society. Therefore, participation is the key to addressing problems preoccupying the society.

Activities that in their totality comprise democratic participation as a rule are supported by the values or interests of the society, its sub-sections of separate individuals and for this reason they can be viewed as political activities, even if hardly all of them imply political work in its literal meaning (e.g., running for or occupying a political position, participating in an election campaign etc.) According to the definition of David Easton, the classic of political science, politics is "the authoritative allocation of values for a society", hence, the social and political participation can be defined as an action aimed at influencing allocation and distribution of tangible and intangible resources, goods and rights important for the society. The number of the potential types of activities is great, from participation in joint work or public consultations to running for posts in democratic elections. Yet they all have certain features in common: these types of activities correspond to specific actions (rather than opinions or attitudes) performed by individuals or their associations and communities in order to influence the decisions regarding allocation and distribution of goods in the society, therefore, such decisions, according to Easton's concept of politics, can be defined as political.

Similar conclusion arises, for example, from the article written by the Australian political scientist Ariadne Vromen: individual and collective engagement in solution of problems important for the community and the society can essentially be compared to civic participation, including the attempts to influence the decisions adopted by political institutions. Unlike a few other researchers who try to strictly distinguish between the types of participation, depending on whether they are intended to influence the decisions of public institutions or to solve the societal problems by the society's own efforts (Brady, 1999; Huntington & Nelson, 1976; Verba et al., 1978), Vromen argues that participation need not be bifurcated into acts that are labelled "political" and those that are not; rather, participation can be seen as any individual or collective acts that are intrinsically concerned with shaping the society that we want to live in (Vromen, 2003, 82–83). She divides this broadly defined participation into five categories:

1) "standard" individualised measures of participation, such as donating money and contacting officials;
2) party and union involvements;
3) community-based organisational involvement, including church organisations and parents' and citizens' groups;
4) Collective-action involvements, such as environmental groups;
5) Frequency of discussion of a range of social and political topics (Vromen, 2003, 84–85).

The purpose of this chapter is to give an insight into the solution of current problems regarding individual and collective engagement in today's situation by assessing the quantitative parameters of involvement level, as well as the factors either stimulating or hindering the process. Along with traditional forms of participation (e.g., participation in elections, activities in an initiative group etc.), attention is focussed on comparatively new forms of engagement, such as online participation, which substantially expand the repertoire of currently existing civic and political activities.

Research on individual and collective participation in Latvia remains topical due to its historically political heritage. Just like in most post-communist countries, the level of civic and political involvement in Latvia is significantly below that of the Western countries whose traditions of democracy, mutual trust and participation have longer history (e.g., Kostelka, 2014).

Basic approaches to study of individual and collective engagement

Participation and engagement in solution of civic and community problems can be studied from various methodological perspectives. On one occasion, the focus would be placed on the activities themselves or the ways how individuals and groups engage in the processes of creation and allocation of the public good; on another, attention would be paid to the groups and networks, to which they belong and which have potential of mobilising participation; in still another perspective the mobilising role would be assigned to the problems urging people to seek the solutions and thus become socially and politically active.

The most widespread approach to participation research is the activity (or political activity) approach, the basic principles of which were summarized by the American political scientist Henry Brady. When studying participation in the light of the activity approach, the respondents are asked, in which social and political activities they take part or have taken part over the recent period, usually lasting from a few months to a few years. These questions are asked as part of a survey when a respondent is requested to tick the relevant activities in a list prepared earlier (Brady, 1999, 740). Several studies provide for an opportunity not only to give a positive or negative answer, but to specify, whether the respondent has, for example, signed a petition over the last 12 months or earlier. The activity approach can be easily incorporated and implemented in public opinion and behaviour surveys envisaging the methodology of quantitative data collection and analysis and allowing for inclusion of a longer or shorter list of activities depending on the research goals, opportunities and resources.

The second possible approach is the so-called institutional approach (Brady, 1999, 783). It is based on the assumption that people's involvement in creation and allocation of goods is rooted in various communities and networks, to which a person belongs naturally (e.g., by being born into a certain family) or voluntarily (by choosing a school or a higher education establishment, colleagues, friends and comrades, religious or political beliefs etc.). All these groups determine the individual's socialization, in the course of which he or she acquires certain norms, concepts and values – both those generally accepted by the society and those that are viewed as correct or acceptable by the individual's reference groups. For example, the individual's belonging to a certain church may imply that he or she will have a negative attitude to the issue of abortions and, this issue going high on the socio-political agenda, the individual will have more motives or opportunities to demonstrate his or her attitude or try to influence decisions (e.g., by signing a petition on restricting abortions). When studying engagement and participation within the framework of institutional approach, the research should primarily focus on those groups, communities and networks, to which people belong or with which they associate themselves; it is easier to ask questions about formal organizations, such as NGOs, churches or political parties. Next, it should be found out to what extent the individual is involved and feels as a part of this group – for example, he or she is a rank member of an NGO or occupies a position there, or actively participates in the life and work of the organization. Finally, it should be established if the individual has participated in creation or redistribution of any goods and if he or she has been encouraged or motivated by a referent group. This approach can be very informative, yet it is rather bulky and complicated, therefore it is not used very often.

The third is a so-called problem approach (also known as a problems and needs approach; Brady, 1999, 740). It is based on an observation that people act and try to make changes in their closer and wider neighbourhood when they respond to a problem or a need that has arisen and has an impact on that individual as a member of a social group. This, in turn, means that the action springs from the gap between the desirable and the actual situation and the dissatisfaction arising therefrom. Following a certain analogy with the institutional approach, research will start from identifying such problems and needs that the individual sees as urgent and influencing a larger social group, and requiring also a political solution. The occurrence of such problems and needs activates people to engage in social and political participation (cf. Parry et al., 1992, 241).

Individual and collective engagement in solving social problems: theoretical perspectives and observations

According to the opinions of several scholars and researchers, people's individual and especially collective involvement in problem solving should be viewed as one of manifestations of social capital. The researcher Dietlind Stolle distinguishes among three theoretical perspectives in comprehending and analysis of social capital (Stolle, 2007). James Coleman, for example, sees the essence of social capital in people's mutual relationship and interaction, looking at such aspects as mutual obligations and expectations, circulation channels of information (including networks and friends), standards of behaviour (and punishments for delinquency), and relationship of power (Coleman, 1990). Nan Lin offers a narrower definition of social capital (see, e.g., Lin, 2001). According to it, social relationship is valuable primarily as a mine of resources, which is determined by the information-exchange potential of these resources, their ability to influence and support people, as well as the potential to subject the individual to the influence of other persons or groups, or to receive support. Social capital is viewed as an individual's social network, which the individual enters in order to achieve a desirable status, hold and maintain it. The third approach is represented by Robert Putnam, who focuses on those conditions and manifestations of social interaction that are vital for functioning of democratic society. He describes observation of common standards, mutual or general trust of individuals and participation and work in civic organizations, such as voluntary associations, non-governmental organizations and political parties (e.g., Putnam, 1993; Putnam, 2000), forming a part of engagement in solution of civic and community problems.

Following Putnam, several sociologists and political scientists have coined a concept of civic participation, including in this concept both decision making by politicians and officials and uniting of individuals and solving problems autonomously. For example, Melissa Marschall, a political scientist (USA), describes the attempts of community activists to combat crime and address the problems of school education at a local level. As a theoretical basis, she uses the so-called coproduction theory, which views cooperation of local government and residents, combining it with classical theories of political participation (e.g., Verba, 1995). She argues that "combining insights from the theory of coproduction with traditional models of political participation offers a more comprehensive picture of what citizen participation means" (Marschall, 2004, 231), thus rejecting the necessity to separate citizens' individual actions from the cases when they request the authorities to solve problems. In her opinion, the goal of civic participation is both to communicate the residents' interests to decision makers and to influence the decisions, as well as get citizens involved in creation and maintenance of public goods (Marschall, 2004, 232).

Another example is provided by a scholar Jan Terpstra. He studied the participation of local residents in so-called security networks in the Netherlands, whose purpose was to help the police maintain order. The local residents offered their assistance in various ways: by providing information, advising or participating in decision-making, helping the police to maintain order, as well as independently deciding about security measures and supporting the decisions financially (e.g., hiring a private security firm). Similarly to Marschall's approach, these four types of participation included both the attempts to influence decisions and the examples of pro-active local initiative (Terpstra, 2008).

Trust researchers Eric Uslaner and Mitchell Brown use the term "civic engagement" in order to summarize various examples of participation in political and civic life. In their article, only five specific types of engagement are examined: voluntary work, giving to charity, voting turnout, signing of petitions and work in a political party. They call these types of engagement individual political activities (Terpstra, 2008, 870), although voluntary work and giving to charity as a rule are not considered political activities in the narrow meaning of the term. Referring to Putnam's social capital theory and disputing it, Uslaner and Brown argue that the manifestations of social capital are not homogenous and that individuals often specialize in a particular type of engagement – e.g. in political activities focusing on communication with authorities or in civic activities where people unite at their own initiative to make positive changes happen, which, in turn, requires people's solidarity and mutual trust (Uslaner & Brown, 2005).

The civic voluntarism model (Verba et al., 1995) in its turn describes the individual and collective engagement from a different perspective, focussing on resources required for engagement. In other words, the main question asked in this approach is: what resources must be at the disposal of people and groups to motivate and enable them to engage in solving the topical problems of the society. The model created by Verba and his co-authors show that such resources as free time, money and civic skills drawn or taken over by individuals from their families, educational institutions, workplaces or associations, encourage them to engage in civic and political participation, if they have the relevant inclination or interest (cf. Verba et al., 1995; Norris, 2002, 29). This study also views educational level and the use of the internet as resources.

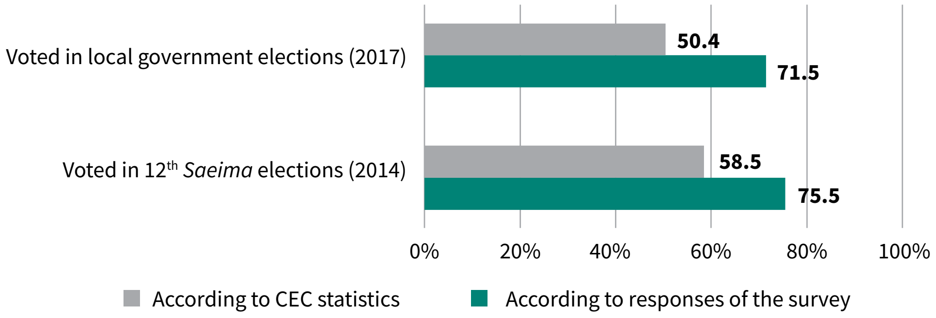
Descriptive indicators of individual and collective engagement

Engagement of Latvian residents in various types of civic and political participation activities is not evenly distributed. Differences are observed both among the types of participation and comparing the share of participants in specific activities over the past year and earlier.

Firstly, the so-called electoral participation or the Latvian citizens' voter turnout should be examined. According to the findings of international comparative research, participation in elections is the most widespread and, for some people, the only type of political participation (cf. Brady, 1999). In the survey commissioned for the Human Development Report, it was measured with the respondents' answers to the questions regarding their participation in the election of the 12th *Saeima* (the Parliament) in 2014 and in the local government elections in 2017. Of 832 respondents with voting rights, 75.5% answered that they had voted in the elections of *Saeima*, and 71.5% of 884 respondents with voting rights had voted for local governments. These results considerably exceed the official data presented by the Central Election Commission: the voters' activity in the election of *Saeima* amounted to 58.85%, and in local government elections – only to 50.39%. This means that a large part of respondents cannot remember precisely or do not wish to admit that they did not go to the polls. Despite the fact that the questionnaire contained an optional answer "I usually vote, but last time I didn't", that was supposed to mitigate the social desirability of the question (other approaches see at Tourangeau & Yan, 2007), the data analysis showed that it had been selected only by 4.8% of respondents regarding the *Saeima* elections and by 5.5% of respondents regarding the local government elections. Seeing this substantial difference between the official statistics and the respondents' reports, the conclusion should be made that credibility of answers to the survey questions can be very dubious indeed. Therefore, one should not use the declarations of participation in elections as a measurement tool of engagement.

The questionnaire and dataset for the HDR contained a number of questions on non-electoral participation, including both the attempts to influence the decisions of authorities (according to the narrow definition of political participation) and the daily interaction of individuals and their engagement in collective activities. Notably, the top result was achieved by donation or collection of funds for various purposes: it was marked by 14% of respondents

Figure 1.1. **Voting in Saeima and local government elections: comparison of survey and CEC data**



Sources: CEC; SUSTINNO Survey of Latvian residents, 2017.

for the past year and by 15% of respondents – for the period earlier than the past year. This result is in stark contrast to a very low ratio of positive answers to a similar question asked earlier, e.g., in the democracy audit study conducted in 2014 (Ņikišins et al., 2014), which addressed donation of money to political parties. Hence, presumably, the majority of positive answers in this case refer to the donations for non-political goals and activities (e.g., for treatment of patients with serious conditions, support of the poor, socially significant projects and other kinds of charity).

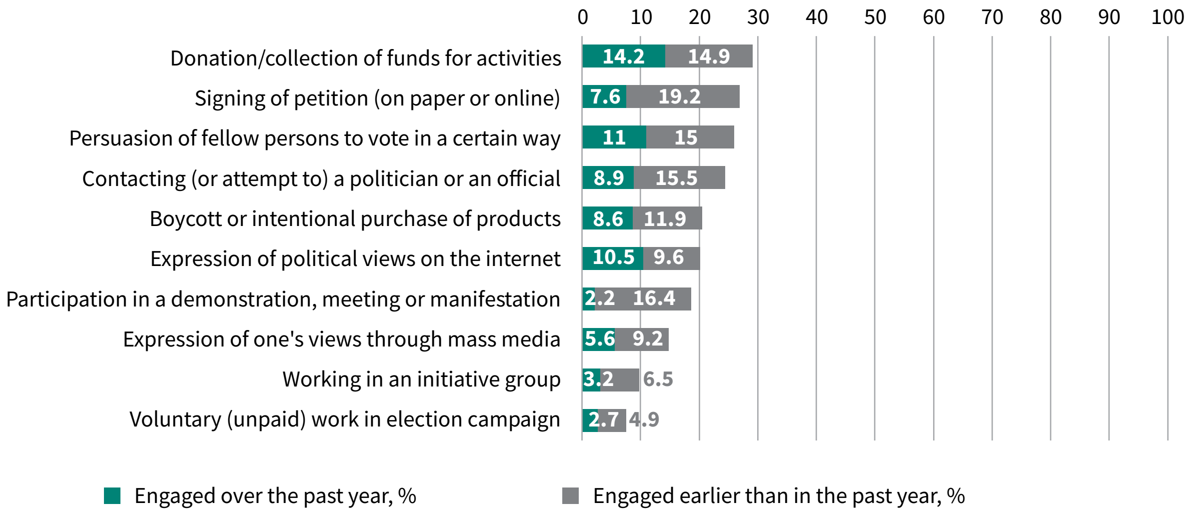
The second place was given to signing of petitions performed by 7.6% of respondents over the past year and by 19.2% in the period before last year. Today, there are greater opportunities not only to sign, but even to draw up a petition and to arrange collection of signatures online, which significantly boosts the level of participation. From the viewpoint of a separate signatory, signing of a petition is an individual act requiring minimum effort, whereas the ultimate scope of the result can be vast and it can influence the entire society (cf. Verba et al., 1978). Likewise, small resource capacity is required for persuading people to vote in a certain way (i.e., for a specified party or a candidate); these topics become urgent and more frequent in a pre-election period, and 2017 was the year of local government elections in Latvia. Although in terms of the total number of performers persuasion of fellow persons occupies the third place, the ratio of respondents, who had engaged in such persuasion over the last year was comparatively small (11%), yet 15% had practiced it earlier.

The next type of engagement in the overall distribution is an attempt to contact a politician or an official in an institution in order to communicate one's opinion or solve a problem. It should be noticed though that over the last year it was practiced by a considerably smaller percentage of respondents (8.9%) than before (15.5%). This type of engagement, too, has a growth potential due to rapid development of new means of communication (e.g., social media, mobile phone applications). Communication with politicians and officials is followed by the phenomenon called by the political engagement researchers (e.g., Teorell et al., 2007) "consumer participation". It manifests itself as intentional boycott of certain goods and services, or, on the contrary, buying of such goods and services due to some ideological or political motives. According to Ronald Inglehart, boycotting or intentional purchase of products is related to the post-materialist values, such as freedom, self-expression and ethical actions as opposed to materialism, which emphasizes respect for tradition, submission to and respect of authority and pursues survival and material wellbeing values (Inglehart, 1997). Thus, we had to admit that one of the preconditions for this type of participation is a relatively high level of material wealth allowing an individual to choose from goods and services varying as to their prices, quality and ways of manufacturing or delivery.

Joining in boycotts and intentional buying are followed by airing of political opinions on the internet (10.5% over the past year and 9.6% earlier). Similarly to signing a petition and persuasion of fellow persons, it is not the type of participation requiring most resources and is available to everybody who has an electronic gadget supporting the internet as well as interest and desire to express their opinion. Overall, similar percentages are seen in participation in demonstrations, meetings and manifestations, yet the percentages of those who have joined these forms of participation lately have dropped considerably compared with the percentages of the participants of earlier periods. This type of participation requires more spare time, greater motivation and desire to state their opinion on a certain issue. The recent research also shows that those individuals who actually participate in demonstrations are considerably fewer than those who just contemplate such participation (EVS, 2011).

In general, approximately 15% of respondents point out that they have had an opportunity to express their opinion in mass media (5.6% over the past year and 9.2%

Figure 1.2. **Engagement of Latvian residents in various types of participation**

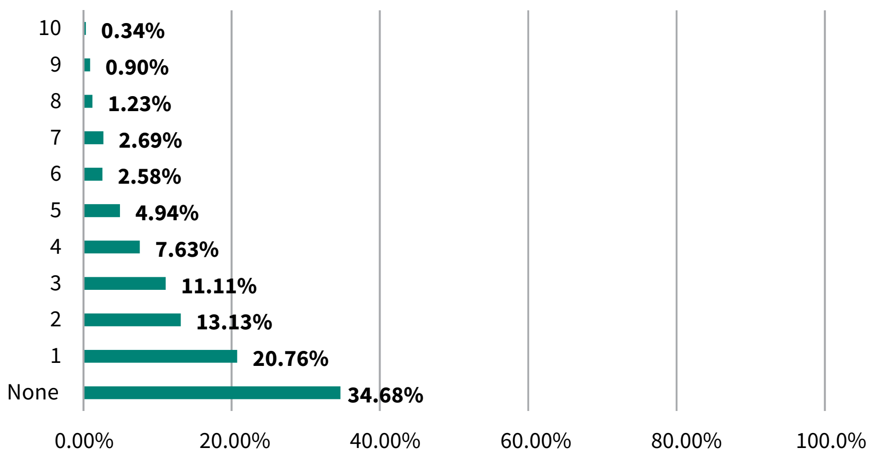


Source: SUSTINNO Survey of Latvian residents, 2017.

earlier). It is not a big percentage especially considering the simplicity of this action – for example, by leaving comments in the news portals or calling a TV discussion show and voting in a questionnaire. It should be mentioned though that this type of participation also includes some more complicated and demanding activities, such as drafting of a detailed opinion and submission to a news portal or participation in a TV discussion. Such activities require resolution, expertise and time for preparation; therefore, they cannot attract mass participation.

The last in the list of participation types is work in a group that has come up with an initiative regarding a certain decision (3.2% over the past year and 6.5% earlier), and voluntary work in an election campaign (2.7% over the past year and 5.9% earlier). Both these activities presuppose that a respondent has sufficient spare time, competence and often some formal qualifications in specified areas (e.g., law, accountancy), networking skills and strong motivation to invest one's time and other resources in these activities. Such lofty requirements are the reason why the number of participants who are willing to choose these types of participation is rather small. At the same time, it must be admitted that individual investments there quite rapidly turn into collective

Figure 1.3. **Variety of engagement practised by Latvian residents**



Source: SUSTINNO Survey of Latvian residents, 2017.

activities and, if the scenario has been successful, the outcome of the activity affects a considerably greater number of people than those who initially engaged in these activities.

People's participation in solution of urgent issues of the community and the society can be measured in totality, by creating a summary index of engagement (participation) types (Spector, 1992). It gives one a notion on the variety of participation, for example, when we learn what percentage of people engage in one, two or more activities or do not join any of them. Calculation shows that one third or 34.7% respondents have not participated in any types of activities indicated on the list, 20.8% have engaged in one activity, whereas more than one tenth of respondents – in two and three activities. On the whole, the greater the variety of participation, the smaller the number of persons who typically engage in it. For example, slightly more than 1% of the respondents engaged in 8 activities, 0.9% – in nine activities, and only few respondents reported participation in all the ten types of activities.

Factors of individual and collective engagement: results of analysis

In order to understand a social phenomenon, it is not sufficient only to describe its prevalence. It is also essential to find out the factors increasing or decreasing the extension (in this case – the probability of a specific human action). The most appropriate technique of statistical analysis for this purpose is logistic regression, where the types of individual and collective engagement are the variables of the outcome, whereas the factors or stimulating, or obstructing circumstances are the indicators that, according to political participation theories, characterise respondents' socio-demographic parameters, availability of various resources and social capital.

Table 1.3 below shows the description and comparison of the impact that various factors have upon the ten individual and collective engagement factors examined earlier. These factors can be theoretically divided into three groups. The first group comprises the traditional socio-demographic indicators, such as the respondents' age, gender, marital status, employment status (employed or unemployed), nationality (Latvians as compared with non-Latvians), and place of residence (Riga in comparison with other regions of Latvia). For the last three variables, several categories were combined in order to avoid major division of respondents and their distribution into ever smaller categories with fewer respondents in each category, complicating analysis and comparison.

The second group consists of the variables characterising the respondents' approach to such resources as knowledge, skills and information sources. For this purpose, the questionnaire uses education (a variable of five levels) and whether the respondent has used the internet in the past month. The level of education was included into the analysis as a nominal rather than range variable comparing every next level of education with the lowest (unfinished primary education, finished primary education or unfinished secondary education).

The third group is formed of the respondents' answers to three interval scale questions on a scale of 11 points (0–10), that indirectly characterise their social capital. Thus, the respondents' agreement to the following statements was measured:

1) Do you think that the majority of people can be trusted or that one cannot be cautious enough?
2) Would most people try to use or cheat you, if given an opportunity, or would they try to be honest?
3) Do people mostly try to be helpful or do they care only about themselves?

The most positive, favourable answers were assigned higher scores.

Table 1.3 shows the results of logistic regression analysis in each type of individual or collective engagement and the impact of one and the same group of factors on these types of engagement. The possibility of signing a petition is positively influenced by a person's age – on the whole, with every year of one's life, the possibility that a petition will be signed slightly grows ($OR = 1.01$, $p < 0.1$), and also by a higher level of education, comparing with the lowest level of education including unfinished primary education, finished primary education and unfinished secondary education. For example, persons with unfinished higher education are three times more likely to sign a petition ($OR = 2.984$, $p < 0.01$), whereas the persons with finished higher education – almost four times more likely ($OR = 3.909$, $p < 0.01$) than the individuals with the lowest level of education. Latvian residents are approximately twice as likely to do so than non-Latvians ($OR = 1.898$, $p < 0.01$) and internet users ($OR = 2.086$, $p < 0.01$). Notably, a greater agreement to the statement that most people would try to be honest to the respondent slightly decreases the odds that a person will sign a petition ($OR = 0.916$, $p < 0.1$). This indicates a weak yet positive correlation of this type of activity with distrust.

Boycotting or intentional purchase of certain products as an activity is somewhat more typical of better educated people, although the effect is seen only in the group with unfinished higher education ($OR = 2.231$, $p < 0.05$). The more likely groups to engage in boycotting or intentional buying are Latvians ($OR = 1.676$, $p < 0.01$) and residents of Riga ($OR = 1.343$, $p < 0.1$). The other factors had no statistically significant impact on this type of engagement. Overall, it can be said that this type of participation is characteristic of better educated ethnic Latvians residing in Riga.

Demonstrations, meetings or manifestations mostly attract men ($OR = 1.971$, $p < 0.01$), comparatively better educated people of Latvian nationality ($OR = 2.371$, $p < 0.01$) and residents of Riga ($OR = 1.726$, $p < 0.01$). These findings are not surprising, because, according to the logic pertaining to demonstration of influence, collective acts of protest should be held as close to the centre of political protest as possible and in Latvia's case – in Riga. Besides, the critical mass required for protest can be more easily mobilized in the capital.

Table 1.3. **Various types of engagement and factors influencing them: results of logistic regression**

Factor	Signed a petition	Boycotted or voluntarily bought products	Took part in a demonstration	Contacted a politician or an official	Donated money or collected funds	Contacted mass media	Expressed political views on the web	Tried to persuade people to vote for a party or a candidate	Voluntarily, without payment, participated in an election campaign	Acted in an initiative group
Gender: female	***Reference group***									
Gender: male	1.027	1.075	**1.971****	1.229	1.053	1.368	1.158	1.178	1.442	1.473
Age	**1.010**$^{+}$	1.003	**1.030****	**1.012***	1.002	1.003	**0.985***	1.009	**1.027****	1.011
Residing alone	***Reference group***									
Residing with spouse/partner	0.940	1.093	0.891	1.027	0.949	1.247	1.097	1.038	0.888	**0.627**$^{+}$
Primary or unfinished secondary education	***Reference group***									
Secondary education	**1.868**$^{+}$	1.197	**2.356**$^{+}$	**3.139****	0.940	1.951	0.931	**2.075***	**3.043**$^{+}$	**3.793***
Sec. vocational education.	**1.939***	0.911	**2.523***	**1.812**$^{+}$	0.771	1.913	1.439	**2.694****	0.947	2.229
Unfinished higher education	**2.984****	**2.231***	**3.644***	1.931	0.952	**2.506**$^{+}$	1.847	1.465	1.947	**4.264***
Higher education	**3.909****	1.637	**5.635****	**3.533****	1.250	**3.608****	1.487	**3.256****	**2.632**$^{+}$	**6.130****
Unemployed	***Reference group***									
Employed	1.115	1.369	1.252	0.888	1.094	1.171	1.365	**1.591***	1.044	1.218
Nationality: non-Latvian	***Reference group***									
Nationality: Latvian	**1.898****	**1.676****	**2.371****	**1.940****	**2.199****	1.223	1.253	**1.715****	1.051	1.358
Didn't use internet in past month	***Reference group***									
Used internet in past month	**2.086****	0.978	1.027	**2.681****	**1.687***	**3.679****	**9.512****	0.951	**7.486****	1.685
Residing elsewhere in Latvia	***Reference group***									
Residents of Riga	1.013	**1.343**$^{+}$	**1.726****	**0.699***	1.111	**0.663**$^{+}$	0.933	**0.750**$^{+}$	**0.555***	**0.546***
Most people can be trusted	1.051	1.022	0.976	1.024	**1.069**$^{+}$	0.982	1.049	0.981	**0.903**$^{+}$	0.959
Most people would try to be honest	**0.916**$^{+}$	1.015	0.989	0.925	0.940	**0.877***	0.945	**0.910**$^{+}$	1.006	0.897
People mostly try to be helpful	1.008	1.026	1.081	1.030	**1.093***	**1.091**$^{+}$	0.982	1.040	**1.149***	1.082
N	897	890	897	901	895	902	900	888	899	893

The table shows the types of engagement (participation) and the odds ratios (OR) of the impact of each factor.
Statistically significant ratios are shown **in bold**.
Levels of statistical significance: ** $p < 0.01$, * $p < 0.05$ + $p < 0.1$.
Source: SUSTINNO Survey of Latvian residents, 2017.

The probability to address a politician or an official in order to solve a problem is greater for people with a higher level of participation although the rise in this probability is not proportionate to the rise in the level of education. Just as small, yet positive effect is connected with age (*OR* = 1.012, $p < 0.1$). Latvians (*OR* = 1.940, $p < 0.01$), and particularly – users of the internet (*OR* = 2.681, $p < 0.01$), have greater probability of attempting to contact politicians or officials than non-Latvians and those who do not use the internet on a daily basis. Notably, the residents of Riga have considerably smaller probability of engaging in this type of participation (*OR* = 0.699, $p < 0.05$). The likely explanation to this is: the inhabitants of big towns have a different perception of a distance between the population and the authorities than in small towns and rural regions.

Basic socio-demographic characteristics, such as gender, age and education level, are not statistically significant factors for donating and collection funds as a form of engagement. The really important factor is the respondent's nationality – Latvians more frequently than the people of other nationalities mention that they donate money or participate in its collection (*OR* = 2.199, $p < 0.01$). Internet use, too, has a positive, albeit slightly weaker effect (*OR* = 1.687, $p < 0.05$). Participation of this type is encouraged by greater conviction that most people can be trusted (*OR* = 1.069, $p < 0.1$), and greater agreement to the statement that people mostly try to be helpful (*OR* = 1.093, $p < 0.05$). It is quite reasonable that the individuals with a better opinion of other people will be more likely to entrust them with their money.

Contacts with mass media are the occupation of better educated people, particularly – of persons with finished higher education (*OR* = 3.608, $p < 0.01$). Internet use has an even stronger effect – internet users' likelihood of communicating with mass media is more than 3.5 times greater than for those who do not use the internet in their daily life (*OR* = 3.679, $p < 0.01$). Quite significant is the statement that Riga residents have a lesser chance than the people living in other regions of Latvia (*OR* = 0.663, $p < 0.1$). Those respondents who tend to agree with the statement that most people would try to be honest to them, less frequently seek contact with mass media; possibly, this type of engagement is explained by negative opinion or negative experience regarding people's mutual relationship and its nature.

Among the examined factors, expression of political opinions on the web (over the past year and earlier) is influenced only by a respondent's age and the use of the internet in the past month. The odds ratio of age is less than 1 (*OR* = 0.985, $p < 0.05$), which indicates that this type of engagement is preferred by younger respondents. Internet use over the past month has very strong positive impact on expression of political opinions on the web (*OR* = 9.512, $p < 0.01$). On the one hand, this correlation looks self-evident and not deserving research; on the other hand, the internet enables to search, create and transmit numerous kinds of information, of which political information accounts for a relatively small part.

The next type of engagement, i.e., attempt to persuade people to vote for a certain party or a candidate, is more characteristic of better educated individuals, which is shown by the odds ratios, especially for the group with higher education (*OR* = 3.256, $p < 0.01$). Besides, this type is the only one, for which the employment status is statistically significant: the employed people more frequently than the unemployed indicate that they have tried to persuade their fellow persons to make a certain political decision (*OR* = 1.591, $p < 0.05$). Similarly to several other previously examined types, more active in persuading are Latvian respondents (*OR* = 1.715, $p < 0.01$), Riga residents (*OR* = 0.750, $p < 0.1$) and those who think that most people would try to be honest to them (*OR* = 0.910, $p < 0.01$), are relatively less likely to engage in this type of activity.

Voluntary work in the election campaign and in an initiative group are the less common types of engagement because, as mentioned before, they require the greatest resources of people, as well as specific knowledge and skills. Voluntary work in the election campaign is favoured by such factors as age (*OR* = 1.027, $p < 0.01$), education level (for higher education *OR* = 2.632, $p < 0.1$), and the conviction that people mostly try to be helpful (*OR* = 1.149, $p < 0.05$). However, the strongest factor here is internet use (*OR* = 7.486, $p < 0.01$). Riga residents are considerably less likely to engage in an election campaign, although the capital is the centre of the country's political power. This type of engagement has a slight negative correlation with the conviction that most people can be trusted (*OR* = 0.903, $p < 0.1$). It responds to Uslaner's and Brown's opinion that political participation is characterised by conflict (Uslaner & Brown, 2005), which thus prepares the ground for the deficit of general trust.

Regarding work in an initiative group proposing to adopt a certain decision, for this type of engagement, too, education, knowledge and skills associated with it are the most important factors (for unfinished higher education *OR* = 4.264, $p < 0.05$, for higher education *OR* = 6.13, $p < 0.01$). Interestingly, however, married couples and those living with a partner are less likely to work in an initiative group (*OR* = 0.627, $p < 0.1$). Evidently, this type of participation requires great resources in terms of time, which for the major part of potential activists would not suffice for both the family and the group. Here emerge some parallels with Jack Goldstone's and Doug McAdam's observations regarding the biographies of social movement activists – they tend to marry later and divorce more frequently (Goldstone & McAdam, 2001).

CONCLUSIONS

Although a considerable part of the Latvian population is not socially or politically active, hopeless socio-political apathy is hardly observed here, either. One third of the population engage in one or two types of participation, except voting in elections, whereas the remaining third part have a more versatile engagement repertoire that shows their interest in the country's civic and political processes and their readiness to try and influence them. It gives hope that Latvia will eventually become more democratic and politically competent and, for the sake of the country's long-term interests, this progress should be facilitated.

Challenges mostly arise from unequal access to resources, which are essential for engagement in various forms of participation, and from the fact that a very small part of the population is engaged in some potentially very productive types of participation. For example, in terms of prevalence of specific types of engagement, we see that top three activities are: donation or collection of money, signing of petitions and attempts to persuade fellow persons to vote in a certain way. Engagement in these activities is positively influenced by use of internet and higher levels of education. The least frequently performed activities are expressing one's opinion in mass media, voluntary work in an election campaign and acting in an initiative group; they demand of the participants a greater amount of spare time, as well as education and specific skills.

Some factors generally have weak, episodic influence on separate types of engagement. The place of residence has a rather ambivalent impact on the residents' activity: Riga residents are more likely to engage in some types of participation, while the residents of Latvia's regions will be more active in others. Some types of civic participation and mobilization are better suited for rural areas and small towns than for Riga, because local social networks are much more close-knit and comprehensible.

Those indicators that are indirect measurement tools of social capital have a surprisingly moderate and scattered impact on engagement in civic and political activities (as opposed to, e.g., education or internet use). Besides, the conviction that most people would try to be honest with the respondent has a slightly negative impact on signing of petitions, contacting mass media and attempts to persuade fellow persons to vote in a certain way. Probably the reason behind this is caution and relatively low trust in people and, consequently, the trend of participation in such forms of engagement whose goal is to express dissatisfaction and willingness to change things or even demand changes.

Looking at the types of engagement in terms of influencing factors, use of internet stands out most visibly. Engagement is hardly imaginable without communication, transmission of proposals and messages, and the internet has become a convenient, irreplaceable instrument for these purposes. For quite a long time already people have been able to donate and collect funds via homepages and social media. **Latvia should also expand the institutionalized participation by providing the opportunity to vote in elections electronically as it is done in Estonia.**

Effective and democratic participation, ensuring the representation and observation of the interests of various groups in the society is possible only when the involvement indicators of these groups are sufficiently high and equal. A rather unfavourable signal regarding this aspect is non-Latvians' participation indicators that are lower than average in six types of engagement out of ten. Civic consciousness and active participation are vital conditions to succeed in the integration of a multinational society that (at least declaratively) has been one of this country's priorities ever since regaining of independence. Therefore, **the state and the society should work to eliminate inequality and civic apathy by addressing all groups of society and urging them to be active in solving the current problems of the community and the society.**

Chapter 2

Society and social good

Impact of social factors on the contribution to public good

Inta Mieriņa

Introduction

The problem of collective action stipulates that from the perspective of an egoistic individual it is not rational, for example, to go on strike, take part in a demonstration, sort waste or engage in any collective action, because one person in a large group can have very little influence, while the activist himself/herself receives only a small part of the good that his/her actions give to the public. In a situation where those who do not participate in the activity are not excluded from partaking of the good that is produced by the action, the problem of collective good arises. In a situation where resources can be utilized most effectively collectively, in a group (everyone would be better off if everyone acted morally), whereas each separate individual can gain by acting more greedily, collecting resources here and now, a social dilemma is created. However, experiments in behavioural economics have shown that people do not always function as *homo economicus*, that is, for pure rational gain and self-interest. This means that there is something else that contributes to the delivery of different types of public goods and solves collective action problems. One of the very powerful factors that can help to overcome social dilemmas and promote an input in creation of collective good and social activity is *the relationship with the group* – cooperation, trust, compliance with social norms or reputation – and emotional attachment to a particular social group. This is what the current chapter of the Report is about.

The purpose of this Chapter is to empirically examine whether a strong ethnic and national identity, attachment to one's place of residence, country, and perhaps even national chauvinism – extreme patriotism and the notion that one's country is best – can promote civic activity and contribution to the collective good. This argument is far from self-evident given that national chauvinism and nationalism in general are often associated with various negative side effects, such as societal fragmentation and hostility towards particular groups of society (Mieriņa & Koroleva, 2015a). The role of trust, reciprocity and empathy in creating and safeguarding public goods will also be tested.

The analysis is based on the assumption discussed in the previous chapters that attachment to a particular group or place can promote prosocial (intent to benefit society) behaviour which, in turn, leads to an investment in the common good (Olson, 1982). The reason for this prosocial behaviour can be both rational considerations (I am a part of the group – if the group does better, I will do better, too) and affective considerations (empathy for those similar to oneself, caring for "one's own", people like myself). Strong identification with a particular group or place can foster trust, reciprocity and a sense of collective efficacy. In general, based on previous research, it can be assumed that strong identification with a group or place results in stronger ties, greater trust and willingness to cooperate, as well as empathy and willingness to help others in one's group. This, in turn, can encourage people to engage in collective action: various groups and associations and their activities (e.g., political groups, organizations that mobilize people for the benefit of the local community, etc.), donate, vote and engage in other political and civic activities, as well as contribute to the common good (Olson, 1982).

The role of trust and engagement with a group in generating public good

Collective action problems are often modelled on the game of trust (Kreps et al., 1996) or prisoners' dilemma from the game theory (Whiteley, 1999). In the prisoners' dilemma, each participant benefits immediately through exploiting the trust of others; the dilemma is that if all participants do so, trust is destroyed and social interaction becomes difficult. It would be better for everyone, if all were to trust each other, but when faced with the possibility of being used, people rationally choose not to trust others at the outset. In such a situation, the system will strike a balance where trust is difficult or impossible to form and social capital will be minimal. Since the theory assumes that individuals are rational actors, it states that, in order to gain mutual solidarity, the net benefits of staying in a group in the long run must be higher than the short-term net benefits of misconduct (Axelrod, 1984). Furthermore, it is important that individuals have a positive propensity to cooperate in order to take the risk of taking the first step towards cooperation (Gambetta, 2000). Those who trust others are more likely to have a positive propensity to engage in collaboration, develop community ties, and work to achieve results together (Gambetta, 2000).

Creating the public good requires coordination and trust among people. According to researchers (Hibbing & Alford, 2002), people are wary cooperators – they cooperate when others cooperate; invest if they expect others to invest, too; are honest if they expect honesty from others. That is also why trust and social cohesion are important in social dilemmas. Studies have shown that these factors influence, for example, ecological behaviour (Jones, 2009) and contribution to the common good (Anderson et al., 2004; Kocher et al., 2012). Close ties and trust promote compliance with norms and reduce the risk of opportunistic behaviour (Woolkock & Narayan, 2000), increase involvement in public benefit associations (Herreros, 2004; Putnam, 1993), and volunteering (Wilson & Musick, 1997). Feld & Frey (2002) also draw attention to the importance of relationship with a group, stating that compliance with laws and contribution to public good are determined by networks and embeddedness in these networks / reciprocity principle, social norms, perceptions of other people's actions / trust in other people, compliance and cooperation, and collective efficiency. These aspects, especially trust in fellow human beings, are referred to in the literature as social capital (Coleman, 1990; Herreros, 2004; Portes, 1998, 2000).

The concept of social capital has been known in the social sciences since 1916 (Hanifan, 1916), and its contemporary application is mainly associated with the approaches of three theorists, James Coleman, Pierre Bourdieu, and Robert Putnam, which are, in many ways, contradictory. In the context of the theory of public good, Putnam's understanding seems the most appropriate, as he identified three resources of social capital – trust, social norms, and networks – that together can improve the efficiency of society by facilitating coordinated actions (Putnam, 1993, 167). The supply of each of these three resources increases when used, and becomes depleted, if not used, points out Putnam referring to Albert Hirschman (1993, 169). Trust consolidates where the other two resources are available – reliance upon social norms and opportunities to practice trust – within civil society institutions.

Other authors refer to trust as the "glue that holds society together" (Grootaert, 1998). Social capital creates positive preconditions for collaboration by promoting the exchange of information, facilitating coordination, and thus helping to address different issues more effectively (Fukuyama, 2001). This reduces the need for strict regulation and control, thus reducing administration costs. Social capital resembles other forms of capital in that it is productive and can help to achieve goals that would not be achieved without it (Putnam, 1993).

The social climate in the post-Soviet space has historically been less conducive to strengthening social trust than in mature democracies with a continuous and extensive tradition of civil society (Kornai et al., 2004; Klingemann et al., 2006; Howard, 2003). People often do not trust each other or public institutions (Woolcock & Narayan, 2000). Civil society, which Putnam sees as an expression of social capital, is poorly developed. Participatory democracy requires an appropriate political culture (Almond & Verba, 1989), but unfortunately, with regard to post-communist countries, it is rather a culture of mistrust (Sztompka, 1995; Uslaner, 2003). Lack of trust is often seen as one of the factors responsible for low population involvement in political life, voluntary groups and associations (Howard, 2003). General distrust and reliance on informal networks, as well as reluctance to engage in civic life, i.e., activities represented by voluntary organizations, are often cited among the main obstacles to the consolidation of democracy in the region (Putnam et al., 1993).

Emotional attachment is rooted in identification with a particular place or group of people and takes the form, for example, of a strong local identity, national or ethnic identity, or strong patriotism towards one's country. However, the extent to which individuals' identification with a particular group or community may help to solve collective action problem and social dilemmas, and how this occurs, has not been sufficiently explored in the literature to date.

Finally, a number of post-communist scholars have pointed to the fragmentation of society – social atomization or fragmentation among the population (Paldam & Svendsen, 2000). Although social fragmentation of society is often associated with the processes of modernization (Weber, 1910), its roots can be traced back to experiences and processes of Soviet period (Jowitt, 1992). The Latvian population survey conducted in 2015 as a part of the National Research Programme "Innovation and Sustainable Development: Latvia's Post-crisis Processes in a Global Context" (SUSTINNO) asked questions about population's values, alienation, anomie and social fragmentation. This study distinguished between ten dimensions of alienation and anomy. The results of the survey reveal that political alienation is the most pronounced in Latvia, showing the level of trust in the parliament, the government, and displaying opinions that "politicians are not interested in people like me". The next most pronounced dimension of alienation was the lack of long-term goals and vision, which characterized the lack of life guidelines and planning for tomorrow, and cultural alienation, isolation, which characterized the individual's separation from society's norms and the lack of general cognitive integration in society (Mieriņa, 2018).

Lack of norms and social exclusion is most prevalent among young people and reflects the problem of social exclusion among young people in Latvia (living for today), whereas older people and the poorest have a higher level of political alienation, as well as general alienation from themselves (worthlessness, absence of the meaning of life and control over one's life) (Mieriņa, 2018). Although cultural alienation is somewhat more characteristic to people of Russian nationality, contrary to expectations, the differences are not statistically significant. In general, alienation decreases with higher wealth of the population (Mieriņa, 2018). It reflects the interplay between economic, social, cultural and political factors contributing to social exclusion.

Anomie is also reflected in societal value orientations. Assessing the values expressed in Latvian society according to the value dimensions developed by Salome Schwartz (Schwartz, 2012), it can be concluded that the inhabitants of Latvia strive equally for self-realization (creativity, self-esteem, independence, etc.) and security (national security, sense of belonging, etc.) – values that can be considered opposite (Mieriņa, 2018). In the context of alienation and anomie, it is also important to mention the very low presence of conformity values (compliance, courtesy) in society, which creates the basis for comparatively lower compliance with social norms (Mieriņa, 2018). In contrast to the values of achievement (ambition, abilities, success, etc.), values of benevolence (honesty, loyalty, forgiveness, etc.) and universalism (social justice, world peace, wisdom, etc.) are more pronounced (Mieriņa, 2018).

The importance of material factors in the hierarchy of values in Latvian society is also confirmed by value analysis according to the Ronald Inglehart materialism and post-materialism scale (Inglehart & Flanagen, 1987; Inglhart, 1999). A small proportion of the Latvian population (12.3%) would be considered highly materialistic, relatively many (35.3%) would be minor materialists, but 37.7% would not belong to either group. A significantly smaller proportion of the population could be considered slightly post-materialistic (12.9%) or highly post-materialistic (1.6%).

In conclusion, the scientific literature clearly demonstrates that social capital – shared norms and networks – allows people to work together and is one of the most important factors determining the success of society and has a positive impact on the economic functioning of society (Woolcock & Narayan, 2000; Putnam et al., 1993). In the case of Latvia, social capital is poorly developed, but the favourable background for the achievement of public good and accord in the long run is formed by the strong values of benevolence and universalism. Social fragmentation, a penchant solely for material goods, a lack of trust in others and the state make people – both elite and other citizens – think primarily about narrow individual interests rather than broader public good (Howard, 2006). In addition, according to the results of the value study, the lack of long-term goals/vision and cultural estrangement are important barriers to contributing to the public good.

Data and methodology

The analysis is based on the data from the project "Public Goods through Private Eyes: Exploring Citizens' Attitudes towards Public Goods and the State in East-Central Europe". The project was implemented at the Institute of Sociology, University of Warsaw, with the participation of the author. In the framework of project, 22 042 respondents were interviewed in 14 Central and Eastern European countries, including Latvia, inquiring into their attitude to collective good and resources, their trust in and assessment of public institutions, and their attitude towards their communities and fellow citizens. Direct interviews were conducted at the respondents' places of residence using a representative sample of the population (from the age of 18). Weighted data were used for analysis. More information about the study is available on the project website (PGPE, 2019). The field work of research took place in 2013–2014. The number of respondents ranges from 1420 in Ukraine to 1732 in Bulgaria (1521 in Latvia).

The study advanced the hypothesis that trust, inclination to cooperation, empathy, general reciprocity, and a sense of attachment to a particular place or community encourage people to engage in collective action: to join different groups and associations, to donate, vote, and engage in various mobilized activities. These factors also promote contributing to the public good through fair payment of taxes and environmentally responsible behaviour (ecology).

The study measured the impact of four different factors (independent variables) on collective action:

- Ethnic identity (measured by question: "How close do you feel to your ethnic or national group?" (very close, close, not very close, not close at all));
- Local attachment (measured by statements: "I feel a sense of belonging to a local community"; "I know most people I meet in my neighbourhood"; "I frequently talk about local matters with my neighbours"; "People who live in this area form a real community" (Cronbach's alpha – 0.75). An index is calculated from these statements by extracting the mean value from the variables that make up the factor);
- National identification (measured by three statements in symmetric five-point Likert scale from "strongly agree" to "strongly disagree": "When someone criticizes Latvia, it feels like a personal insult"; "I feel a sense of responsibility for Latvia's future"; "When someone praises the achievements of Latvia, it feels like a personal compliment" (Cronbach's alpha – 0.81). An index is calculated from these statements);
- National chauvinism (measured by two statements: "Generally speaking, Latvia is a better country than most other countries"; "The world would be a better place, if people from other countries were more like Latvians". An index is calculated from these statements).

There are also several dependent variables that describe engagement in collective action and investment in public goods:

1. Voluntary work in different charities and associations (summary index from 0 to 16 for different associations).
2. Financial donations to different charities and associations (summary index from 0 to 16 for different associations).
3. Political participation (voting in the last parliamentary election and participation in mobilized political activities, for example, signing petitions, taking part in strike, participation in protest marches or demonstrations during the last 12 months (index from 0 to 5)).
4. Tax behaviour and compliance (negative answer to all three questions: "Has it ever happened that you did not declare all of your income to the Tax Office?"; ".. you claimed more tax deductions than you were entitled to?" ".. you worked for cash in hand payment and DID NOT PAY tax on this income?).

5. Green behaviour (answers to the questions “Do you think one should .. buy environmentally friendly products even if they are more expensive?”, “.. cut back on driving a car for environmental reasons?”, “.. save electricity and water to protect the environment?” (definitely yes, rather yes, not sure yes or no, rather no, definitely not)).

Regression models also include various control variables. The contribution to public goods and engagement in collective action can be influenced by a person’s gender, age, occupation and health status, which may prevent them from engaging in various activities, even if they would like to. Understanding of the public good can also play a role, so education levels are included as a control variable. Studies show that engagement in collective action can be influenced by religion (Mieriņa & Koroļeva, 2015b), therefore the question of whether the respondent belongs to a church or denomination, as well as total sociability or, on the contrary, non-sociability, is included as a control variable (the survey measures how often the respondent meets with relatives, friends, neighbours). Taking into account that caring for children can be a significant incentive to care for the maintenance of the public good, the question whether the respondent has minor children is also included as a control variable. The type of settlement (e.g., large city or rural village) can also play a role, each offering a variety of opportunities to engage in diverse activities, as well as stipulating different collective norms. Contribution to the public good can also be influenced by the length of time a person has lived in a particular place, as it can affect awareness and information about opportunities to engage.

We are not only interested in the extent to which attachment to a place or a group of people affects the contribution to the common good, but also the mechanisms responsible for it. Therefore, regression models that incorporate factors which, as mentioned above, are traditionally associated with group attachment and may be important in the context of common good and collective activity have been calculated. Social capital research has shown that involvement in different groups and associations, as well as collective action in general, depends on the level of trust that people have toward their fellow citizens. Trust is measured with assistance of three statements: “Most people can be trusted”; “If you are not always on your guard other people will take advantage of you” and “People cooperate with others ONLY for their own benefit” (Cronbach’s alpha – 0.55). The overall inclination to cooperate was measured by two statements: “Working together with others ALWAYS brings more benefits than acting on your own” and “It is not worth cooperating with others because it is easier to get things done on your own” (Cronbach’s alpha – 0.44). Finally, generalized reciprocity was measured by three statements: “People who help others will not be alone in time of need”; “People should do favours for each other without keeping track of who owes whom” and “A person who has received help from someone should help others” (Cronbach’s alpha – 0.59). Empathy is measured by four statements: “I feel sorry for other people when they are having problems”; “I often have tender, concerned feelings for people less fortunate than me”; “People should help those who are less fortunate”; “Helping people in trouble is very important to me” (Cronbach’s alpha – 0.79). Models that incorporate the above variables will yield a better understanding what emotional or practical considerations associated with membership of a particular group or community directly contribute to investment in the public good or attract participation in collective action.

The analysis – in four cases out of five dependent variables – is based on linear regression models using maximum likelihood estimation, after verifying the distribution of the dependent variables. Tax evasion is a binary variable, consequently, in this case, a binary logistic regression model using the hybrid method is used.

Results

The study “Public Goods through Private Eyes” is the only one that allows a comprehensive and thorough comparison of society’s attitudes to public goods and collective action in the post-Soviet space. Therefore, the first theme to be reviewed is how people in Latvia and other countries see public goods and how actively or passively they try to preserve them.

Regarding tax behaviour, the study looks at three different situations: not all the income that should be declared is actually declared with the State Revenue Service; greater tax deductions are being claimed than are due; the pay for the work is received cash in hand, without paying taxes. Any of these actions leads to a reduction in the total tax revenue used to provide the public goods, including less resources for national defense, education, health care, social security, and so on. As we can see in Figure 2.1, Latvia is the country where more respondents (45%) than in any other country participating in the survey (sig. < 0.001) admit that they have been in one of these situations. Other countries where a relatively high proportion of respondents admit to tax evasion are Ukraine (30%), Estonia (24%), Moldova (22%) and Poland (21%).

Of the three types of tax evasion considered, the most common way in Latvia is to receive salary cash in hand and not pay taxes on that income. 41% of Latvian respondents have done so. 17% of respondents have hidden part of their income from the SRS. For the most part, such situations have been relatively recent – only 14% of those who have evaded or claimed ineligible tax deductions indicate that this happened earlier than five years ago.

Speaking of environmental issues and excluding those who had no opinion on the issue, the responses lead to conclusion that people’s behaviour in Latvia is significantly less environmentally friendly than in other Central and Eastern European countries. 45% report that they cut back on driving a car (or would cut back) for environmental reasons, while 37% do not save electricity and water to protect the environment – more than in

Figure 2.1. **Tax evasion (%)**

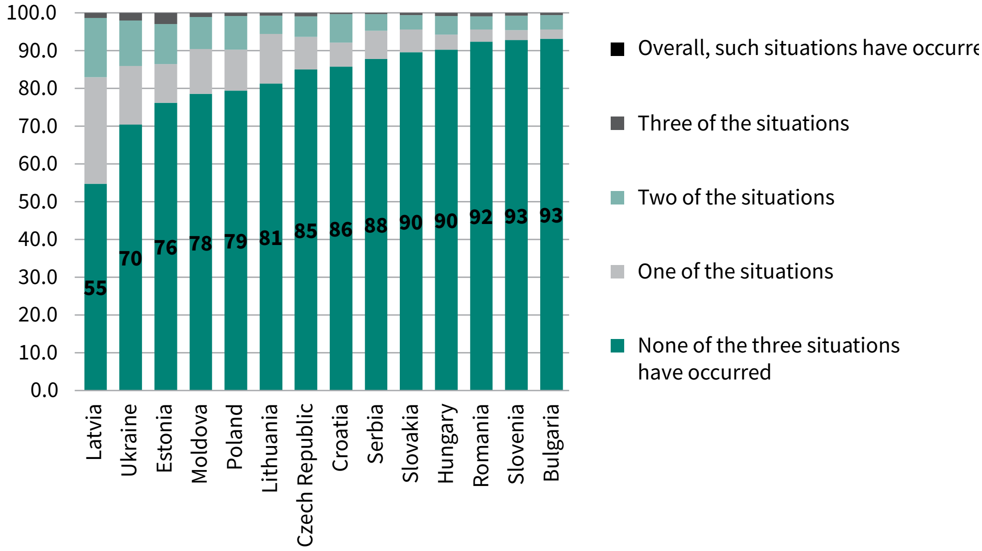


Figure 2.2. **Tax evasion in Latvia (%)**

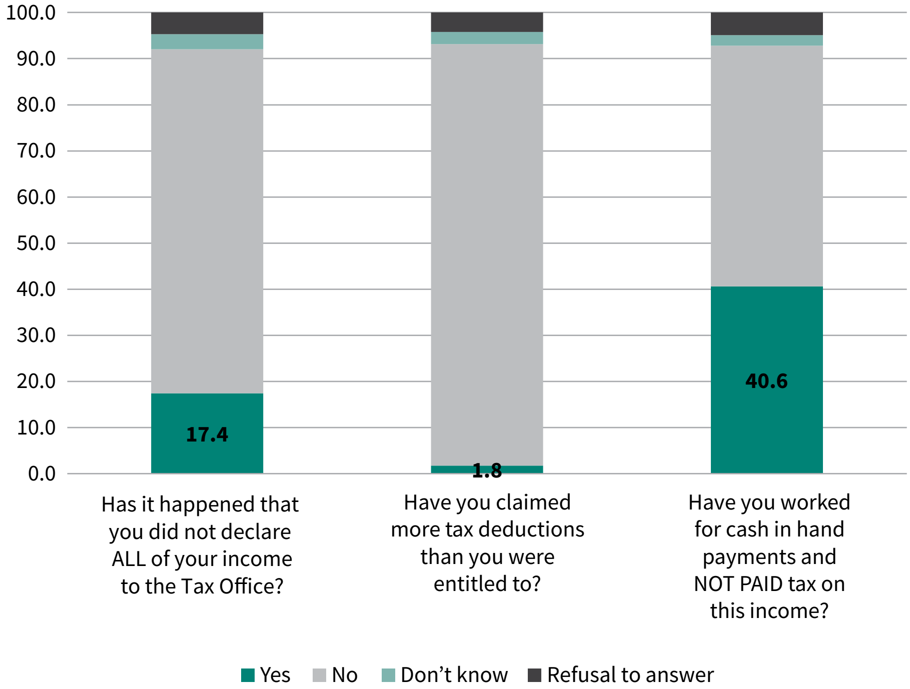


Table 2.1. **Green behaviour (%)**

		Bulgaria	Croatia	Czech Republic	Estonia	Hungary	Latvia	Lithuania	Moldova	Poland	Romania	Serbia	Slovakia	Slovenia	Ukraine
Do you buy environmentally -friendly products, even if they are more expensive?	Never	28.4	26.6	26.6	16.1	16.1	21.4	23.1	16.3	10.0	24.3	20.5	15.8	16.2	23.9
	Seldom	32.5	27.8	35.5	34.4	32.6	33.0	25.4	25.0	21.4	34.6	28.2	29.0	19.3	26.9
	Sometimes	24.1	31.2	25.7	32.4	31.3	30.9	34.5	28.0	38.4	29.6	34.3	35.0	39.8	33.6
	Often	13.2	11.8	10.0	14.6	16.9	13.2	15.0	24.5	27.0	10.5	13.9	17.9	21.9	13.7
	Always	1.8	2.6	2.2	2.5	3.1	1.5	2.0	6.2	3.3	1.0	3.1	2.3	2.9	1.9
Do you cut back on driving a car for environmental reasons?	Never	24.7	31.0	36.0	31.1	13.9	45.4	33.7	19.6	24.0	20.8	21.7	21.9	16.9	39.2
	Seldom	23.8	22.1	26.7	28.0	26.0	25.3	28.6	23.9	24.3	18.7	21.4	22.4	22.7	17.9
	Sometimes	26.9	21.3	21.6	25.4	30.6	19.4	23.4	23.7	26.8	34.7	28.7	32.2	32.5	27.7
	Often	19.4	17.5	12.5	10.8	25.1	8.0	11.4	22.1	19.7	20.9	22.7	17.6	23.5	10.7
	Always	5.3	8.1	3.3	4.7	4.3	1.9	2.9	10.7	5.2	4.8	5.5	5.9	4.3	4.5
Do you save electricity and water to protect the environment?	Never	20.1	22.7	15.6	18.2	7.4	37.0	12.6	17.1	5.8	14.0	19.4	11.1	5.7	23.4
	Seldom	18.0	18.1	11.4	18.0	11.0	20.7	13.5	17.4	11.1	16.2	19.8	12.6	6.8	14.1
	Sometimes	24.0	17.9	20.0	18.4	18.2	22.7	22.0	19.2	17.6	34.0	27.1	16.6	20.1	27.0
	Often	25.1	21.7	30.0	24.5	33.2	13.8	26.3	22.7	42.7	28.8	23.9	27.9	44.1	24.8
	Always	12.8	19.7	23.0	21.0	30.2	5.8	25.6	23.6	22.8	7.0	9.8	31.8	23.3	10.6

any other country included in the study. Only 10% often or always cut back on driving a car for environmental reasons, 20% are used to saving electricity and water to protect the environment, and 15% regularly purchase environmentally friendly products, even if they are more expensive. It can be concluded that no more than one in five residents in Latvia thinks carefully about the impact of their behaviour on the environment.

In terms of political participation, Latvia also is behind other Central and Eastern European countries except Bulgaria. While, according to their own admission, 79% of voters participated in the last *Saeima* elections in 2011 – more than in many other countries surveyed, the Latvian population was much more passive in other forms of participation. Only 5% have signed a petition in the last 12 months and only about 1% have taken part in strikes, protest marches or demonstrations or written a letter to senior public officials (Table 2.2).

Volunteering and donation are more common forms of involvement among the Latvian population. Overall, 14% of respondents in Latvia have volunteered in the last year, on average becoming involved in the work of 0.2 organizations – statistically significantly more than in Bulgaria and Romania, Serbia and Croatia, Ukraine and Moldova, but less than Central European countries – Poland, Czech Republic and Slovakia. 44% of the Latvian population have donated to an organization in the last 12 months, on the average donating to 0.6 organisations – more than in Bulgaria, Romania, Hungary, Ukraine, Moldova, Serbia and Estonia, but less than in Central European countries – Poland, Lithuania, Slovenia, Czech Republic and Croatia.

As indicated before, in this chapter we will test the impact of ethnic and territorial identity on public goods. Compared to the population of other countries, there are quite a lot of people in Latvia – 20%, who feel very slight or rather slight closeness to their ethnic group. This attitude is also common in other countries (Estonia and Ukraine) with several large ethnic communities. The data show that in all the Baltic states and also in Ukraine, Russian respondents expressed a lower sense of belonging to their ethnic community than the country's largest ethnic group.

In terms of national identification, it is relatively high for the Latvian population. Two-thirds (65%) of respondents here strongly agree or rather agree with the statement: when someone praises achievements of Latvia, it feels like a personal compliment.

Also, in terms of national chauvinism, Latvia takes one of the highest places among the countries included

Table 2.2. **Political participation (%)**

	Did you vote in the last parliamentary election?	During the last 12 months, have you participated in protest marches or demonstrations?	During the last 12 months, have you written a letter to senior public officials?	During the last 12 months, have you signed any petitions?	During the last 12 months, have you taken a part in a strike?
Bulgaria	79.1	5.4	1.0	6.0	3.5
Croatia	75.2	1.4	1.9	24.4	1.7
Czech Republic	73.9	4.4	1.8	20.1	4.7
Estonia	76.4	1.0	2.5	9.0	1.0
Hungary	71.9	3.1	1.2	8.2	0.8
Latvia	79.2	1.5	1.3	5.0	0.7
Lithuania	73.9	1.4	3.2	11.9	0.4
Moldova	82.2	6.3	2.4	2.7	2.5
Poland	70.0	2.6	2.6	17.3	0.7
Romania	83.5	2.8	0.6	4.8	1.2
Serbia	75.0	1.9	1.6	5.2	1.4
Slovakia	73.9	2.9	1.4	18.2	3.9
Slovenia	76.6	4.6	1.1	12.2	1.4
Ukraine	81.9	10.5	2.3	4.9	4.6

Table 2.3. **Volunteering and donation to organisations (%)**

	During the last 12 months, have you done voluntary work?	Average number of organisations	During the last 12 months, have you financially supported any of aforementioned organisations by making a donation?	Average number of organisations
Bulgaria	11.1	0.13	23.9	0.33
Croatia	13.3	0.19	50.8	0.80
Czech Republic	80.6	0.92	83.4	1.05
Estonia	21.8	0.30	32.4	0.43
Hungary	15.9	0.19	26.2	0.31
Latvia	14.2	0.20	43.6	0.60
Lithuania	17.5	0.20	49.7	0.80
Moldova	17.8	0.21	30.8	0.34
Poland	22.9	0.33	54.1	0.71
Romania	11.4	0.16	34.6	0.48
Serbia	5.7	0.08	22.4	0.32
Slovakia	24.2	0.35	37.2	0.61
Slovenia	23.1	0.33	54.0	0.71
Ukraine	12.0	0.13	20.7	0.22

Table 2.4. **Sense of belonging to one's ethnic group in various countries (%)**

	How close do you feel to your ethnic group?			
	Not close at all	Not very close	Close	Very close
Bulgaria	0.9	1.8	24.6	72.8
Croatia	0.8	4.0	55.2	39.9
Czech Republic	1.1	4.6	39.1	55.2
Estonia	2.6	13.5	57.6	26.3
Hungary	2.7	5.8	43.2	48.2
Latvia	6.2	14.3	36.8	42.8
Lithuania	2.2	9.6	44.1	44.1
Moldova	0.7	8.2	48.6	42.5
Poland	2.3	12.8	51.0	34.0
Romania	0.2	4.4	41.4	54.0
Serbia	1.5	7.5	61.9	29.0
Slovakia	2.0	2.4	34.4	61.2
Slovenia	0.4	3.2	57.5	38.9
Ukraine	8.2	16.3	42.7	32.8

Table 2.5. **Identification with the country (%)**

	When someone praises achievements of [your country], it feels like a personal compliment				
	Strongly agree	Rather agree	Neither agree nor disagree	Rather disagree	Strongly disagree
Bulgaria	41.1	35.3	15.7	3.7	4.2
Croatia	16.3	41.6	19.9	13.3	8.9
Czech Republic	11.4	36.8	31.9	14.6	5.4
Estonia	23.8	35.0	21.7	13.3	6.2
Hungary	10.6	31.1	32.2	14.1	12.1
Latvia	31.5	33.7	18.6	11.0	5.2
Lithuania	14.4	34.0	27.3	17.1	7.2
Moldova	39.2	36.1	12.8	7.3	4.6
Poland	30.5	41.5	15.0	8.8	4.2
Romania	23.3	35.2	23.0	11.5	7.0
Serbia	30.4	34.4	18.0	9.9	7.3
Slovakia	23.2	31.9	26.2	12.1	6.6
Slovenia	6.6	38.7	23.1	25.7	5.7
Ukraine	18.3	44.9	23.1	9.8	3.9

Table 2.6. **National chauvinism (%)**

	Generally speaking, [your country] is a better country than most other countries				
	Strongly agree	Rather agree	Neither agree nor disagree	Rather disagree	Strongly disagree
Bulgaria	14.3	23.2	20.0	21.1	21.5
Croatia	9.0	24.4	24.6	25.8	16.2
Czech Republic	7.4	28.7	35.2	19.8	8.8
Estonia	25.5	33.6	22.4	12.2	6.3
Hungary	7.0	26.0	31.0	20.3	15.7
Latvia	24.8	27.1	20.0	18.8	9.3
Lithuania	9.7	34.2	25.8	23.7	6.6
Moldova	15.9	26.2	26.5	19.3	12.0
Poland	8.3	17.9	25.8	32.9	15.0
Romania	14.1	29.0	24.1	21.1	11.7
Serbia	19.8	29.8	21.7	16.4	12.2
Slovakia	10.1	24.1	29.5	23.4	12.9
Slovenia	2.6	15.9	23.5	45.8	12.2
Ukraine	14.1	31.8	26.2	17.3	10.6

in the survey: 25% strongly agree and 27% rather agree that, generally speaking, Latvia is a better country than most other countries. It should be noted in particular that, compared to other countries, Latvia has a high proportion of the population who feel strongly identified with the country and are fully convinced that it is better than other countries. At the same time, 28% disagree with this statement.

However, attachment to the local community is often low for the population of Latvia, just like it is in case of for Lithuania, Estonia and the Czech Republic: 29% tend to disagree or strongly disagree with the statement confirming a strong sense of belonging to the local community, whereas only 14% strongly agree with it (Table 2.7). The data also reveal that in Latvia, as elsewhere, city dwellers are less likely to feel a sense of belonging to the community, thus being affected by urbanization processes. Partly, the slighter attachment to the community prevailing in the Baltics and the Czech Republic can also be attributed to a decline in religiosity: data show that those who regularly attend church tend to feel more attached to the community.

By controlling for the influence of various possibly interrelated variables, the results of regression analysis show that **attachment to one's ethnic group, community, as well as the national identity positively influences engagement in various types of collective action, but most of all it impacts political engagement.** People with a stronger national identity, as well as those who feel strongly attached to their community and feel very closely attached to their ethnic group, are also more likely to protect the environment than those who do not feel any particular attachment. The influence of national identity on ecological behaviour is very strong – as it changes by one unit (on a 5-point scale), affirmative environmental behaviour increases by 0.48 points on a 13-point scale.

The specified tax evasion model explains the 18% variation in the study data (*Nagelkerke* $R^2 = 0.177$) and shows that both attachment to community and national identity contribute to fair payment of taxes. A strong ethnic identity, as opposed to a very low sense of attachment to one's own ethnic group, also contributes to fair payment of taxes.

When comparing different types of identity, it is to be concluded that national identity is the most influential promoter of contribution to public goods and involvement in collective action. Interestingly, however, national chauvinism (the notion that one's own country is the best), on the contrary, hinders engagement in collective action and diminishes care for environment. At the same time, national chauvinism also has the effect of reducing tax evasion; that is, it promotes fairness towards the state.

In Table 2.7, the regression models additionally include variables that describe the emotional attachment and trust that can be generated due to a strong sense of attachment to one's group or place. Thus, they indirectly

Table 2.7. **Sense of belonging to a local community (%)**

	I feel a sense of belonging to a local community				
	Strongly agree	Rather agree	Neither agree nor disagree	Rather disagree	Strongly disagree
Bulgaria	30.9	37.1	18.7	8.3	5.0
Croatia	25.5	51.4	13.2	7.0	2.9
Czech Republic	10.3	32.1	30.2	18.1	9.4
Estonia	13.6	29.1	29.2	18.7	9.4
Hungary	14.0	38.1	30.8	12.6	4.6
Latvia	13.9	32.9	24.2	16.6	12.5
Lithuania	9.7	32.7	22.2	21.7	13.6
Moldova	26.6	41.1	17.1	9.8	5.4
Poland	30.2	44.7	10.6	10.5	4.1
Romania	27.9	42.7	17.0	8.4	4.1
Serbia	28.7	42.8	15.4	8.0	5.1
Slovakia	19.7	47.3	22.0	6.7	4.4
Slovenia	12.2	64.9	15.2	6.1	1.6
Ukraine	14.6	45.8	23.5	11.7	4.3

Table 2.8. **Factors influencing investment in public good: regression analysis**

	Donation (scale from 0 to 15)			Volunteer work (scale from 0 to 15)			Political engagement (scale from 0 to 5)			Environmental protection (scale from 0 to 12)			Tax evasion (scale from 0 to 1)		
	B	S.E.	Sig.	B	S.E.	Sig.	B	S.E.	Sig.	B	S.E.	Sig.	B	S.E.	Sig.
Intercept	−3.403	0.769	0.000	0.548	0.600	0.361	0.014	0.672	0.984	−7.029	2.751	0.011	−1.608	3.017	0.594
Sense of closeness to one's ethnic group (*ref. "Very close"*)															
Not close at all	−0.129	0.042	0.002	−0.051	0.033	0.119	−0.263	0.036	0.000	−0.349	0.149	0.019	−0.336	0.147	0.022
Not very close	−0.103	0.025	0.000	−0.044	0.019	0.022	−0.109	0.022	0.000	−0.100	0.087	0.248	0.149	0.082	0.070
Close	−0.043	0.013	0.001	−0.033	0.010	0.001	−0.073	0.011	0.000	−0.036	0.046	0.428	−0.068	0.049	0.164
Belonging to community	0.017	0.008	0.033	0.038	0.006	0.000	0.018	0.007	0.010	0.085	0.028	0.003	−0.078	0.029	0.008
National identity	0.086	0.008	0.000	0.039	0.006	0.000	0.064	0.007	0.000	0.479	0.027	0.000	−0.070	0.028	0.014
National chauvinism	−0.029	0.007	0.000	-0.017	0.006	0.003	−0.022	0.006	0.001	−0.015	0.026	0.557	−0.108	0.027	0.000

Note: the regression model includes the control variables described in the methodology section, which are not shown in the table above.

show the extent to which the effects described above can be explained with these particular emotions (i.e., that the effects observed are not a consequence (of identification with and attachment to a place and a group), but arise due to, for example, shared empathy and the fact that people are trusted).

First of all, the analysis permits to conclude that trust in people contributes to the public good – volunteering, ecology and tax compliance. Tendency to cooperate is a statistically significant factor contributing to donation, volunteering and political participation. The overall reciprocity is also one of the factors promoting volunteering, care for environment and tax compliance (although in the latter case the significance level is slightly above the usual sig. < 0.05 threshold). Finally, empathy has a significant positive impact on donation, volunteering and care for ecology.

Even after controlling for (eliminating) the impact of these factors, identity variables mostly remain statistically significant. It should be noted, however, that they "annul" the impact of community attachment on donation, political participation, ecological and tax behaviour. It can be deduced that closeness to community fosters donation, precisely because it bolsters empathy and a willingness to cooperate; political participation – through its contribution to the overall reciprocity and inclination to cooperate; environmental protection – through empathy, trust and general reciprocity; and tax compliance – due to trust and (to a lesser extent) general reciprocity. The influence of national and ethnic identity, though somewhat diminished, persists, and so does the influence of national chauvinism.

All in all, this analysis shows that trust, general reciprocity, a tendency to collaborate and empathy are all micro-level characteristics of community engagement and they to a great extent overlap. On the other hand, the impact of national and ethnic identity on the contribution to public goods or engagement in collective action is separate and independent of the factors mentioned above.

Table 2.9. **Factors influencing investment in public good: regression analysis, controlling for trust and other emotional factors**

	Donation			Volunteer work			Political engagement			Environmental protection			Tax evasion		
	B	S.E.	Sign.	B	S.E.	Sign.	B	S.E.	Sign.	B	S.E.	Sign.	B	S.E.	Sign.
Intercept	–3.394	0.790	0.000	0.344	0.615	0.576	–0.139	0.691	0.840	c	2.785	0.009	–2.722	3.108	0.381
Sense of closeness to one's ethnic group (ref. "Very close")															
Not close at all	–0.108	0.044	0.015	–0.026	0.035	0.460	–0.257	0.038	0.000	–0.253	0.153	0.098	–0.268	0.154	0.083
Not very close	–0.102	0.025	0.000	–0.055	0.020	0.005	–0.107	0.022	0.000	–0.098	0.088	0.266	0.181	0.085	0.032
Close	–0.030	0.013	0.024	–0.021	0.010	0.045	–0.073	0.012	0.000	–0.032	0.047	0.487	0.004	0.051	0.939
Belonging to community	–0.015	0.009	0.080	0.019	0.007	0.004	0.005	0.008	0.487	–0.044	0.030	0.143	–0.035	0.032	0.266
National identity	0.066	0.008	0.000	0.025	0.006	0.000	0.053	0.007	0.000	0.376	0.028	0.000	–0.061	0.030	0.042
National chauvinism	–0.028	0.007	0.000	–0.015	0.006	0.009	–0.019	0.007	0.004	–0.020	0.026	0.440	–0.103	0.028	0.000
Trust	0.009	0.008	0.298	0.022	0.007	0.001	–0.001	0.007	0.924	0.088	0.029	0.003	–0.179	0.032	0.000
Inclination to cooperation	0.056	0.008	0.000	0.016	0.007	0.013	0.014	0.007	0.051	0.047	0.030	0.111	0.030	0.032	0.341
General reciprocity	0.013	0.011	0.241	0.020	0.009	0.024	0.033	0.010	0.001	0.170	0.039	0.000	0.076	0.042	0.072
Empathy	0.095	0.011	0.000	0.043	0.009	0.000	0.013	0.010	0.181	0.372	0.038	0.000	–0.036	0.040	0.370

Note: the regression model includes the control variables described in the methodology section, which are not shown in the table above.

CONCLUSIONS

The survey data used in the study allow comparisons of behaviour regarding public goods in Latvia and other post-communist countries, as well as research the engagement in various forms of collective action. The data reveal that in Latvia, out of the 12 surveyed Central and Eastern European post-communist countries, the greatest proportion of people – 45% – admit that they have at some point evaded taxes by either getting paid for work cash-in-hand and not declaring a portion of their taxable income to the SRS, or claiming tax deductions than they were not entitled to. Environmentally friendly behaviour is also much less common in Latvia than in other Central and Eastern European countries – not more than one in five people thinks carefully about the environmental impact of their actions. In terms of political participation, Latvia is lagging behind most other Central and Eastern European countries, particularly with regard to engaging in mobilized forms of participation, such as protest marches or demonstrations, or writing letters to senior government officials. Volunteering and donation are the most common forms of citizen engagement in Latvia. i.e., the activities that are not related to politics.

The analysis supports the hypothesis that a sense of attachment to a particular place or community encourages people to engage in collective action by joining different groups and associations and their activities, by donating and volunteering, but especially by engaging in political activities. Likewise, it contributes to the public good through tax compliance and responsible environmental practices (ecology). Of all the forms of territorial and social identity analysed in the study, **the contribution to public good and engagement in collective action is influenced the most by national identity – the identification of citizens with their country. In such a situation, what is good for the state may be perceived as a good to oneself.** The people of Latvia have a strong national identity, which can motivate them to safeguard and cultivate collective good.

On the contrary, national chauvinism (the notion that one's own country is the best) hampers engagement in collective action and decreases care for environment. Perhaps this position is related to the perception of the population or officials in the country who can handle all the problems themselves, or the denial which leads to doubt whether any problems worth solving exist at all (i.e., the country is already ideal). This, in the case of Latvia, seems to be one of the reasons why the population is not aware of ecological risks and fail to appreciate them. Interestingly, national chauvinism simultaneously reduces tax evasion; that is, promotes fairness towards the state.

The impact of ethnic identity on public goods is mainly seen in the contrast between those who have a strong sense of attachment to their ethnic group and those whose attachment is very weak. The positive effects of a strong ethnic identity on collective action and safeguarding of public good can be explained in different ways: it may be based on pride for one's nation and a desire not to tarnish its fame, but it may also be motivated by a desire to benefit one's people. In general, Latvia has a large number of people with a weak ethnic identity, mainly the Russian part of the population, and this situation is similar in other countries with a large Russian-speaking community. Ethnic division and alienation from one's ethnic group may hinder contribution to the common good. However, this can be offset by a stronger national identity, no less important in the context of public good.

In line with what has already been stated in the literature, local identity – the closeness of the individual to his or her community – also plays an important role in protecting public goods and promoting collective action. In Latvia, as in the other Baltic states and the Czech Republic, a significant part of the population does not have a pronounced local identity. This can partly be due to the processes of urbanization, and partly – the diminishing role of the church in society, but other explanations beyond the scope of this study are possible, such as the general anomy and the atomization of society typical of the former Soviet bloc countries.

Closeness to the community and contribution to the public goods are also strongly influenced by trust in fellow citizens, willingness and readiness to cooperate, overall reciprocity (the notion that what you give is what you get) and empathy. **The inhabitants of Latvia, just like the people of the Central European countries (Czech Republic, Slovakia, Hungary), feel less empathy and are comparatively less likely to cooperate than the inhabitants of many other post-communist countries. The study shows that these feelings are partly rooted in a low sense of attachment to the local community.** This situation decreases donations, concerns about ecology and affects the overall attitude to public goods. Measures to strengthen national and local identity and participation in the future could activate action for the common good and contribute to safeguarding of collective resources.

Cognitive and identity aspects of opinions regarding payment of taxes

Ivars Austers

A prevailing perception in today's society is that in every circumstance every person is capable of making, if not the best, then certainly good choices; that is to say, economics, as well as policies are very often based on the assumption that the individual will make a rational decision and that, as a result, his or her benefits will be maximized. However, as research of recent decades has shown, people do not always act rationally and, paradoxically, they do not always succeed in maximizing their benefits. This chapter is devoted to understanding how theories of social and cognitive psychology allow us to better understand the reasons why people partially or completely avoid paying taxes, which, in turn, will contribute to a better understanding of ways how to ensure that taxes are paid in full.

Attribution – explaining tax payment

Since the 1950s, when Heider (1958) began to systematically study how people explain the causes of their own behaviour and that of others, this topic has never become less relevant in psychology. In the language of science, it is called attribution theory, the name is in singular, although there are many theories. Haider and other theorists after him (e.g., Harvey et al., 2014) described what a normatively correct reasoning model should be, in short, our behaviour is determined both by internal causes (e.g., our interests, needs, values, personality, etc.) and external ones (situation, situational norms, other people's demands, etc.). Both groups of causes should be taken into account, but as studies have shown, we tend to be inaccurate in our explanation of the causes of behaviour. The most described is the so-called fundamental attribution error (or correspondence bias) – as people judge the causes of a behaviour, they generally tend to attribute more importance to internal causes of behaviour and to give relatively little consideration of external causes of behaviour (Gilbert & Malone, 1995). Similar but slightly broader is the theory that describes the so-called actor-observer effect (see, e.g., Robins, Spranca, & Mendelsohn, 1996). The person (the doer) will use external, "outside of oneself", situational explanations to justify his or her behaviour, while a look from the "outside" (from an observer's point of view) will focus on the person him/herself with his or her own interests, needs or values. For instance, a partial tax evasion will be viewed by transgressor him/herself as a consequence of the state's unfair tax policy, while the State Revenue Service will interpret it as a fault in tax evader's personality, values, or a similar problem. In this study, attribution theory was supplemented with ideas from social representation theory. Social representations are "theories" of common sense, and their primary function is to make the world meaningful and facilitate communication between members of society. Social representations "do not represent merely "views about", "images", or "attitudes against", but "the spheres" of "theory" and knowledge, and are ready to disclose and organize reality" (Moscovici, 1981). They serve as reference points, they provide a point of view from which an individual or group can observe and interpret events, activities, etc. These reference points are based on the concepts that a person uses in communication with other individuals.

First of all, the justification of tax payment was established on the basis of data collected during the survey of HDR, – the respondents were asked to answer the questions about the extent to which each of the proposed reasons is the basis for people in Latvia to pay taxes. The responses were then analysed using a factor analysis (principal component analysis). A three-factor solution was obtained, which explained 67.66% of the variance in the answers. As can be seen in Table 2.10, tax behaviour is understood as caused by both positive ("approach") and negative ("avoidance") motivation. The first factor, "Obligation" is characterised by the necessity to be law-abiding, to fulfil an obligation, to comply with social norms. The second factor, "Participation," is defined by social responsibility, caring for one's future, and regard for upholding nationally important institutions and functions. The third factor is the fear of punishment and the difficulties to be encountered in the instances when the urge of tax evasion arises.

As can be seen in Figure 2.3, on average, the participation-related reasons are the most important for the Latvian population regarding tax payment, while the reasons related to the obligation and difficulty of tax evasion are less important.

A fact-based analysis of the reasons why people do not pay taxes was also conducted. The optimum number of factors was two, which together accounted for 54.62% of the variance of the variables. As shown in Table 2.11, the perception of tax evasion is formed by two factors: the first relates to a situation that either forces a person not to pay (e.g., low wages, high taxes), or evasion is morally justifiable (e.g., there is little reward from the state in return, tax money is wasted). The second factor, "Person", refers to human nature (naturally unfair) and emotional background (not afraid of being caught, anger at the state).

Table 2.10. Results of factor analysis of reasons for tax compliance

Factors		
Obligation	**Participation**	**Difficulty to evade**
Because others honestly declare income and pay taxes	To provide for people who cannot earn for themselves (the elderly, the sick, etc.), as the amount of pension and benefits (unemployment, maternity, etc.) depends on it	Fear of being caught and punished by the relevant authorities (e.g. SRS)
Because it is a patriot's duty to pay taxes	In certain cases (e.g. unemployment, childbirth, etc.) one may be entitled to benefits and a retirement pension oneself	Because tax evasion and scheming are complicated
Because laws must be complied with (even if one does not like them)	Understanding that tax money is spent on public functions (education, health, public order and security, etc.)	Because there is no way to avoid paying taxes on your salary / income (e.g. working in the public service, etc.)

Figure 2.3. Tax compliance reasons, all respondents: mean values of the constituent statements in five-point scale

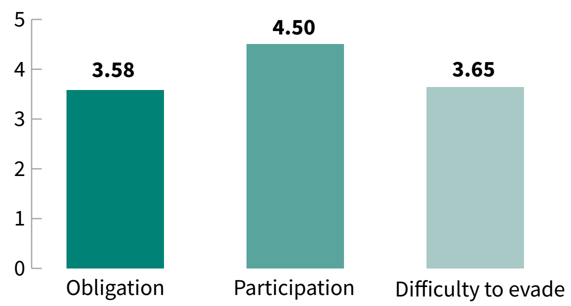


Table 2.11. Results of factor analysis of reasons for tax evasion

Factors	
Situation	**Person**
Taxes are not fair (the amount of different taxes and who has to pay them is not determined fairly)	Public attitude to tax evasion is tolerant and people do not condemn it
People's income / wages are already low; if one paid all the taxes, one would not be able to survive	There is not much risk of being caught and punished
There is little reward in return for tax payment from the state, for example, the quality of the services is poor, people must pay of many services, which should have been due from the state, the pensions / benefits are small, etc.	Many people are by nature dishonest
Taxes are too high	Anger at the state, unwillingness to pay it, to maintain it
Many businesses have a difficult time; if all taxes are paid, they cannot survive	
The money collected in taxes is wasted, squandered	

Figure 2.4. **Tax avoidance reasons, all respondents: mean values of the factors on a five-point scale**

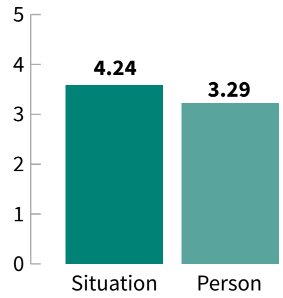
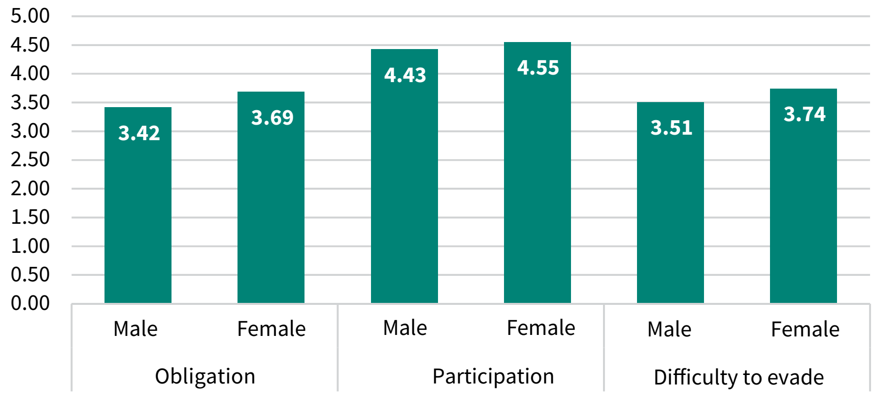


Figure 2.5. **Gender differences in explanations why one should pay taxes (mean scores on a five-point scale, in all cases the differences between groups are statistically significant, *p* < 0.000)**



As can be seen in Figure 2.4, on average, in the case of explaining tax evasion, the inhabitants of Latvia generally allot more importance to the factors characterising the situation than the person-related factors.

The subsequent analysis explored how demographic parameters predict the extent to which each of the factors contributing to tax compliance or evasion is characteristic of a particular group of people. Gender differences in opinions are shown in Figure 2.5. In comparison to men, women were more likely to think that people pay taxes due to obligation or to be socially responsible and care for their future. Similarly, women are more likely to agree with assertion pertaining to the third factor – that tax evasion is difficult to avoid. There was no significant gender difference in explaining why people evade taxes.

In case of the first two factors, age forecasts respondents' views – the older people are, the more frequently taxpaying is explained by obligation (r = 0.19, p < 0.000) and participation (r = 0.14, p < 0.000) factors. The explanation for tax evasion, in turn, is partly related to income per family member – the lower the income, the more frequently the tax evasion is explained by situational causes (unfair taxes, excessively low income) ($r = -0.12$, $p < 0.001$).

Identity and social norms

Social norms. Social norms are an important factor that influences people's behaviour, for example, the way others behave is perceived to be a model of behaviour that corresponds to the situation, or sometimes the person him/herself has an opinion about what others expect from him/her (Purnell et al., 2015). Over the past decade, there has been a growing body of research into how the knowledge of others' opinions or behaviours that circulates in society influences decision-making and subsequent behaviour. Typical examples of contemporary social norms that influence people's behaviour are "most people pay their taxes on time" or "nine out of ten hotel guests reuse towels" (Sunstein, 2014). Or another example: if residents have information about the average water consumption in the house they live in, then those who have consumed less, seeing that the average consumption is higher, tend to start consuming more (Dolan et al., 2012). As the phrase "social norms" itself indicates, belonging to a group, identifying with it, a prerequisite to talk about the influence of norms on people's reasoning and behaviour.

People do not act only as individuals, the saying that people are social animals is there for a good reason, in other words, we belong to social groups. These groups are at the core of our concept of ourselves, our identity. If we are to answer the question "who are you?", It is almost impossible to do so without referring to the groups we identify with (Turner et al., 1987). Of course, not all of the groups we nominally belong to, will be equally important at any given moment. What and how we think will depend on the group we identify with, that is, from the ingroup, and from a group that will be important for self-identification but which we do not perceive ourselves as a part of, i.e., from the outgroup.

In order to understand which of all the possible groups a person will identify with, we need to consider two criteria – internal and external (Tajfel, 1982). The external criterion means that affiliation is imputed from the outside, on the other. In order for a person to perceive themselves as belonging to a group, the second, internal, criterion is subjectively important – a person has to categorize himself / herself as a member of a group in a cognitive sense and at the same time must value this belonging. It can be subjectively perceived as something good or bad, pleasant or unpleasant, significant or insignificant. We can expect behaviour that is determined by belonging to a group only when the external and internal group membership criteria overlap, that is, the person will belong to the same group from both of these two viewpoints.

Today, the theory of social identity advanced by Henri Tajfel (1981; Tajfel & Turner, 2004) is still considered the most important theory to understand how a person behaves when he or she feels belonging to a social group (see, e.g., Haslam & Turner, 2014). Social identity positions an individual vis-à-vis social groups in a society. Social identity theory postulates that human behaviour can be both determined by an individual's characteristics and determined by social group's characteristics (such as group's norms or values). Psychologically, these are two different processes – a person can be law-abiding as an individual, but group norms can lead to doubts as to whether the behaviour is most appropriate to the situation, the most optimal, that is, group's norms can either coincide with the values and interests of the individual, thus contributing to their implementation, or conflict with them – in this case, not only allowing the values of the individual to change, but sometimes even forcing them to change. This process is psychologically facilitated by the so-called accentuation effect – elements of one set (in this case, members of one group) are perceived as more similar to each other than they really are. On the other hand, the differences between groups are exaggerated (Turner et al., 1987), moreover, ingroups are perceived as less homogeneous, while the representatives of outgroups are seen as very similar to one another, for example, when this type of thinking allows to justify tax evasion, – we practice that, but each of us has a different reason that justifies tax evasion. This justifying reasoning is accompanied by the need for a positive evaluation of identity – the representatives of one's group should be evaluated positively (or at least more positively compared to others) (see, e.g., Pinter & Greenwald, 2011; Ratner et al., 2014). It is difficult for a person to live with understanding that he or she belongs to a group that is held in low regard both by society as a whole and by the group itself, consequently, there are several ways to solve this problem – to find the group in a worse position in terms of its status (e.g., in terms of tax – yes, we do not pay taxes, but that is nothing compared to others who pay even less). Or to create a hierarchy of behavioural evaluation that permits to solve moral issues – we do not pay taxes, but that must be so, because the state is not good at managing them.

To be an effective regulator of human behaviour, social norms and the associated evaluative dimension must be sufficiently widespread, a significant part of the group must think sufficiently similarly, a unifying reality must exist that enables people to understand and, if necessary, justify their actions, as well as forecast the actions and judgments of others (Hardin & Higgins, 1996). In order to find out how the explanation of tax compliance reasons correlates with norms regarding behaviour, respondents were asked a number of questions: (1) what proportion (as a percentage) of the entire amount to be paid do they actually pay; (2) what proportion (as a percentage) of the taxes payable does the population of Latvia pay; (3) what proportion of taxes (as a percentage) that should be paid is paid by the relatives and friends of the respondents. These three variables were statistically significantly positively correlated with each other (r in the range 0.30 to 0.55, $p < 0.000$), that is, respondents thought: the higher the proportion of taxes they pay, the greater the share paid both residents of Latvia, as well as the respondents' relatives and friends.

The explanations for paying taxes were correlated with the answers to the questions about the extent to which respondents themselves in the previous year had paid all the taxes they should have paid, as well as the answers to the question as to the amount of people in Latvia who had paid all the taxes ($r = 0.41$, $p < 0.000$), and to what extent relatives and friends have paid all taxes ($r = 0.42$, $p < 0.000$). This correlation was used as an indirect measurement of the impact of the social environment. Hypothetically, we can assume that it is difficult not to do what relatives and friends do, that is to say, action must comply with social standards. There was a statistically significant positive correlation between the extent to which respondents had paid all taxes in the previous year and the participation factor (see explanation above) – the higher the amount of taxes paid, the more the tax compliance is explained by the concept of participation (respectively, the level to which social responsibility, caring for one's future, caring for maintenance of institutions and functions of national importance make one choose to pay taxes).

The calculated correlation coefficient was relatively small ($r = 0.14$, $p < 0.000$). There was also a positive correlation between the amount of tax paid by relatives and friends and the extent to which taxpaying is explained as participation ($r = 0.14$, $p < 0.000$). At the same time, no statistically significant correlations were observed regarding the views on the average level of taxes paid by residents of Latvia and for explanations as to why taxes are paid. It should also be clarified at the outset that there was a statistically negative correlation – those who were of the opinion that the situation in Latvia (see the description of the factor "Situation" above) forces the people to evade taxes, also on average attributed to population of Latvia a lower amount of paid taxes ($r = -0.16$, $p < 0.000$). Likewise, a negative correlation was observed between opinion of human nature as a tax evader (see explanation of the factor "Human" above) and the extent to which Latvian residents on average pay taxes ($r = -0.17$, $p < 0.000$). Or vice versa, the opinion that the situation does not force tax evasion also meant the attribution of a larger amount of tax paid. The same was true of the opinions about people as tax evaders – the higher the alleged amount of tax paid by the average Latvian citizen, the lower a willingness to agree that paying taxes is contrary to the human nature. No statistically significant correlations were found between explanations of tax evasion and the extent to which people paid their taxes themselves, nor the amount of taxes paid by their friends and relatives. These results very well illustrate the social identity theory approach outlined above – if I do something socially desirable (pay taxes), there is a more noble reason to it – co-responsibility.

The friends and acquaintances are also alleged to pay a greater amount of taxes. All in all, it attests to a positive model of reasoning that enhances self-esteem and to a positive social identity. On the other hand, if a person (and his / her relatives and friends) pay all taxes to a lesser degree, the excuse for it will be less homogeneous, it can be provided for each situation separately. In contrast, regarding others, who in this case are the outgroup, there is a more stable "ideological" position and opinion, as well as a more positive view of oneself and the ingroup.

These results suggest that social norms can simultaneously serve as promoters of positive social identity – in thinking about themselves and the people close to themselves, respondents more frequently explained tax evasion with reasons of "morally" higher value – duty and participation, while the behaviour of those Latvian residents "further" from themselves was rather explicated by difficulties of tax evasion.

Decision-making process

People are not perfect decision-makers (despite their own belief that they are), and it often turns out that people use the so-called short-cuts of reasoning instead of a thorough cost-benefit analysis. This process results in errors of reasoning and / or deviations from the optimal thinking model. It sums up in the cognitive biases. The tendency not to exert oneself in a cognitive sense is due to the fact that much of the day-to-day decisions are made in the framework of the so-called 1st system of thinking (fast, automatic, intuitive, requires little effort), whereas more complex and important decisions are often made using the 2nd system of thinking (slow, reflective, systematic, requiring effort in the cognitive sense) (Kahneman, 2003; Kahneman, 2011).

One of the problematic aspects of human rationality since the publication of Kahneman's and Tversky's prospect theory (Kahneman & Tversky, 1979) is the so-called framing – a one-sided interpretation of a larger set of facts, focusing solely on the positive or negative aspects, while at the same time being too unaware of a possibility of a different interpretation. With a rational approach to the problem at hand, there should be no discernible difference in how the situation is interpreted, if the future prospects are formulated as gains (e.g., you will have € 10 000 in your bank account, 600 of which will be available in a month) or loss (e.g. you will have € 10 000 in your bank account, 400 of which will be spent in a month). In the first case, one will behave more conservatively, following the principle of "a bird in the hand is worth two in the bush", while in the second case, one will be prepared for riskier and more unusual actions to avoid possible future losses (Tversky & Kahneman, 1981). In the broader sense, framing is embedded in the presentation of information, nominally identical information can activate certain values and attitudes of the individual, if the language of presentation emphasizes future potential gains or potential losses (Mont, Lehner & Heiskanen, 2014). One may think that he or she thinks deeply and thoroughly (the 2nd system), but in fact uses the 1st system – unbeknownst to oneself, surrenders to the 1st system. This kind of information analysis and reasoning can also influence how people view tax evasion – whether the outcome is defined as a gain or a loss. For example, the focus may be on short-term benefits (gains), meanwhile ignoring long-term losses. Or another option – the focus can be loss-oriented, but without taking into account the gains. This study sought to understand the extent to which explaining and justifying tax compliance / evasion, and the structure of individuals' opinions is related to what the focus is in case of shadow economy – the gains or losses due to the shadow economy. Fully rational thinking in such a situation would mean that it does not matter whether the problem is formulated as a loss or a gain, because one way of thinking involves the other. To further understand the importance of framing in judgments regarding tax compliance or evasion, the concept of perspective in cognitive terms will be considered.

Perspective literally should be understood as the choice of a particular viewing angle when looking at a subject (if we use analogy with visual perception). It follows that, when we choose a particular viewing angle, we are unable to get a complete picture of the object to be perceived, the angle at which we look at something is a limitation, it reveals something, focuses on something while the rest remains outside the field of vision. Ideal perception would mean conceiving, imagining the information that lies beyond the field of perception. The same goes for perspective, thinking about something, making judgments and conclusions – in this case, the analogue of the viewing angle is our goals, interests, and needs (Montgomery, 1994). In everyday situations, people often think resorting to only one of the possible perspectives and feel they have gained an objective view of what is happening, of the world. One of the exceptions we are familiar with is preparing for a conversation or even a dispute – we try to imagine how the interlocutor (or opponent) envisages the subject of the conversation, yet, as we know (also in this study, see above), we think alike (or at least it appears to us that we think similarly). This means that the way people frame what perspective (gain or loss) they take regarding tax compliance, is a fairly constant, an ingroup norm. Respondents were asked the question that was the same with regard to framing and assuming of a perspective. The respondent's and his / her family's gain or loss from the shadow economy in Latvia had to be assessed on a seven-point scale from –3 to +3. It is important to note that the survey sample was randomly divided into two sub-samples – each respondent responded either from a loss or a gain perspective. On the condition (which was complied with): if the response scale includes both losses (negative end of the scale) and gains (positive end of the scale), the distribution of answers should not differ. As can be seen in Figure 2.6, the distribution of answers is almost identical – one might think that framing or perspective does not matter, if one evaluates the personal gain or loss of the shadow economy in Latvia. However, a more detailed analysis of the data reveals a more interesting picture. The results showed that there were statistically significant negative correlations between the perceived losses to oneself or one's family incurred by the shadow economy and the explanation that people pay taxes due to obligation ($r = -0.14$, $p < 0.01$) and participation ($r = -0.15$, $p < 0.01$) until there was no correlation with the notion that tax evasion is difficult. That is, those who believed that they / their families were more likely to lose out due to the shadow economy in Latvia were more likely to agree that people pay taxes due to obligation and participation. Likewise, the perceived gains of oneself and one's family due to the shadow economy were statistically significantly positively correlated with tax evasion as a consequence of the situation in the state ($r = 0.12$, $p < 0.01$). These were the only statistically significant correlations between perceived gain or loss due to the shadow economy (in Latvia) and explanations as to why people pay or avoid paying taxes. Such results point to the importance of perspective (framing) in thinking about tax compliance and tax evasion explanations – if we reinforce the ideology of why taxes must be paid, people will more consistently concentrate upon their losses from the shadow economy in line with their view of obligation and co-responsibility. We can suggest this because the questions regarding explanation were asked just before the question about gain or loss. Similarly, the benefits of the shadow economy are emphasized by those who are more willing to explain tax evasion with situational causes. If people agree that something is wrong with the state's tax policy, it consistently suggests of personal benefits from the shadow economy.

Figure 2.6. **Distribution of response frequencies for the question about the gain or loss incurred to oneself or one's family by shadow economy**

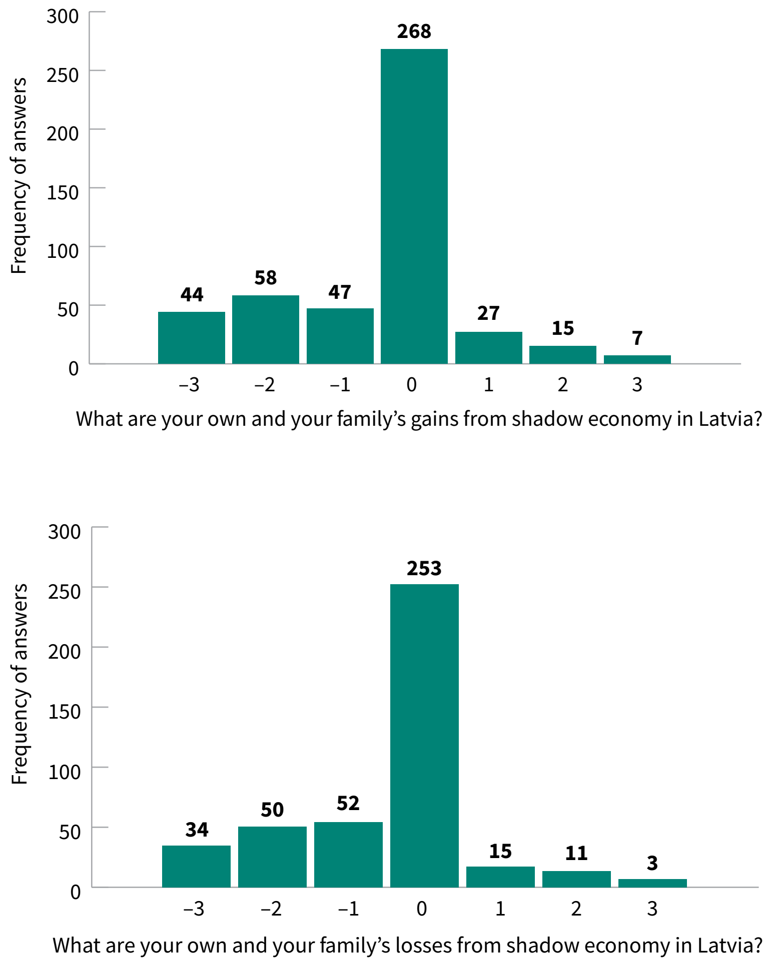


Table 2.12. Results of factor analysis of reasons for tax compliance

	Factors		
	Obligation	Participation	Difficulty to evade
Because other taxpayers honestly declare and pay taxes	0.80		
Because it is the patriot's duty to pay taxes	0.80		
Because laws must be complied with (even if one doesn't like them)	0.75		
o provide for people who cannot earn for themselves (the elderly, the sick, etc.), as the amount of pension and benefits (unemployment, maternity, etc.) depends on it		0.87	
So that i certain cases (e.g. unemployment, childbirth, etc.) one may be entitled to benefits and a retirement pension oneself		0.85	
Understanding that tax money is spent on public functions (education, health, public order and security, etc.)	0.36	0.70	
Fear of being caught and punished by the relevant authorities (e.g. SRS)			0.83
Because tax evasion and scheming are complicated			0.79
Because there is no way to avoid paying taxes on your salary / income (e.g. working in the public service, etc.)			0.75

Note: Principal component analysis with a varimax rotation has been used to explain 67.66% of the variance of answers. Only factor weights equal to or greater than 0.30 are described in the table.

Table 2.13. Results of factor analysis of reasons for tax evasion

	Factors	
	Situation	Human
Taxes are not fair (the amount of different taxes and who has to pay them is not determined fairly)	0.77	
People's income / wages are already low; if one paid all the taxes, one would not be able to survive	0.75	
There is little reward in return for tax payment from the state, for example, the quality of the services is poor, people must pay of many services, which should have been due from the state, the pensions / benefits are small, etc.	0.75	
Taxes are too high	0.74	
Many businesses have a difficult time; if all taxes are paid, they cannot survive	0.68	
The money collected in taxes is wasted, squandered	0.68	
Public attitude to tax evasion is tolerant and people do not condemn it		0.79
There is not much risk of being caught and punished		0.73
Many people are by nature dishonest		0.69
Anger at the state, unwillingness to pay it, to maintain it	0.34	0.61

Note: Principal component analysis with a varimax rotation has been used to explain 54.62% of the variance of answers. Only factor weights equal to or greater than 0.30 are described in the table.

CONCLUSIONS

Summarizing the results discussed above, we can draw several useful conclusions with regard to policy-making.

- The results of the study show that tax evasion as a survival strategy in difficult circumstances is largely a myth. When analysing the personal behaviour of individuals, it is to a much greater extent influenced by the "ideology" aspect of participation than by the amount of resources available. From here follows the conclusion that can be useful to policy makers – the growth of prosperity in society does not mean an automatic improvement of tax morale, instead, the degree of pervasiveness of participatory ideology is important to achieve the change in tax morale.
- The perceived social norms (what an individual thinks of what others think) are more important than the personally relevant ideological explanations of why taxes must be paid or why people in Latvia pay (or evade) taxes. Hence the need for knowledge (stories) about the people who pay the taxes and why they think it is important to do so. In other words, the identity of taxpayers ("I am the one who pays taxes") is more important than why it seems important to me personally to pay taxes.
- If one has to choose what to talk about – the subjective gains or losses of taxpayers due to the shadow economy in the country – then the results of the study attest that it is more important (effective) for the state to talk about losses at the individual (or family) level. The more people are convinced that they or their families are losing, the more they will be persuaded that paying taxes is important because of participation and obligation.

Morale of Latvian taxpayers[1]

Arnis Sauka, Tālis Putniņš

Introduction

The purpose of this chapter is to investigate the level of tax morale and the main determinants in Latvia, as far as possible comparing the situation in Latvia with the situation in other European Union countries. Empirical evidence suggests that higher corporate tax morale can have a significant impact on the decline of the overall shadow economy. Tax morale is defined in this article as a moral obligation to pay taxes and "the belief that paid taxes are an investment in society" (Torgler & Schneider, 2009, 230). In general, tax morale is recognized as an important complement to conventional rational choice explanations for tax evasion, which state that the amount of tax a person chooses to pay depends on the financial gain in relation to the probability of being caught and the resulting fines.

The tax morale of Latvian entrepreneurs is analysed on the basis of a theoretical model developed by researchers (Mickiewicz, Rebmann & Sauka, 2017). The model combines a rational choice approach with a tax morale approach, highlighting a normative perspective (i.e., government appraisal), a cultural / cognitive perspective (social identity), and a regulatory / instrumental perspective (the effectiveness of formal sanctions). Using data from recent surveys of entrepreneurs and households regarding the extent of tax morale and the factors affecting it, the chapter provides insight into the three aforementioned perspectives, including recommendations to policymakers for further work on reducing the shadow economy and strengthening corporate tax morale in Latvia.

Theoretical framework

According to the rational choice model, the amount of tax a person chooses to pay depends on the expected benefit from tax evasion, compared with the probability of being caught evading taxes and the resulting costs in penalties (Yitzhaki, 1974). However, one of the main conclusions of this research direction is that tax evasion cannot be fully explained by the expected benefits or the resulting consequences in financial terms.

Namely, empirical studies have found that the actual amount of tax evasion is significantly lower than projected using rational choice models. The difference is often attributed to the second broadest set of determinants of tax evasion – attitudes towards social norms, including tax morale. According to researchers (Alm & Torgler, 2011, 636), "it is impossible to fully understand an individual's decisions to obey the law (or, discussing the individual's choice in a broader context), without considering these ethical dimensions and their impact on behaviour."

Empirical evidence suggests that higher tax morale also implies less tax evasion (Blanthorne & Kaplan, 2008; Wenzel, 2005) and, consequently, smaller share of overall shadow economy (Torgler & Schneider, 2009; Halla, 2012). Therefore, in addition to the traditional, regulatory instrumental (utility) approach of analysing why people pay taxes, it is also important to understand how individuals perceive the institutional environment in which taxes are collected and spent, and how this perception affects the formation of their tax morale.

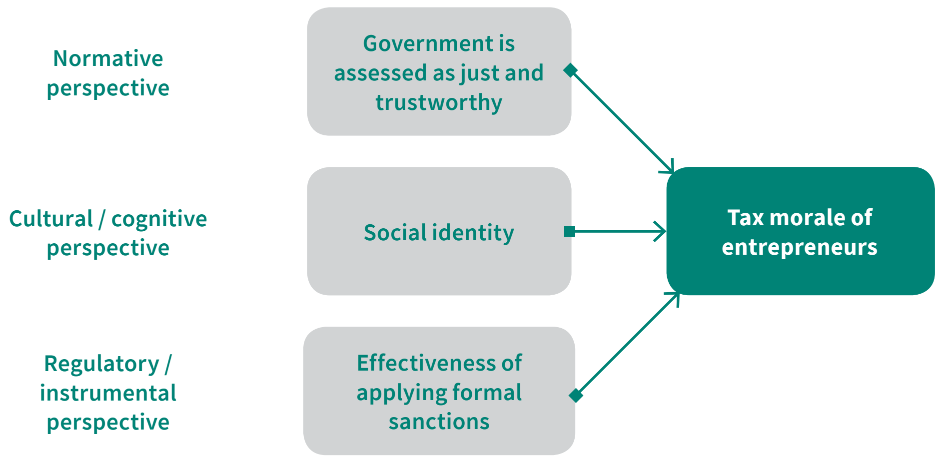
According to R. Scott (2014), institutions influence the behaviour of individuals by imposing sanctions (in accordance with the regulatory perspective), as well as providing them with regulatory frameworks – instructions on how to behave in different situations. Additionally, institutions provide a culturally cognitive framework through which the individuals involved are conditionally assigned their roles and behavioural habits are developed, including perceptions of the cases when other people's behaviour is considered immoral or antisocial. Based on the institutional theory developed by Scott (2014), T. Mickiewicz, A. Rebmann & A. Sauka (2017) have developed a unified theoretical model that permits to explore how business owners' and managers' perceptions of and attitudes toward the institutional environment in which they pay taxes affects the tax morale of these individuals.

The model of T. Mickiewicz, A. Rebmann and A. Sauka is based on the argument that the related institutional systems, in which entrepreneurs are integrated, influence their tax morale and thus their attitude to tax evasion. Based on this observation, the researchers propose a unified theoretical model for the study of the extent of tax morale and the factors influencing it (Figure 2.7). This model is based on the analysis of previously published scientific articles and combines a rational choice approach with a tax morale approach, highlighting 1) the normative (i.e. assessment of government) perspective, 2) the cultural / cognitive perspective (social identity) and 3) the regulatory / instrumental perspective (effectiveness of the application of formal sanctions).

The normative perspective includes an assessment of the legitimacy and performance of political

[1] The current chapter is based on three sources – Mickiewicz, T., Rebmann, A., & Sauka, A. (2017); Putniņš, T., & Sauka, A. (2017); Putniņš, T., & Sauka, A. (2018).

Figure 2.7. **Theoretical framework**



Source: Mickiewicz, Rebmann & Sauka, 2017.

institutions, government and the tax administration. Previous research (e.g., Torgler, 2003) indicates that trust in public officials and entrepreneurs' satisfaction with tax policy and business legislation (e.g., Marien & Hooghe, 2011; Scholz & Lubell, 1998; Torgler, Schaffer, & Macintyre, 2010) are factors contributing to a better enforcement of tax obligations. Distrust and dissatisfaction indicate higher levels of shadow economy and lower tax morale.

However, trust in government is not easily achieved in institutional environments such as Latvia, where governance structures have been newly established or reinstated after a longer period of occupation. In this case, the government's lack of legitimacy is exacerbated by the norms and values that have developed in the past when government was long perceived to be imposed and formed without public consent. Although the newly created governing bodies were initially established with social support, occasionally a mismatch still exists between this potential support and deep-seated mistrust. In this context, this logic is more likely to apply to the relationship between institutions representing the state and entrepreneurs (Welter, 2012). For example, Ireland and others (Ireland et al., 2008) describe how the legacy of communism affects entrepreneurial processes in countries with economies in transition by demonstrating negative attitudes towards entrepreneurship. Such attitudes are often deeply embedded in the activities of public officials as well, since their values have been shaped during the previous regime. As a result, old attitudes continue to be reproduced in public administration, but there is mutual distrust in the interaction between entrepreneurs and public authorities.

Therefore, a positive assessment of government is likely to make entrepreneurs choose to pay more tax. Of particular importance in this context is the impartiality of government's action, which is best demonstrated by the lack of arbitrariness and favouritism in public services. On the other hand, poor public administration practices can lead to corruption and favouritism. Favism to some extent arises from the formal quality of the legal system, which public officials can simply ignore. This possibility emerges because the behaviour of civil servants is influenced by both formal institutions (legislation and normative acts) and informal institutions (attitudes and socially accepted norms), which do not change as fast as formal institutions (North, 1990; Williamson, 2000).

According to *cultural / cognitive perspective* advanced by Scott (2014), involvement in the shadow economy can be significantly influenced by social identity – how entrepreneurs identify themselves in the country where they pay tax (Ashforth & Mael, 1989; Hogg et al., 1995). Several studies have found a direct link between a stronger social and territorial identity, such as belonging to a state, and a higher tax morale, which is associated with lesser involvement in activities characteristic of the shadow economy (Konrad & Qari, 2012; Martínez-Vázquez & Torgler, 2009). Social identity refers to the way a person sees himself or herself as a member of a broader social group, expressing by his/her actions the views of the group in question (Hogg et al., 1995; Stets & Burke, 2000). When a deep level of identification exists, some forms of cooperative behaviour become a "given" and are no longer questioned. In contrast, superficial social identity can lead to a much higher rate of underreported income or "disobedience of the norms in general" (Scott, 2014).

Creating a level of social identity can be particularly difficult in countries with economies in transition. For example, some researchers (Ireland et al., 2008) analyse the formation of political identity through political parties and emphasize that various populist trends (which result in creation of disadvantages from the perspective of business or economics) may also cause identity formation problems in particular groups of society. In addition, the situation may become even more complex when identity is linked to ethnic criteria. As a result, it is often the case that forming an elementary identification with the existing state system becomes a challenge. Such a situation is especially possible in (i) countries with varied ethnic composition and (ii) countries that have been rebuilt from the foundations or regained their statehood after the occupation by foreign powers, as happened in Latvia.

The regulatory-instrumental institutional perspective focuses on institutional regulation, that is, the formal role of institutions in creating effective constraints on unwanted human behaviour. In this context, attention is focused on explicit regulatory processes – activities of rulemaking, monitoring and imposing sanctions (Scott, 2014). In the case of tax evasion by entrepreneurs, a regulatory instrumental perspective involves calculating the profitability of a tax evasion in relation to paying the taxes.

In the current chapter, the theoretical framework developed by T. Mickiewicz, A. Rebmann and A. Sauka, as well as data from several studies are applied to investigate the level of tax morale and key determinants in Latvia. As far as possible, the situation in Latvia is compared with that of other countries. Below, the authors explain methodology and data, summarise the main results and provide the major conclusions.

Methodology

The chapter is based on a number of studies that mainly analyse the tax morale of Latvian entrepreneurs. However, in some cases, entrepreneurial tax morale aspect of the research has been supplemented with studies of tax morale where the respondents are household members from Latvia or other countries, i.e., tax morale of Latvian entrepreneurs in the current chapter is explored on the basis of annual study by T. Putniņš and A. Sauka (Putniņš & Sauka, 2019). Their primary objective is to assess the size and determinants of the shadow economy in the Baltic states. The data of the research by T. Putniņš and A. Sauka are based on the annual survey of business owners / managers in Estonia, Latvia and Lithuania. The studies are conducted annually (since 2010) from February to April and include questions about involvement in the shadow economy, as well as tax morale, over the past two years.

The sample of the surveyed enterprises is selected according to random stratification, ensuring a proportional representation of the number of enterprises in each country. When working with active companies in each of the Baltic states (we use the *Orbis* database maintained by Bureau van Dijk), size quintiles are created for each of them (using the book value of assets), and an equal sample is drawn from each quintile, using random selection. In total, at least 500 telephone interviews are conducted in each country. The survey was implemented in cooperation with SKDS and funded by the Stockholm School of Economics in Riga.

Measurement of the extent of tax morale follows the approach of B. Torgler and F. Schneider, which defines tax morality as a moral obligation to pay taxes and “the belief that taxes paid are an investment in society” (Torgler & Schneider, 2009, 230). Putniņš and Sauka (2018) take a similar approach in investigating tax evasion issues, but ask tax morale-related questions indirectly by inquiring from business executives whether they agree or disagree with the following statement: “Businesses in your industry believe that tax fraud is always justifiable when such an opportunity arises.” The answers are provided in the scale from 1 (“disagree strongly”) to 5 (“agree strongly”). Similarly, the survey developed by T. Putniņš and A. Sauka includes the question of how entrepreneurs perceive their belonging to society and their contribution to economic and social growth in general. Both of these factors are also believed to influence the tax morale of entrepreneurs.

To assess the quality of the institutional environment (i.e., the quality of formal and informal institutions in the Baltic states), the survey by T. Putniņš and A. Sauka also included questions from the World Bank / European Bank for Reconstruction and Development (EBRD) study “Business Environment and Enterprise Performance Survey”, or BEEPS. In other words, company managers were asked to assess whether a range of formal and informal institutions are of “no obstacle” (0), “a minor obstacle” (1), “a moderate obstacle” (2), “a major obstacle” (3), or “a very severe obstacle” (4) to the current operations of their company. According to the BEEPS approach, entrepreneurs were asked to assess the quality of tax administration, tax rates, trade and customs regulations, business licensing and permits (all of which are deemed formal institutions), as well as functioning of judiciary/courts, policy uncertainty, corruption, anticompetitive practices of competitors, and political certainty.

In addition to the above measurements, the Report also uses data from a survey conducted by V. Žukauskas, based on a household survey (Žukauskas, 2015). The main purpose of Žukauskas’ study was to analyse public perceptions of the shadow economy, the actual involvement of the population in the activities of the shadow economy, as well as to find out the opinions about different practices of the shadow economy. The study was conducted between May and June 2015. Target audience: Population aged 18–75. The total sample size in the six participating countries (Lithuania, Latvia, Estonia, Poland, Sweden and Belarus) was 6035 respondents. The research was carried out using the CAWI (computer-assisted web interviewing) technique in collaboration with market research company “Spinter Research”. Finally, the article includes studies by various international organizations, such as the Eurobarometer (European Commission, 2014), to develop a more complete picture of tax morale and its determinants in Latvia.

Results

Tax morale of entrepreneurs in Latvia

To determine the level of tax morale in the Baltic states, T. Putniņš and A. Sauka rely on a representative sample of business executives, asking the respondents the following question: "Do the entrepreneurs in your industry believe that tax fraud is always justifiable, if such an opportunity arises?" (Putniņš & Sauka, 2018). The results of the study indicate that tax morale is relatively high in all Baltic countries. Namely, Estonia has the highest level of tax morale (1.60 in 2016 and 1.80 in 2017, using a scale of 1 to 5, where 1 means very high and 5 means very low tax morale), followed by Latvia (1.81 in 2016 and 1.84 in 2017) and Lithuania (2.17 and 2.04, respectively).

The Figure 2.8. represents the national average on a scale of 1 to 5, with 1 designating a very high tax morale and 5 – a very low tax morale.

Another slightly more general way of measuring tax morale is by assessing how acceptable (tolerable) is engaging in the shadow economy to entrepreneurs (Luttmer & Singhal, 2014). Since 2010, Putniņš and Sauka have measured this aspect of tax morale by asking respondents whether they believe tax evasion is acceptable behaviour in their country (Putniņš & Sauka, 2017). According to this approach, the tax morale in Estonia and Latvia was higher than in Lithuania (similarly to the previous measurement). At the same time, Latvian business executives believed that tax evasion is less acceptable compared to Estonian entrepreneurs (respectively, 2.16 and 2.47 in 2016, measured on a scale from 1 to 5, where 1 means less tolerance and thus higher tax morale). The tolerance towards tax evasion in Lithuania in 2016 was 2.87 (Figure 2.9).

This figure represents the national average on a scale of 1 to 5, where 1 means that the respondent strongly disagrees that tax evasion is acceptable behaviour (higher tax morale), and 5 means that the respondent fully agrees that tax evasion is acceptable behaviour (a lower tax morale).

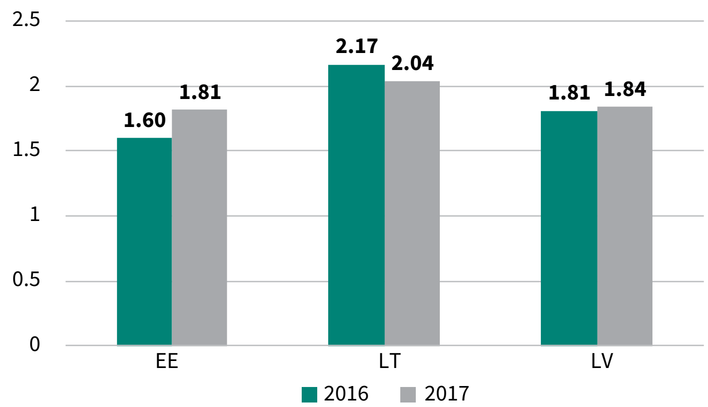
Similarly, T. Putniņš and A. Sauka, using the same scale of measurement as in the previous question, ask respondents whether they believe bribery is acceptable in their country (Putniņš & Sauka, 2017). While tolerance towards bribery is not directly related to tax morale as defined above, it can still affect the involvement of entrepreneurs in the shadow economy. The results of the responses by country are presented in Figure 2.10. Similar to tax evasion, bribery is less acceptable in Latvia and Estonia than in Lithuania, maintaining consistency with higher levels of bribery in the country as a whole (Putniņš & Sauka, 2018) and indicating that bribery is a more acceptable behaviour (3.01 points on a scale of 1 to 5, where 1 means less tolerance, compared to 2.30 in Estonia and 1.84 in Latvia).

This figure represents the national average on a scale of 1 to 5, where 1 means that the respondent strongly disagrees that bribery is acceptable behaviour (higher tax morale), and 5 indicates that the respondent fully agrees that bribery is acceptable behaviour (lower tax morale).

Determinants of tax morale – normative perspective

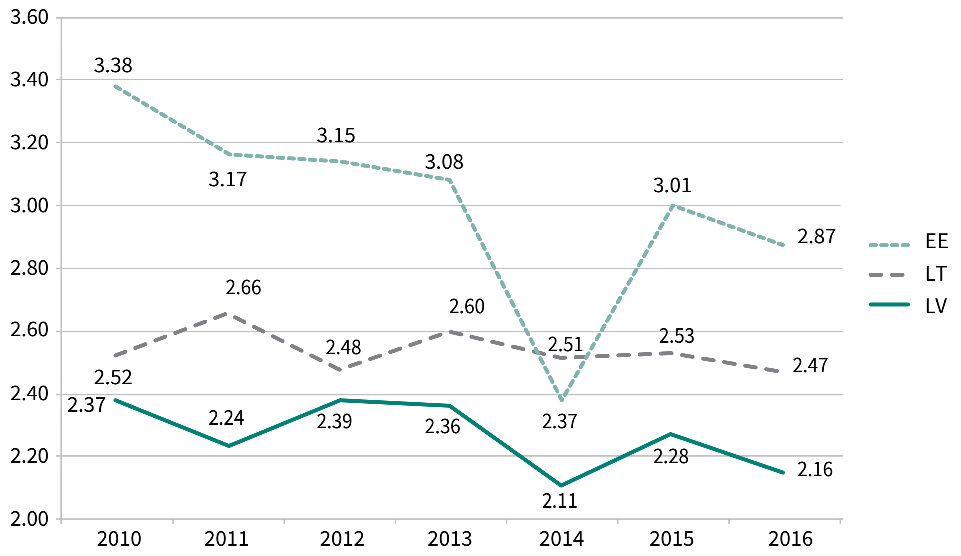
A growing body of research indicates that trust in public officials (e.g., Torgler, 2003) as well as entrepreneurs' satisfaction with tax policy and business law (e.g., Marien & Hooghe, 2011; Scholz & Lubell, 1998; Torgler, Schaffer & Macintyre, 2010) are the factors that strengthen tax compliance. In contrast, mistrust and dissatisfaction are associated with higher levels of shadow activity. T. Putniņš and A. Sauka measure the aforementioned attitudes of entrepreneurs by asking four questions about (i) entrepreneurs' satisfaction with the

Figure 2.8. **Tax morale: tax fraud is justifiable, if such an opportunity arises (2016, 2017)**



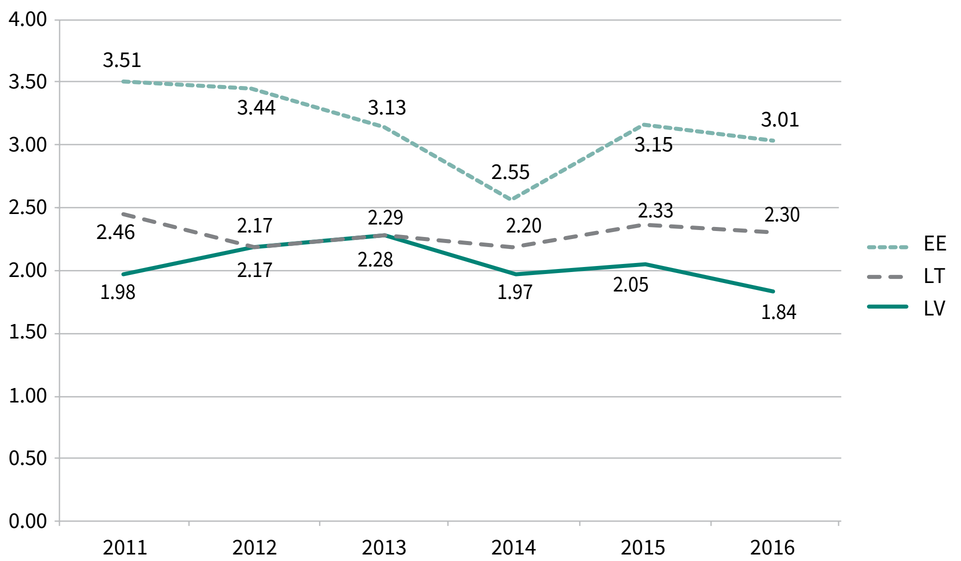
Source: Putniņš & Sauka, 2018.

Figure 2.9. **Tax morale – tolerance towards tax avoidance (2016)**



Source: Putniņš & Sauka, 2017

Figure 2.10. **Responses to statement "bribery is an acceptable behaviour" (2016)**

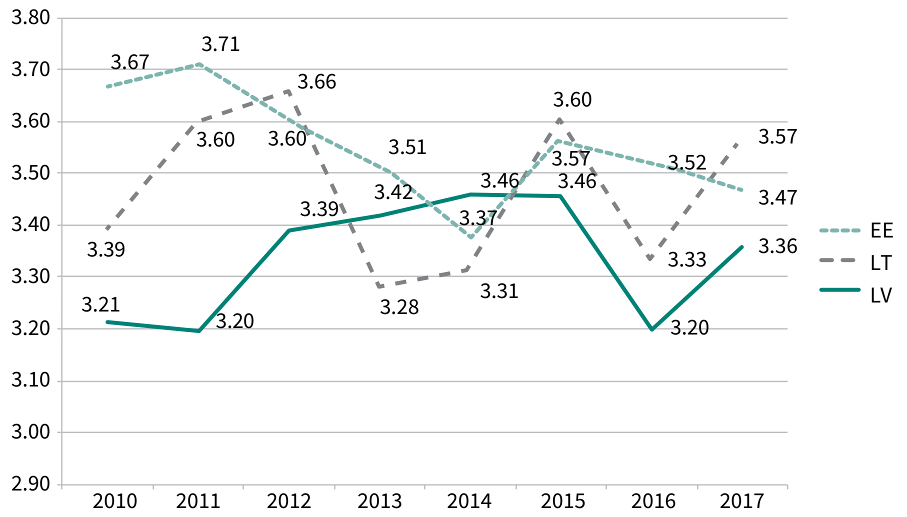


Source: Putniņš & Sauka, 2017.

performance of State Revenue Service (SRS), (ii) government tax policy, (iii) business legislation, and (iv) government's support to entrepreneurs (Putniņš & Sauka, 2018). Dynamics of entrepreneurs' satisfaction in 2010–2017 (the average for each country on a scale from 1 to 5, with 1 being very low and 5 being very high satisfaction) are shown in the Figures 2.11–2.14.

According to the study by T. Putniņš and A. Sauka, since 2010, a continued trend is also reflected in 2017, as the entrepreneurs in all three countries tend to be more satisfied with the performance of SRS than with government tax policy, business legislation and government support for entrepreneurs (Putniņš & Sauka, 2018). Figure 2.11 attests that satisfaction with the SRS in

Figure 2.11. **Satisfaction with performance of State Revenue Service (2010–2017)**



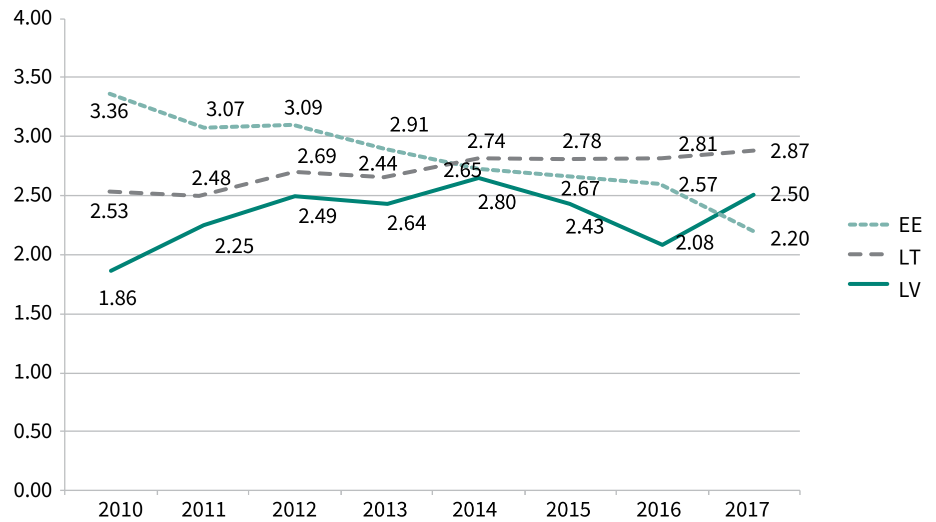
Source: Putniņš & Sauka, 2018.

Estonia in 2017 has decreased in comparison with 2016. However, after a drop in 2016, satisfaction with the SRS in 2017 has increased in Latvia and Lithuania. In 2017, satisfaction with the SRS in Latvia was still slightly lower than in the other Baltic countries (Latvia – 3.36, Estonia – 3.47 and Lithuania – 3.57).

This figure shows the average of the countries over the indicated period. It is measured on a scale of 1 to 5, where 1 is a very low level of satisfaction and 5 is a very high level of satisfaction.

Following the trend since 2014, Latvian entrepreneurs' satisfaction with tax policy declined significantly until 2016 (2.08 in 2016, compared with 2.43 in 2015 and 2.80 in 2014). However, in 2017, satisfaction with tax policy in Latvia has increased to an average of 2.50 and thus, for the first time since this indicator is measured,

Figure 2.12. **Satisfaction with tax policy (2010–2017)**



Source: Putniņš & Sauka, 2018.

outperforms Estonia (2.20 in 2017) (Figure 2.12). The level of satisfaction with tax policy in Estonia has been steadily declining since 2015, while Lithuania has the highest rate among the Baltic states, reaching 2.87 in 2017 (Figure 2.12).

This figure shows the average of the countries over the indicated period. It is measured on a scale of 1 to 5, where 1 is a very low level of satisfaction and 5 is a very high level of satisfaction.

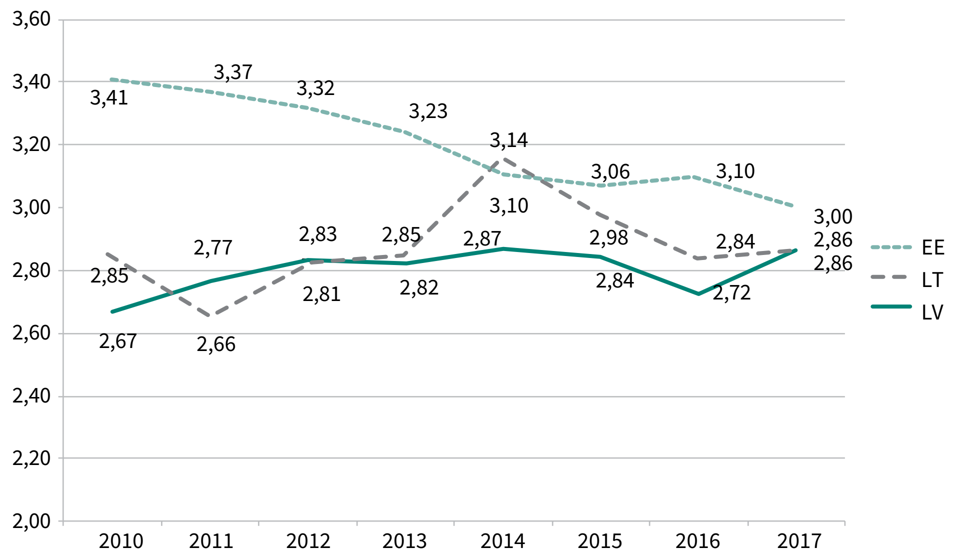
Moreover, as revealed in the study by V. Žukauskas, Latvian residents are less satisfied with labour taxes than residents of Lithuania, Estonia and Poland and therefore choose to receive the largest share of wages unofficially (Žukauskas, 2015). Meanwhile, with regard to the Latvian tax system, according to the findings of T. Putniņš and A. Sauka (2018), the study by Sauka indicate that more than 70% of the respondents – entrepreneurs of Latvia – are dissatisfied or very dissatisfied with the tax system in Latvia (Sauka, 2011). A greater part of respondents in the 2011 survey admitted that taxes should be diversified – 83% of respondents felt that small businesses should pay significantly lower (43%) or lower (40%) taxes, while 25% thought that large companies should pay a slightly greater tax. That study also indicated the paramount discontent of entrepreneurs with the way government spends taxpayers' money, i.e., the results show that 60% of the respondents are highly dissatisfied with this and more than 20% are dissatisfied. Moreover, only one third of respondents said they trusted the government and the civil service. Entrepreneurs' trust in courts was significantly higher – the results of the survey indicate the trust of about 55% of respondents. This, in turn, may affect the size of the shadow economy in Latvia. The World Bank (2017) has analyzed the Latvian tax system in greater detail.

This figure shows the average of the countries over the indicated period. It is measured on a scale of 1 to 5, where 1 is a very low level of satisfaction and 5 is a very high level of satisfaction.

This figure shows the average of the countries over the indicated period. It is measured on a scale of 1 to 5, where 1 is a very low level of satisfaction and 5 is a very high level of satisfaction.

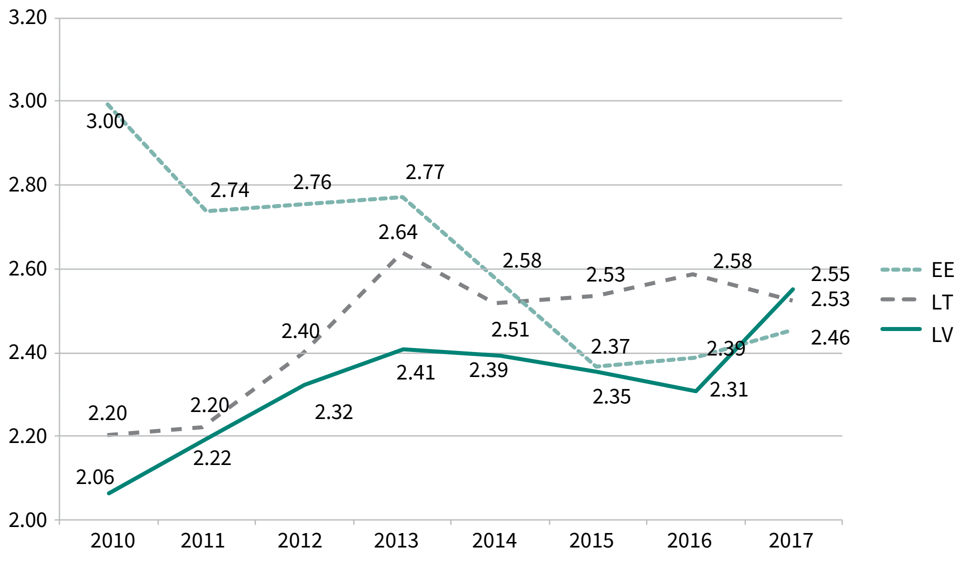
In general, according to the study by T. Putniņš and A. Sauka (2017), the satisfaction of Latvian business executives with the quality of business legislation is higher than with government's support to entrepreneurs (Putniņš, Sauka, 2017) (see Figures 2.13 and 2.14, respectively). Namely, in 2017, the average satisfaction level of entrepreneurs in Latvia and Lithuania with the quality of business legislation was 2.86. On the other hand, satisfaction with the quality of business legislation in Estonia decreased slightly in 2017 compared to 2016, but this level remains the highest among the Baltic states (3.00 in 2017). Meanwhile, compared to previous years, dissatisfaction with government's support has become particularly pronounced in Estonia in 2015–2017. (Figure 2.14). In Latvia, entrepreneurs' satisfaction with government's support increased significantly in 2017 (to 2.55) compared with 2016 (2.31), and is now the highest among the Baltic states (Figure 2.14). However, V. Žukauskas (2015) in his research points out that the relatively large share of Latvia's shadow economy at least until 2017 could be explained by the fact that the population of Latvia generally shows lower satisfaction with the quality (or availability) of state-provided services, and thus they "see no reason" to pay taxes. The results of the study conducted by V. Žukauskas on satisfaction with the government in Latvia are presented in Figure 2.15.

Figure 2.13. Satisfaction with the quality of business legislation (2010–2017)



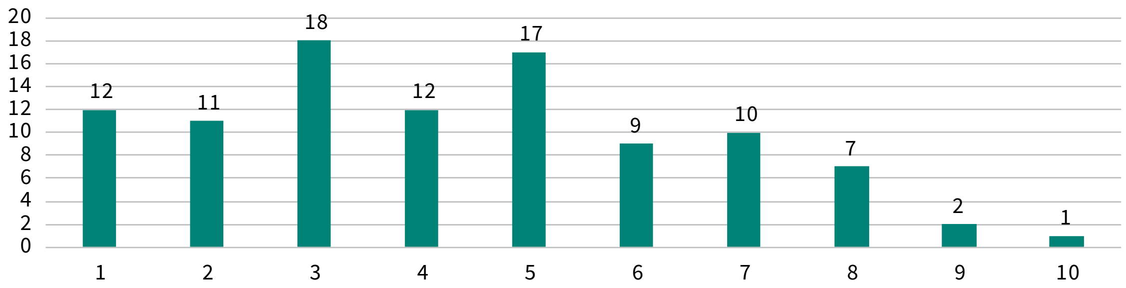
Source: Putniņš & Sauka, 2018.

Figure 2.14. **Satisfaction with government's support to entrepreneurs (2010–2017)**



Source: Putniņš & Sauka, 2018.

Figure 2.15. **Respondent satisfaction with the government in Latvia (%)**



Source: Žukauskas, 2015.

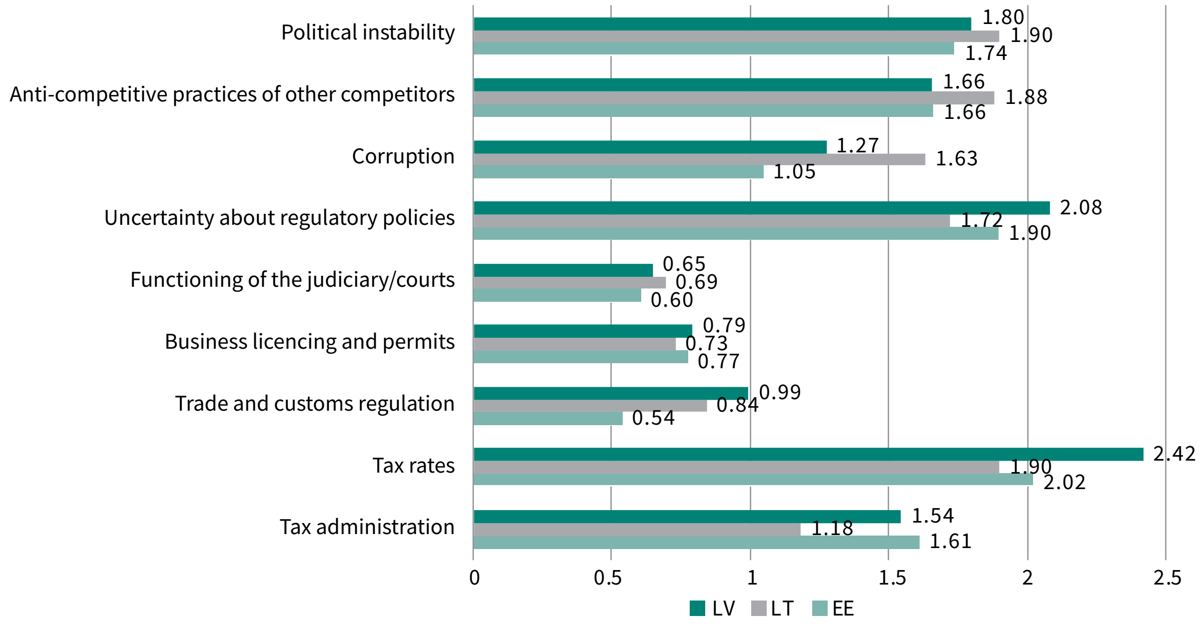
This figure shows the average of the countries over the indicated period. It is measured on a scale of 1 to 10, where 1 is a very high level of dissatisfaction and 10 is a very high level of satisfaction.

According to Baumol (1990), the context within which companies operate determines what they

can do and find profitable to do (Baumol, 1990). Namely, the allocation of resources to either productive or unproductive activities varies depending on the strength and stability of laws and regulations, as well as norms and societal values. The institutional perspective (North, 1990; Scott, 2014) has been recognized as a useful theoretical framework for analysing the influences of both formal (e.g., laws and regulations) and informal (e.g., attitudes and culture) institutions on productive and unproductive entrepreneurship (Feige, 1997; Van de Mortel, 2002). North emphasises that the incentive structures provided through the institutional environment directly affect outcomes: "If the institutional framework rewards piracy then piratical organizations will come into existence; and if the institutional framework rewards productive activities then organizations and firms will come into existence to engage in productive activities" (North, 1994, 361).

In order to measure the quality indicators of formal and informal institutions in the Baltic states, T. Putniņš and A. Sauka asked company managers were asked to assess whether a range of formal and informal

Figure 2.16. **Strength of formal and informal institutions in the Baltic states (2017)**



Source: Putniņš & Sauka, 2018.

institutions are of "no obstacle" (0), "a minor obstacle" (1), "a moderate obstacle" (2), "a major obstacle" (3), or "a very severe obstacle" (4) to the current operations of their company (Putniņš, Sauka, 2018). The results are summarized in Figure 2.16.

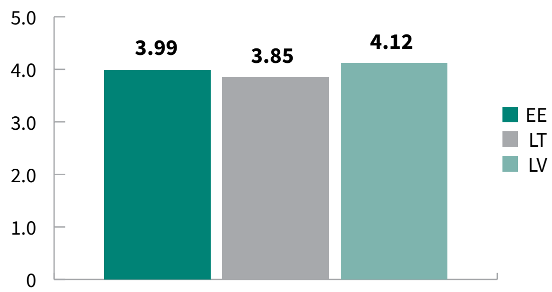
This figure shows the national averages over time on a value scale of 1 to 4, with designation "no obstacles" (0), "minor obstacle" (1), "moderate obstacle" (2), "major obstacle" (3) or "very severe obstacle" (4) to the company's current operations.

According to the results, high tax rates remain one of the main obstacles for Latvian entrepreneurs, especially compared to the situation in Lithuania and Estonia. Latvian companies are also much more concerned about uncertainty of regulatory policies. Political instability seems to be a major problem in the Baltic states, while corruption and anti-competitive practices by other competitors pose major challenges for Lithuanian entrepreneurs.

Cultural / cognitive perspective

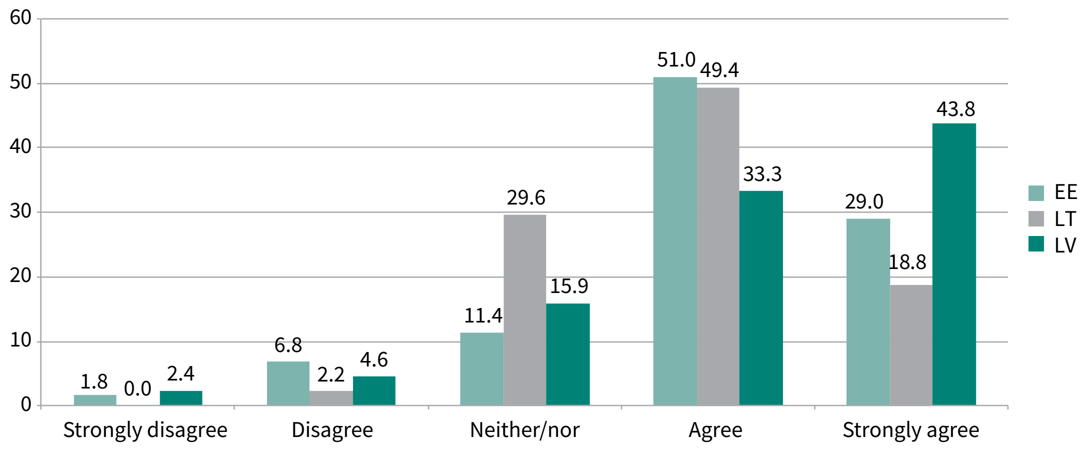
In order to assess social identity, Putniņš and Sauka asked respondents to rate how much they agreed / disagreed with the statement: "Being a member of the

Figure 2.17. **Perceived community belonging (2016)**



Source: Putniņš & Sauka, 2017.

Figure 2.18. **Responses to the statement "Being a member of the local community is important to me" (2016)**



Source: Putniņš & Sauka, 2017.
Vertical axis measures percentage of each country's respondents in each category.

local community is important to me". Their responses are measured on a scale of 1 to 5, where 1 is "strongly disagree" (low social identity) and 5 is "strongly agree" (high social identity) (Putniņš, Sauka, 2017). The results are shown in Figures 2.17 and 2.18.

This figure shows the national average, measured on a scale of 1 to 5, where 1 is "strongly disagree" (low social identity) and 5 is "strongly agree" (high social identity).

Regulatory / instrumental perspective

Rational-choice theory of crime (e.g., Becker, 1968), applied to tax evasion, argues that individuals make decisions about whether or not to evade taxes by weighing up the expected benefits of not paying taxes on one hand against the risk of being caught and the penalties if caught on the other (e.g., Allingham and Sandmo, 1974; Yitzhaki, 1974).

A number of relatively recent studies (using both population and business surveys) provide in-depth insights into the likelihood of being caught in tax evasion and the potential consequences – severity of the penalty – in case of being caught. The results of these studies are presented in the following tables and figures, providing information on the situation in Latvia compared to other EU countries (and Belarus). Namely, according to the Eurobarometer (European Commission, 2014) study (Table 2.14), 28% of Latvian respondents rate the probability of being caught in underreporting of income as high. 29% of the Spanish population and 29% of the Finnish population value such a probability similarly. By contrast, in countries such as Lithuania, Estonia, Austria and the United Kingdom, the likelihood of detection in case of failure to declare taxes was perceived as even higher (49%, 44%, 41% and 48% respectively). Conversely, 14% of respondents in the United Kingdom, 8% in Sweden and 8% in France indicate the highest likelihood of tax evasion resulting in a prison sentence. Only 3% of respondents in Latvia, while 6% in Germany and only 1% in Estonia and Lithuania believe that being caught in tax evasion carries such a high penalty. In addition, more than one third (35%) of respondents in Latvia admitted that, if they were caught, they would have to pay ordinary tax or social security contributions and a fine, whereas a similar proportion (37%) of respondents in Latvia felt that they would only have to pay the previously unpaid taxes. Compared to other countries included in the survey, Latvian respondents generally considered that a lower fine should be paid when caught in tax evasion.

According to V. Žukauskas (2015) study, likelihood of a person in Latvia being caught (i) working without a legal job contract or (ii) getting a part of the wage as an "envelope wage", or (iii) purchasing a good or service from an illegal source that is not registered and doesn't pay taxes is quite high – 39% and 28% of respondents rated such a likelihood as very high or high, respectively. However, V. Žukauskis (2015) at the same time points out that the likelihood of being caught in such activities in Latvia is slightly lower compared to a greater part of other countries included in the study. When it comes to assessing the severity of a sentence, if a person is caught working without a legal job contract or purchasing a product or service from an illegal source, respondents in Latvia rate the potential punishment as quite severe. Namely, in the case of envelope wages, 45% of respondents say the punishment would be quite severe and very severe; this is a higher indicator than in Poland, Estonia and Sweden. In contrast, 36% of Latvian respondents expect quite severe

Table 2.14. Results of Eurobarometer (EK 2014) survey about popular perception of the probability for being detected and the severity of penalty (population)

	(1) Probability of detection (2013) (respondents of Eurobarometer 2013. survey (%), who indicated a high probability)	(2) Severity of penalty (2013) (respondents of Eurobarometer 2013. survey (%), who responded)		
		Usual tax or social security contributions and fine	Usual tax or social security contributions	Imprisonment
Latvia	**28%**	**35%**	**37%**	**3%**
Lithuania	**49%**	**41%**	**39%**	**1%**
Estonia	**44%**	**48%**	**33%**	**1%**
Poland	38%	24%	41%	1%
Sweden	22%	70%	17%	8%
Austria	41%	67%	15%	5%
Czech Republic	24%	60%	21%	7%
Finland	29%	58%	22%	4%
France	34%	65%	17%	8%
Germany	34%	68%	12%	6%
United Kingdom	48%	61%	18%	14%
Spain	29%	48%	20%	4%
Italy	39%	58%	18%	6%

(1) Answers to the question: “People who work without declaring the income risk that tax or social security institutions find out and issue supplementary tax bills and perhaps fines. How would you describe the risk of being detected in your country?”

(2) Answers to the question: “In your opinion, what sanction is to be expected if the authorities find out that someone has had an income from work which was not declared to tax or social security authorities?”

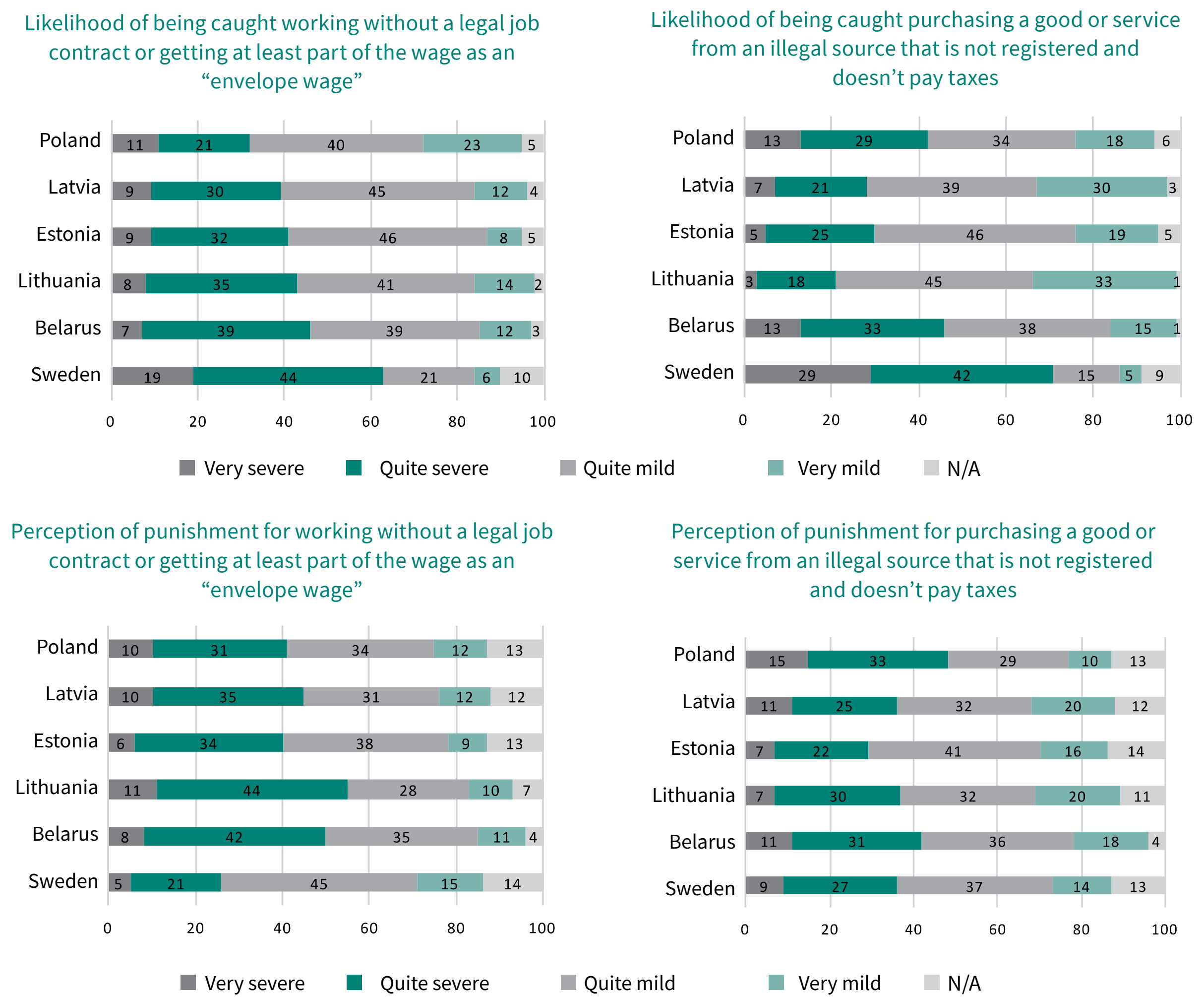
Source: European Commission, 2014.

or very severe punishment when purchasing a product or service from an illegal source. This is slightly lower than in most other countries surveyed (Figure 2.19).

Finally, the results of the study show that entrepreneurs in all three Baltic countries are of the opinion that the risk of being caught for underreporting of income, salaries and employees is relatively high (Putniņš, Sauka, 2017) (Figure 2.20). Namely, up to 46.5% of entrepreneurs in Lithuania and 44.1% of entrepreneurs in Latvia say that the likelihood of being caught for not reporting a profit is 76–100%. In 2015 and 2014, the figure was even higher in Lithuania, with 52.6% and 65.8% of respondents indicating such a high likelihood of being caught. Similarly, a relatively high number of respondents in Lithuania and Latvia consider that there is a very high likelihood of being caught for underreporting of employees (52.9% and 47.7%, respectively). In Estonia, by contrast, only about 30% of respondents asserted that in 2016, the likelihood of being caught was as high, if one fails to report business profits or number of employees. 42.1% of respondents in Lithuania, 34.1% in Latvia and 29.6% in Estonia contend that the likelihood of being caught for failure to declare the salaries is 76–100%. The likelihood of being caught in bribery is apparently lower in Latvia, where 34.6% of respondents believe that it ranges from 1% to 10%.

Figure 2.20 also demonstrates shows that the expected penalties for deliberate misreporting are similar in Latvia and Lithuania, where approximately 40% of respondents (as compared to 31.6% in Estonia) expect that the penalty would be a serious fine that would impact on competitiveness. In 2016, similar to 2015, almost one third of respondents in Estonia claim that “nothing serious” or only small fine can be expected. The proportion of responses from entrepreneurs in Latvia and Lithuania within those categories is lower. A similar proportion of respondents in each of the Baltic countries (approximately 20%) perceive the penalty for tax evasion to be so severe that the company will have to cease operations if caught deliberately underreporting.

Figure 2.19. **Likelihood of being caught and severity of punishment for engaging in activities of shadow economy (population)**



Source: Žukauskas, 2015.

Figure 2.20. **Likelihood of being caught and severity of punishment for engaging in activities of shadow economy**

Vertical axis measures percentage of each country's respondents in each category.

Source: Putniņš & Sauka, 2017.

CONCLUSIONS

Available data (e.g. Putniņš & Sauka, 2017, 2018) indicate that, overall, the corporate tax morale in Latvia and in the other two Baltic countries is high. Moreover, entrepreneurs in Latvia and Estonia have a higher tax morale compared to Lithuanian entrepreneurs, regardless of the indicator used to measure tax morale. However, according to T. Putniņš and A. Sauka (2018), the size of the shadow economy in Latvia is larger than in Estonia and Lithuania (22% compared to 18.2% of GDP). This conclusion suggests that in addition to tax morale, the size of the shadow economy in the Baltic states is influenced by several other factors (see Putniņš, Sauka, 2015), or that tax morale may also have an indirect impact on the size of the shadow economy, e.g., related to the quality of formal and informal institutions .

However, as convincingly demonstrated by several previous studies (e.g. Torgler, 2016), tax morale in general has a significant impact on the overall size of the shadow economy. Other authors (Mickiewicz, Rebmann & Sauka, 2017), based on Scott's (2014) institutional perspective, also find that tax morale is directly related to attitudes of entrepreneurs as to how taxes are collected and spent. In particular, they demonstrate strong evidence that if entrepreneurs believe that tax collection is fair (not corrupt) and fairly administered, they reward it with a higher tax morale (and thus, higher tax compliance). The results of this study affirm that trust in government is also important in shaping tax morale of entrepreneurs, although the evidence is somewhat weaker on this aspect.

Overall, as highlighted by the above authors and as described by the data collected in this article, these factors lead to the conclusion that a government, which is legitimate in nature, may or may not gain social legitimacy. This is important because the lack of social legitimacy makes tax evasion by entrepreneurs much more likely. While building trust in government as a whole is a difficult task, the results of our study attest that satisfaction with taxes is a goal that can be relatively easier to reach, and it can be an effective way to reduce the engagement of business owners and managers in the shadow economy.

In addition, based on a cultural / cognitive perspective approach, we conclude that although Latvian society has a high level of national identification, the results of the study show that the mix of ethnicities may contribute to the difference in the size of the shadow economies (Putniņš, Sauka, 2016). Namely, when it comes to nationality, different ethnic groups may rather demonstrate their ethnic (e.g. Latvians – Latvian, while Russians – Russian) than national identification. The most likely explanation for this result is that some ethnic minority groups may feel less engaged in society and involved in the country-level decision making than others. Therefore, further addressing issues of social cohesion and integration of minorities is essential, since they, in turn, can reduce the overall shadow economy in Latvia and raise the tax morale of entrepreneurs.

Finally, according to the authors (Mickiewicz, Rebmann & Sauka, 2017) and the available data (Putniņš & Sauka, 2017, 2018), from the perspective of regulatory institutional theory, the entrepreneurs' perceptions of the consequences brought about by tax evasion also significantly impact the tax morale. In this context, it is important to emphasize that the amount of penalty is more important than the likelihood of being caught. Such reasoning is consistent with the so-called standard risk avoidance perspective, where the expected tax avoidance costs depend on the risk of being caught and the resulting financial loss. These arguments should also be taken into account when designing policy initiatives to reduce tax evasion and raise the tax morale of Baltic entrepreneurs.

Chapter 3

Environment and common-pool resources

Viability of rural space

Sarmīte Rozentāle, Iveta Druva-Druvaskalne

Introduction

The global processes of the world in the 21st century have not passed by the rural areas of Latvia. This chapter will provide an insight into the use of terms pertaining to rural space, a brief description of the major historical turning points and the change of functions in the historical development of the Latvian rural space. The untouched natural environment of the Latvian rural space is a seldom appreciated value and public good. Often economic values dominate over the ethical, aesthetic and emotional values of the rural space. There should be a balance between nature, work and life as fundamental values in the countryside that contribute to the well-being and health of the society. The concept of viability is often used in the natural sciences to describe the ability of ecosystems to mitigate the effects and changes of external conditions while maintaining the present condition. Researchers use different methods to assess the viability of rural space. The Smart Development Index is a set of indicators that includes statistics on resources, the economic, social and governance spheres, and complements the commonly used Spatial Development Index. For the purposes of a better data perception, the Smart Development Index is visualized in charts, also according to dimension groups, in rural municipalities of Latvia.

Rural space in Latvia

Definitions, terms

One can trust blindly, whereas doubt calls for substantiation. (O. Vācietis)

In today's changing, urbanised world, population development and population mobility trends are to a large extent related to the search for a better quality of life, which is primarily driven by people's economic, social and cultural needs. There may be various conditions for choosing a place to live, but these are basically determined by the availability of work, acceptable living conditions and sufficient social activities, or, to put it simply, personal fulfilment opportunities. In particular, urban-rural interaction issues are gaining new ground in the context of population development and economic activity (OECD, 2013; cited according to Cimdiņš, 2015). One of the global trends in the spatial development of the world is the urbanization process, which results in an increase in the urban population (55% of the world's population lives in cities), while the rural population is declining. The UN forecast shows that rural population will decline by 1.6% between 2015 and 2050) (UN, 2018).

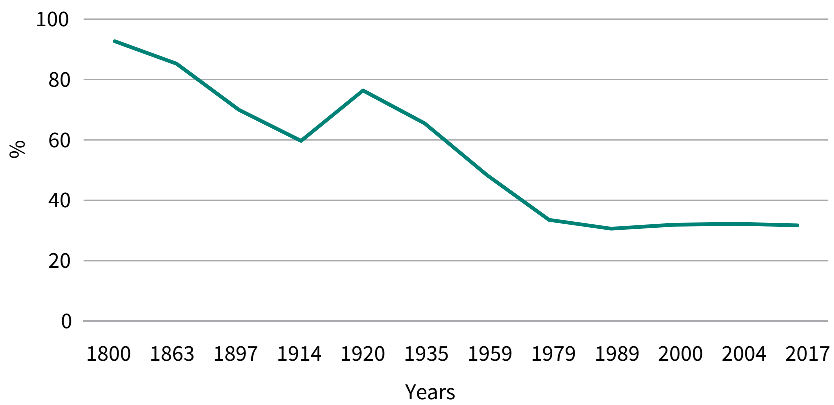
The basic criteria most commonly used to determine the population categories of a territory are: size of population, its density; data describing economic activity and the social dimension, including indicators on access to services, land use objectives, etc. Populated areas in Latvia are divided into urban and rural (villages and farmsteads) populated areas. In the legislation of the Republic of Latvia, a populated area is understood as the territory where people live, the material preconditions for its inhabitation have been established and the respective status of a populated area has been granted in accordance with the procedure prescribed by the legislation (LR *Saeima*, 2015).

In the research literature, place is defined as an object that can be studied, described, compared, viewed in relation to other places. But place is also an activity – the way and process by which people create their place and experience it (Cresswell, 2013). Territory is defined both as a state and as a multidimensional process, including the economic, social and environmental dimensions, and the potential of a territory, both in terms of resources and the environment, and in terms of capacities and activities for exploiting these resources. Space is a broader concept than the place or territory, and its measurable characteristics are the attributes of space, not the space itself. The space is also characterized by a vertical dominant feature.

Classification systems are created to characterize place and space, where the world is perceived as being divided into static categories, consequently, diversity is measured on the basis of similarities or differences. It would be more valuable to perceive diversity as a dynamic system of relationships in which similarities and differences are formed through experience of living together in specific places (Ingold, 2000).

In the EU context, a rural area is defined as a territory where 50% of the population of local administrative units live outside cities (urban areas). In the European Union, rural areas are considered to be such local administrative units where 50% of the population live outside cities (urban areas). The Organization for Economic Cooperation and Development (OECD), on the other hand, considers rural areas to be those with a population density of less than 150 people per km^2 in the 50% of their territory (OECD, 2013). The Central Statistical Bureau (CSB) uses the demographic principle in statistics, defining rural population as all the people residing outside the cities and towns of Latvia (Figure 3.1).

Figure 3.1. **Dynamics of rural population in Latvia 1800–2017 (% of the total population)**



Source: CSB, 2018.

In the spatially geographic context, defining / determining rural areas is easier, yet, given that people perceive and use the rural space in a complex way, the rural space is to some extent a social construct where several different social spaces overlap with a geographical space; thus, many researchers believe that it is difficult to define the countryside as a separate space (Bengs, Smidth-Thome, 2005).

The authors of the study "Development of Latvian Rural Space and Its Possible Future Scenarios" (2012) conclude that "the Latvian legislation does not clearly stipulate which areas are defined as rural". According to the administrative management approach, the authors of the study point out that **"the countryside is a rural space consisting of 110 local municipalities of Latvia with towns and villages as their development centres and the countryside as a space around them".**

These include 20 local municipalities with regional development centres and 90 local municipalities without regional development centres. However, the authors also point out that this definition has a significant drawback – the rural space includes also the local municipalities near Riga and some other local municipalities, whose structure in terms of population concentration and density, as well as the number of people employed in agriculture rather comply with the attributes of a city (Budenberga et al., 2012).

However, although changes in demographic processes are not very positive, the rural territories (20 municipalities with regional development centres and 90 municipalities without regional development centres) are important for Latvia: 48.3% of Latvia's population live there. This proportion has changed minimally over the last decade (CSB, 2018). In comparison, 28% or more than one quarter of the population inhabiting the 28 member states of the EU lived in rural areas in 2015 (Eurostat, 2018). The share of agriculture in Latvia's GDP in 2016 was 1.15%, and the number of people employed in agriculture – 7.7% (Grumolte-Lerhe et al., 2017).

In general, it can be concluded that there are different approaches both in the world and hence also in Latvia to the definitions of the rural area, countryside, rural space, rural region and that there is no single and comprehensive understanding.

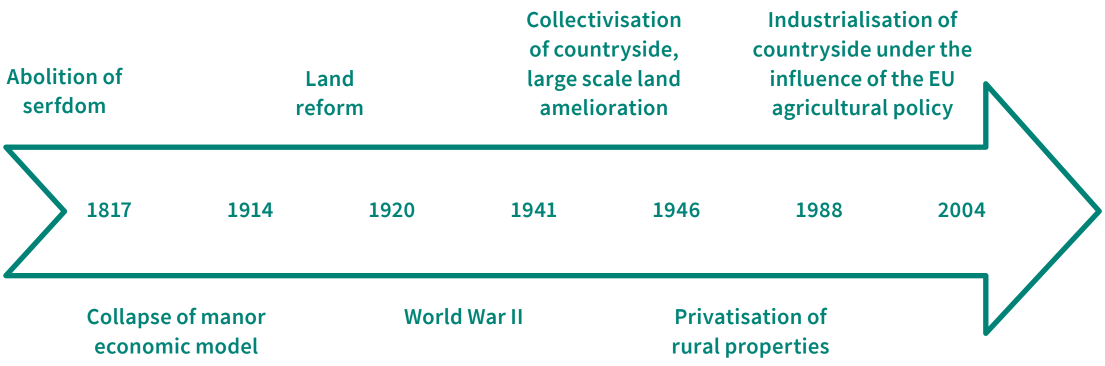
Historical development of rural areas

In each generation
the hero Lāčplēsis must be born anew. (Ā. Elksne)

The historical development of Latvian rural areas has been affected by political, economic and social shocks (Figure 3.2). Historically, generations of rural inhabitants were excluded from management of rural space. The abolition of serfdom was the first major historic turning point in the countryside when, at the second half of the 19th century, part of the farmers had the opportunity to become farm owners and when a strong and extensive social group of farmers began to establish itself. At the same time, 250–300 thousand people left Latvia in search of a better life. The socio-economic and political contradictions were prominent during the Revolution of 1905, when the model of manor farms collapsed (such signs were already present in the territory of Latvia in the Livonian era in the 16th century, when the disintegration of villages and the formation of farmsteads began).

The agrarian reform commenced in 1920 and continued until 1937, when the state nationalized the big farms, including the manors and lands (Krūmiņš, 2016). During this first major agrarian reform, about 67 thousand new farms were created, which is a half of the inhabited farmsteads in present-day Latvia (about 142 thousand inhabited farmsteads and detached houses, 27.5 thousand abandoned farmsteads or ancient dwellings that may have disappeared even during World War I) (SIA "Karšu izdevniecība "Jāņa sēta"", 2017). 1934 saw a radical paradigm shift in favour of the countryside. The countryside

Figure 3.2. The most important turning points in the historical development of Latvian rural space



Source: Klepers, Druva-Druvaskalne, 2017.

became Latvia's main wealth generator. The quote by Professor Jānis Bokalders in a publication in 1940 highlights the role of agriculture and farmers in Latvia of that time: "If the farmers have it good, the rest of the population will not be doing badly" (Quoted by Krūmiņš, 2014). The socially aesthetic aspect of the countryside was not forgotten either: "The city with its factories and chancelleries will never yield such satisfaction with life as the countryside and land, especially to the one who has grown up and spent his childhood there" (Bārda, 1939). The agricultural policy promoted the export of Latvian goods (butter, bacon, clover and flax seeds, etc.). However, there were also problems that are characteristic of today: there was a shortage of labour force in the countryside and about 40 000 foreign farm workers had to be brought in. Fewer children were born, and an increasing number of people moved to towns and cities. Farm work was no longer appreciated, people wanted finer employment. As a result, the number of farmers decreased. The industry also developed extensively (Sprūde, 2017).

The 20th century brought significant negative impact upon Latvia's rural areas with the advent of both World War I and World War II. However, the most significant changes in the rural landscape and settlement structure and in the way of farming took place during the Soviet period with the collectivization of the countryside, which led to the disappearance of farmsteads and the formation of larger villages and settlements. It cannot be denied that the formation of collective farms in the 1970s and 1980s contributed to the increase of welfare among the rural population, but at the same time it also enforced the socio-economic contradictions of the USSR (Krūmiņš, 2014).

The collapse of the economic and political union of the USSR and the privatization of property, including land ("romantic land reform") in the 1990s altered the rural areas of Latvia once more. The previously established infrastructure, farming methods, change of political emphases (Latvia's accession to the EU in 2004 and the impact of the EU agricultural policy, joining the eurozone in 2014), population decline caused changes in the rural space of Latvia in the early 21st century. With the accession of Latvia to the European Union in 2004, emigration escalated and the concentration of population in the central part of the country, mainly in the metropolitan area of Riga, increased. This was mainly related to the search for work opportunities and a better quality of life. The main reason for emigration is the inability to find a job in Latvia (Krūmiņš, Krišjāne, 2016). During seventeen years (2000–2017), more than 276 thousand or 11.6% of the population that lived in Latvia in 2000 have emigrated from the country (CSB, 2017).

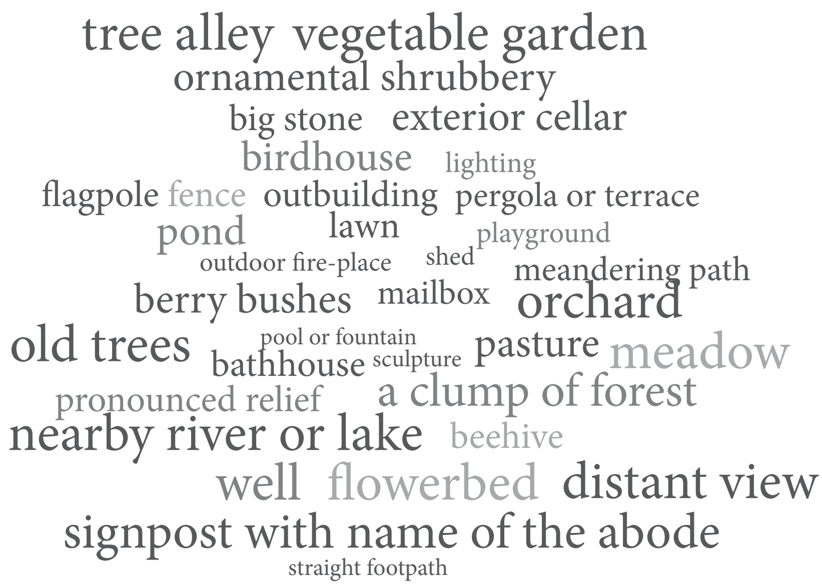
Rural space today: resources and functions

By tending land, I tend myself. (M. Zālīte)

Today, rural territories in Latvia are no longer just a place for agricultural development. Undoubtedly, resources (land, forest) remain the key, yielding the greatest good not only economically, but also with regard to the potential of non-agricultural business, the countryside as a place of recreation.

Increasingly, rural areas are seen as places to live, creating different combinations of work and mobility, such as living in the countryside – working in the city (establishment of a so-called second home, a summer house, "granny in the countryside"), distance working opportunities that enable one to remain in the countryside, etc. There are a number of real benefits that attract people to rural life: lower housing and living costs, less pollution, proximity to nature, peaceful lifestyle, less stress. Rural life also has a number of disadvantages, such as reduced opportunities to obtain education or employment, difficulties in accessing public or transport services, and

Figure 3.3. **Characteristic elements of country farmstead landscape**



Source: Klepers, Druva-Druvaskalne, 2017.

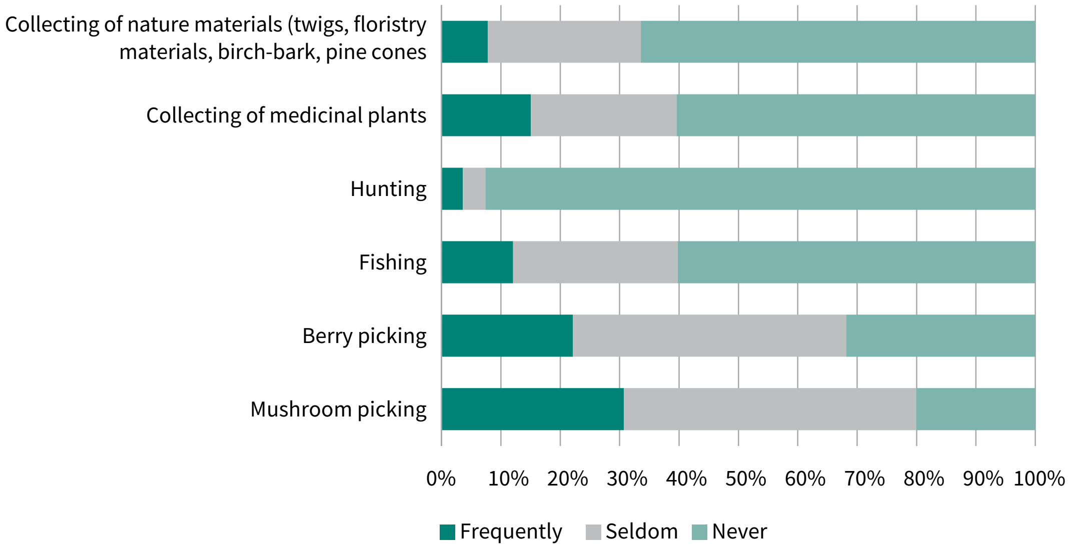
limited cultural and sports infrastructure. Countryside is often associated with the concept of place identity – the symbolic meaning of a place as a keeper of emotions and relationships that bestow the meaning and purpose to life.

High quality living space is mentioned as an important potential of rural territory, one of the elements of which is rural landscape. The Latvian landscape is the most beautiful mound and plain landscape in Europe. How to describe beauty? Environmental activist and researcher Guntis Jānis Eniņš explains the beauty of the Latvian landscape with the diversity of nature, and it has been created and preserved thus mainly because Latvians lived in farmsteads. Latvians lived alone and loved trees, because Latvians always need a vertical dominant element, too (Eniņš, 2017).

The study "Farmstead and Landscape Quality in the Context of Biodiversity" (Klepers, Druva-Druvaskalne, 2017) reveals the changing nature of rural landscapes, although the farmstead is relatively more resilient to drastic changes than other elements of rural landscape, for example, a forest, natural flow of a river. The farmstead has been permanently populated by people who perform regular routine activities in that particular place (mowing grass, harvesting, growing flowers, trees, grazing livestock). However, landscape elements change over time, and this is determined by a variety of factors, such as landscape elements that do not disappear so swiftly (terrain, old trees, placement of driveway, apple orchard), whereas the functionality causes certain elements to disappear (like a well with a well-sweep, hay stacks, horses, remaining inventory of Soviet-era collective farms that often stands in ruins – dry-houses, farms, silage towers). Modernization and borrowed style elements are re-entering the farmstead (recreation and entertainment elements of outdoor space, plantations of exotic greenery, garden or courtyard decor, lighting, etc.).

The survey of residents and visits to farmsteads allowed researchers to discover contemporary trends in rural landscapes: landscape of rural space is associated with a mutually concordant layout of landscape elements, regular activities, and feelings. It is saturated with stories of generations, ancestral work and rites, ideals, identity-building content. According to the inhabitants, the quality of the landscape is characterized by old trees, an orchard, a harmonic courtyard encompassed with a set of buildings, well, flower bed and nearby meadow or a clump of forest (Figure 3.3). The characteristic elements also include a tree alley along the roadside, a vegetable garden and a distant view. However, **the understanding of the landscape quality must be based on a greater knowledge of the history, culture, nature of the place as a systemic set. There is a contrast of opinions with regard to the ideal landscape of a farmstead, especially the courtyard: the tidy, cleaned up, "coiffed" imitation of urbanity in contrast to the presence of wilderness, tolerance of the natural, "controlled natural chaos".** During the course of this study, part of the farmstead maintainers condemned the over-intensive management of resources in adjacent agricultural or forest lands, attributing it also to the performance of state institutions (JSC "Latvia's State Forests", Ministry of Agriculture, etc.). The general public is likely to experience such large-scale landscaping problems episodically, but not on daily basis (a forest where one traditionally picked mushrooms or berries cut down; the river used for swimming years ago now overgrown), and alternatives can be found. Unfortunately, the implementation of such large-scale changes near the place of residence can

Figure 3.4. **Frequency of using services provided by nature (%)**



Source: SUNSTINNO, 2017.

curtail the quality of life by reducing the quality of the landscape and the opportunities of services provided by nature (ecosystem services) (Klepers, Druva-Druvaskalne, 2017). According to the population surveys (EKOSOC-LV, 2015; SUSTINNO, 2017), people who frequently pick mushrooms (31%) and berries (22.1%) use free services or products provided by nature – mushrooms, berries, fish, animals, medicinal plants, plants suitable for floristry (Figure 3.4). The majority (89–95%) of the respondents do it for pleasure, however, 9.4% of the respondents indicated that they also get additional income from berry picking, while 7.4% – from mushroom picking.

The household survey conducted in special protection areas in 2015 (EKOSOC-LV, 2015) showed similar average results on the impact of mushroom picking and berry picking on additional income, however, regional variations were observed, for example, in Slītere National Park 18% of the population pick mushrooms frequently, thus obtaining additional income, while 13% more often pick berries, earning additional income. The rural environment is used for different types of recreation by 19–30% of the population (running, Nordic walking, swimming, skiing, skating, watching nature, feeding birds in winter, getting inspiration from nature) (EKOSOC-LV, 2015).

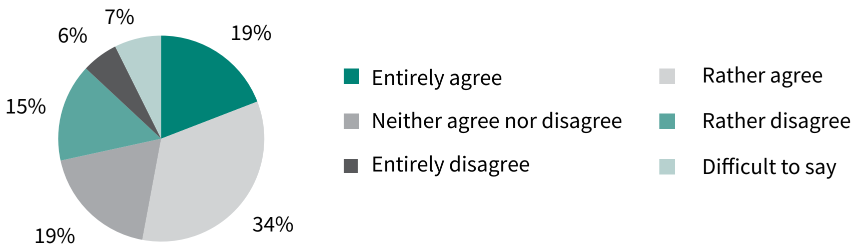
Nature protection – a deposit for the future and a good for all of us

As I passed through silver grove, not a single branch did I break. (Latvian folk song)

In the global and European context, Latvia still can pride itself with relatively natural, unpolluted natural environment. The coastline of the Baltic Sea with wooded coastal dunes, a complex of ancient dunes (*kangari*) and interdune depressions (*vigas*), lakes and rivers, forests that cover slopes in river valleys, sandstone outcrops are unique at the European level, therefore nature conservation measures in Latvia contribute to the preservation of the entire European natural heritage. And most importantly, the greatest part of the protected natural areas is freely accessible to anyone. Recreational and tourism infrastructure has been established in many places for undisturbed enjoyment and exploration of nature. Protected areas can be compared to a deposit – these are the places where we store our natural values to be used in case of need (DAP, 2013).

The origins of nature protection in Latvia can be traced back to the 19th century; however, more detailed categories of protected areas and the nature preservation system were developed during the Soviet period from 1960s to 1980s. After the restoration of Latvia's independence and the accession to the European Union, the nature protection legislation was integrated with the EU legislation and the inclusion of the established protected areas into the EU united network of protected areas Natura 2000. Privatisation of the land in the protected nature areas did not proceed particularly successfully. It was intended to conclude agreements between the respective local governments and the landowners who were recovering the properties, introducing sparing management of protected areas on the one hand and the tax rebates on the other. This was not fully implemented due to various political, legal and economic reasons. Admittedly, the relationship between the state and the landowners whose lands are in protected areas has been generally very inconsistent in the long term, creating problems in the governance and management of these

Figure 3.5. **Opinion of residents on the necessity of establishing SPNAs in Latvia**



Source: SUSTINNO, 2017.

areas (Nikodemus et al., 2018). In order to obtain complete and detailed information about the natural assets of Latvia, to effectively govern and plan economic activity in the territories, an extensive survey of natural assets – Nature Census is implemented throughout Latvia for the first time. It commenced in 2016 and will be completed by 2020. Already during the first year, some of the voiced public opinions stated that there was no need to research anything because something of a great value could be found, thus limiting economic activity and profitability. However, the majority of the public (94%), according to the survey commissioned by the Nature Conservation Agency (2017), considers Latvia's nature to be a value to be safeguarded, and 81% consider it a source of national pride. Likewise, the majority of the public thinks that the state needs to be aware of Latvia's natural assets (81%) and agree with the statement that taking care of nature is taking care of oneself (83%). Therefore, it can be considered that the survey of natural assets in Latvia enjoys great public support.

Overall, there are 683 specially protected nature areas (SPNAs) in Latvia, certified by law or regulations of the Cabinet of Ministers. Each of these corresponds to one of eight categories of protected areas (Nature Conservation Agency, 2018). For the protection of Latvian landscape and cultural environment, specially protected nature areas have been established – 9 types of protected landscape areas, which occupy 9.8% (1653.85 km^2) of the specially protected nature areas. In order to protect natural assets, more than a half (53%) of Latvia's population supports the need for the establishment of new specially protected areas (SUSTINNO, 2017).

The evaluation of rural areas as a public good is reflected in the research by A. Gramzow and M. Petrick who associate it with the health and quality of rural environment, rural landscape, cultural environment, which alongside economic and social dimensions ensures the viability of the countryside. A public good includes an attractive image of a place, a good place to live and work, or "quality of life", effective governance, low local tax level, absence of unemployment, human and social capital, protection of natural resources, groundwater, irrigation systems, natural habitat, biodiversity, cultural history (Gramzow, Petrick, 2006).

The countryside is a value that also contributes to city dwellers' quality of life, as well as generating profit from city dwellers' and leisure activities in rural areas, and thus it is vital for the development of the rural economy (Baldock et al., 2001, cited according to Cimdiņš, 2015). Responsible rural development policies and a dialogue with local and regional communities are needed to strike a balance between regional growth, social and environmental changes, and the preservation of rural and urban identities (Kūle, 2014).

Citizens' job opportunities, level of access to services and infrastructure ensure the long-term viability of rural areas, making them attractive for living and working. If the countryside remains economically and socially dynamic, it ensures agricultural and forestry development that is crucial for the environment, which, in turn, is linked to the growth of rural tourism and expanding of recreational facilities. The terrain, landscape, climate and other natural factors form the traditions and identity of the Latvian countryside.

Assessment of the viability of rural space

The Ministry of Environmental Protection and Regional Development (VARAM) is responsible for regional and territorial development in Latvia. Monitoring and evaluation of regional development is provided by the Regional Development Indicators Module (RDIM), which includes 200 socio-economic indicators for each territory – region and local municipality. RDIM is a tool for the monitoring of regional development, evaluation of development tendencies of municipal territories, preparation and monitoring of development programmes, as well as for the support in decision-making (VARAM, 2018).

In characterizing the viability of rural space, the diversity of rural communities and varied daily needs, life strategies and practices should be taken into account. Judging by statistics, sometimes a person disappears behind figures. Viability cannot be reduced to a certain indicator, but instead should be viewed through constantly changing interactions.

Some researchers emphasize vitality as a resource. The vitality manifests itself as a positive development despite difficult life situations and is characterized by emotional balance, a good sense of humour, self-confidence, a sense of belonging (Bandura, 1977; Masten, 2011; Walsh, 2011; Sebre, Krūmiņa, 2012). Self-organization and involvement in various associations is also an important path to development (Barnes, 2006).

The viability of rural areas is based on balanced development and sustainability. It is difficult to find a common, unified approach to data selection in the research literature for assessing the viability of rural areas, and the concepts of "sustainable development" and "sustainable growth" are used. Sustainable growth is a concept that applies primarily to economic growth and social development. Sustainable growth thus runs counter to the idea of balanced development – the balance between economic, social and environmental goals. Development must be a balance of the economy, the social sphere and the environment (United Nations, 1987; Bartelmus, 2013; Bina, 2013; Ciegis et al., 2015). Several studies have complemented these three groups with technological development (Grizans, 2009; Blohmke, 2016) and institutional influence (Rompczyk, 2007).

Methods for assessing the viability of rural space

Environmental assessment is an essential element of the economy, and numerous new methods have been developed for this purpose, including the effects of climate change, the damage from hazardous waste substances and air pollution, and the value of multiple ecosystem services.

Most environmental goods and services (e.g., clean air and water, as well as healthy fish and wildlife populations) are not sold on the market. Their economic value is assessed by various methods, such as the hedonic regression model (the effect of environmental quality on property market prices), the travel expense method (number of visitors), and so on. Some researchers reject these methods (Ackerman, Heinzerling, 2004). They argue that decisions regarding environment, health and safety should be based on democratic values rooted in morality rather than economic values (Ackerman, Heinzerling, 2004).

Scepticism about the use of these methods is also caused by the large differences between study results, depending on the evaluator and the context. The analyst must be well informed about the alternatives to individuals' decisions (Freeman et al., 2014). The relationship between attributes of interest and unavailable data is also a cause for concern. Usually, research is based on one or a few environmental variables. Empirical observations show that we do not know the true value of safety, silence, clean air, etc. The use of different approaches and techniques suggests that none of them is significantly better than the others (Anderson, 2018).

One can agree with researchers that it is difficult to translate the benefits of nature or ecosystems in monetary terms. One of the solutions offered by environmental economists is to identify and describe all the possible assets we obtain from nature (pollination, soil fertility, decontamination, carbon sequestration, biodiversity, beautiful scenery, etc.). The assessment of ecosystems for nature protection is also required by the EU Biodiversity Strategy to 2020, making it an integral part of the environmental policy.

While several researchers emphasize the need for technological development, human resource growth and the expansion of the knowledge base to ensure rural development (Corrado et al., 2017), some scientists criticize the knowledge economy approach, stating that the entire economic situation must be considered as a whole. The analysis of the national economic data shows that welfare and the most competitive economies tend to have a greater variety of products and services. On the other hand, economies with a low diversity tend to specialize in products and services offered by almost all the other countries. Economic fitness is most directly dependent on economic diversity (Cristelli et al., 2013).

Some researchers emphasize that, in their opinion, viable rural areas are those with close, active and inclusive relationships between citizens, the private sector, the public sector and civic organizations that function in the economic, social and environmental space (Scott, 2010; Grigsby, 2001, quoted according to Rivža, 2018). Viable communities are able to withstand and organize these relationships to create, adapt and evolve in the changing world (Scott, 2010). Viability is increasingly described as a complex, diverse conception. It designates the skills, knowledge and abilities of local people, highlighting the importance of relationships and communication, the need to enhance community initiative, responsibility and the ability to adapt to sustainable and healthy ecosystems. Viability is closely linked to the many benefits of a community, a sufficiently diverse and healthy economy (Grigsby, 2001). Economic activity plays an important role in the characterization of both vitality and viability. The vitality of the local economy is seen as one of the key factors in maintaining the viability of the space inhabited by a community.

The Territorial Development Index (TDI) has been developed to assess the level of development of Latvian regions, cities of national importance and municipalities. The index describes the level of development in the respective year, showing a higher or lower development level of territories in comparison with the average development level of the country, using standardized values of eight different statistical indicators. These include the number of economically active individual economic operators and commercial enterprises per 1000 inhabitants, the unemployment rate, the proportion of the poor in the total population, the total number of crimes per 1000 inhabitants, the balance of natural movement per 1000 inhabitants, the long-term migration balance, the number of inhabitants beyond working age per 1000 inhabitants, personal income tax. TDI mainly describes the social and economic dimensions of territories in the traditional sense, but does not reflect the environmental dimension, the technological dimension and the institutional dimension (VARAM, 2018).

Smart Development Index of rural areas of Latvia

The Smart Development Index has been developed within the National Research Programme EKOSOC-LV for the purposes of an in-depth analysis of aforementioned aspects and the evaluation of territorial growth. The index shows the efficiency of the use of natural, population, administrative and e-environment resources and the progress of innovative business in the context of smart development.

The Smart Development Index analyses

1) the quantity of resources and the efficiency of their use;
2) the available road infrastructure;
3) the knowledge, skills and activity of the population;
4) business innovativeness and activity;
5) the competence of the local public administration and its compliance with the requirements of the modern environment;
6) the development of e-environment.

The two indices do not compete with each other, but instead are mutually complementary, showing different aspects of territorial development (Rivža, 2018).

The resource dimension includes both the creators of natural resources and the indicators that characterize and influence resource efficiency. According to the methodology developed by EKOSOC-LV, the major natural resources include:

1) agricultural land (AL) (2074.6 thousand ha or 38.8% of the territory of Latvia) – the intensity of its utilization is an important indicator for determining resource efficiency. The importance of the indicator is also justified by the fact that the main spheres of activity in the regions of Latvia are agriculture and forestry. Soil is a very important natural resource of Latvia and its fertility determines land use;
2) forest areas covering 2965.1 thousand ha or 52% of the territory of Latvia. Forests are an important resource not only for logging and woodworking, but also for recreation, harvesting various berries, mushrooms, plants, as well as hunting;
3) mineral resources – gypsum, limestone, clay, dolomite, sand, gravel, etc. – a total of 2265 extraction sites.

In addition to natural resources, two indicators were selected that characterize and influence the efficiency of resource use. The first, the EU and national payments to agriculture, forestry and rural development is an important financial instrument that reflects the intensity of resource use, therefore, the study included the amount of aid paid out between 2001 and 2015. These payments are administered by the Rural Support Service of Latvia, which is subordinated to the Ministry of Agriculture. The second – infrastructure – is reflected in the density of the road network – a dense road network and optimum quality of roads ensure the necessary conditions for starting and successfully developing a business (EKOSOC-LV, 2018).

The economic dimension includes indicators that characterise innovative entrepreneurship in knowledge-intensive service sectors as well as in high and medium-high technology sectors. The indicators selected in the study are related to the total number, for example, the proportion of innovative enterprises to the total number of enterprises in a particular municipality, showing the tendency to acquire innovations. There are four characteristics related to innovative enterprises – number of them, turnover, number of employees, as well as turnover per employee. The last indicator is the number of self-employed individuals per 1000 inhabitants in a municipality, indicating the activity of the population.

The social dimension is characterized not only by the level of qualifications or education of the population, but also by the quality and activity of social interaction in terms of non-governmental organizations (NGOs) in municipalities. This aspect was recognized by experts as one of the most important in terms of growth and development. In the European Union, the share of the population who have completed higher education is lower than in Japan or the US, which raises concerns for the future development. The analysis includes four important indicators – two of these are considered positive for territorial development (the proportion of the population with tertiary education and the number of NGOs); and two are negative (primary sector employment and long-term unemployment) (Rivža, 2018).

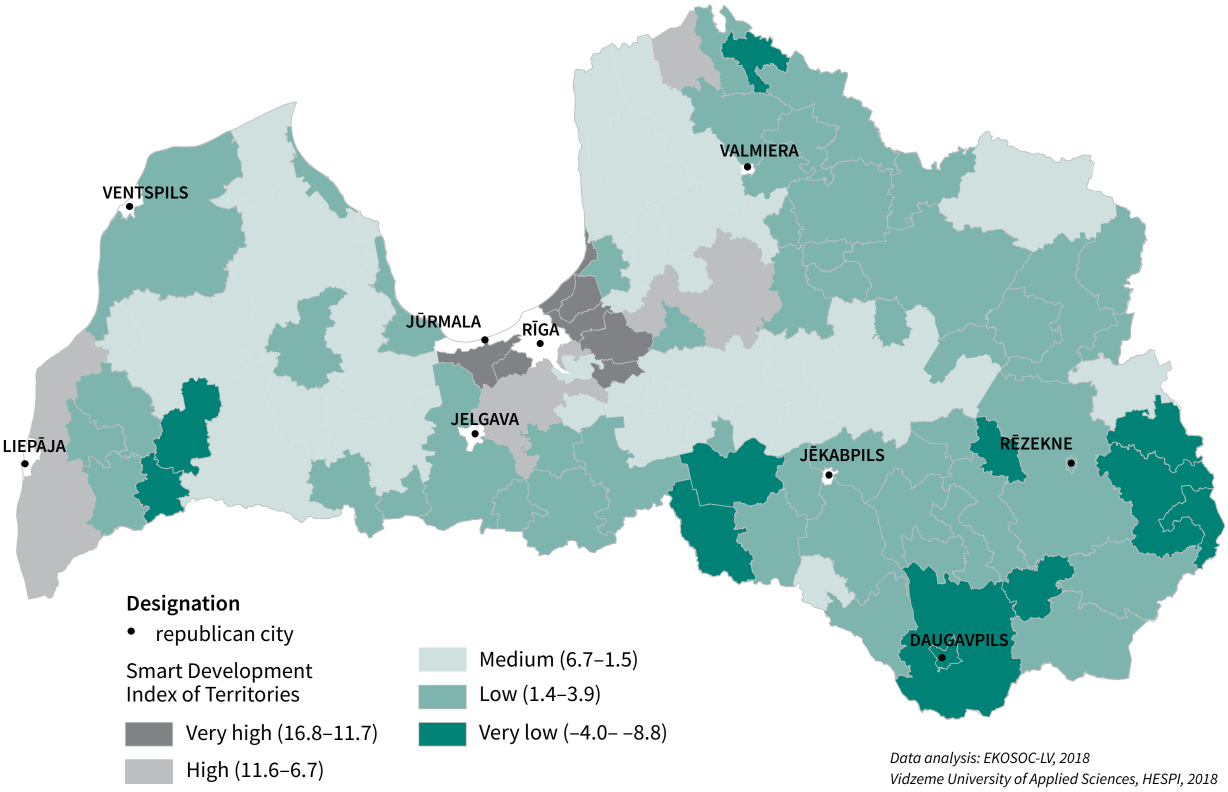
The governance dimension encompasses the aspects of political participation, the evaluation of the quality of services provided to citizens and the functioning of the public administration. The selected indicators:

1) EU funding for development (European Regional Development Fund, European Social Fund and Cohesion Fund) and agriculture (European Agricultural Fund for Rural Development, European Fisheries Fund and European Agricultural Guarantee Fund) for the period 2009–2013;
2) turnout in local elections;
3) changes in the Latvian e-index – this index gathers information and indicators on how actively and commensurately with their circumstances the local governments use the solutions offered by modern information and communication technologies to improve the quality of their services and accessibility to citizens and companies;
4) Internet coverage areas, where the lowest value is 0 (no optical internet is provided, low internet speed) and the highest – 2 (EKOSOC-LV, 2018).

According to the Smart Development Index of Territories developed by the study, the municipalities forming the rural territory of Latvia can be divided into five groups (Figure 3.6).

The maximum value of the Smart Development Index of Territories is for Saulkrasti municipality (16.88), while the minimum value is for Zilupe municipality (–8.75). The logical analysis of the data evaluation reveals that the standardized value of economic dimension of Strenči municipality is by 80% affected by Strenči Psychoneurological Hospital, which is classified by Eurostat as belonging to

Figure 3.6. **Smart Development Index in municipalities of rural areas in Latvia**



Source: EKOSOC-LV, 2018

knowledge intensive service industry and was therefore excluded from the Strenči municipality data.

Group 1 (8 municipalities with values 11.7–16.8) is characterized by the best situation among 110 municipalities and includes Pierīga municipalities. This group is dominated by the social and governance dimensions – citizens are educated, qualified and active, the local government is inclusive and professional with regard to e-services and the use of information and communication technologies (ICT).

Group 2 (12 municipalities with values 6.7–11.6) gives evidence of a good situation, and it mostly encompasses Pierīga and Kurzeme municipalities. This group is dominated by the governance dimension – the local government is inclusive and professional with regard to e-services and ICT use, and the economic dimension is strong – a significant part of the businesses operates in knowledge-intensive services in high technology-intensive sectors.

Group 3 (32 municipalities with values 1.5–6.6) indicates an intermediate situation, with the highest number of Pierīga, Vidzeme and Kurzeme municipalities. This group is dominated by the governance and resource dimension – the local government is inclusive and professional with regard to e-services and ICT use, and resources are managed efficiently.

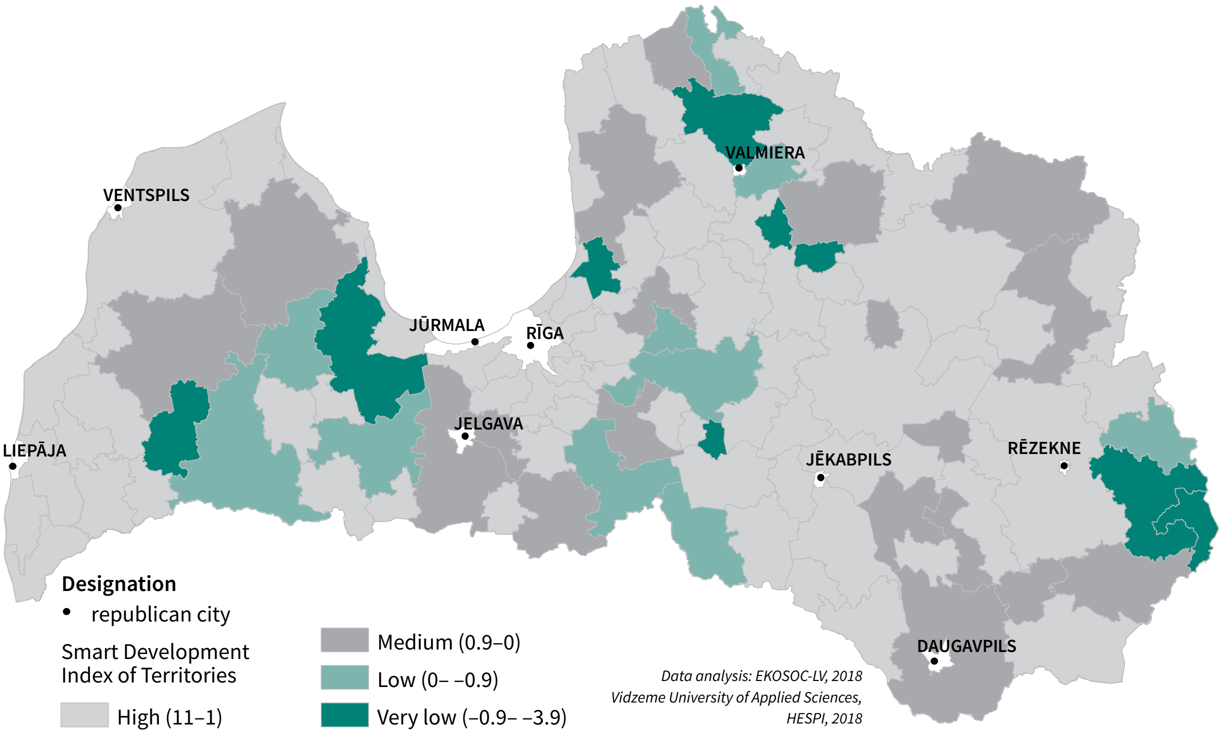
Group 4 (47 municipalities with values between –3.9 to 1.4) shows the situation below the median: the index in 40 municipalities is < 0. This group is dominated by municipalities of Vidzeme, Zemgale and Latgale. The primary sector dominates in both employment and entrepreneurship.

Group 5 (11 municipalities with values –4.0 and –8.8) reveals a poor situation. Latgale municipalities are the most numerous in this group. The characteristics of the group: natural resources are inefficiently managed, the population is shrinking, inhabitants are passive, lacking education and professional skills. The primary sector dominates in employment as well as entrepreneurship.

The results show that 60 municipalities have a positive level of territorial development, while 50 municipalities have a negative development level.

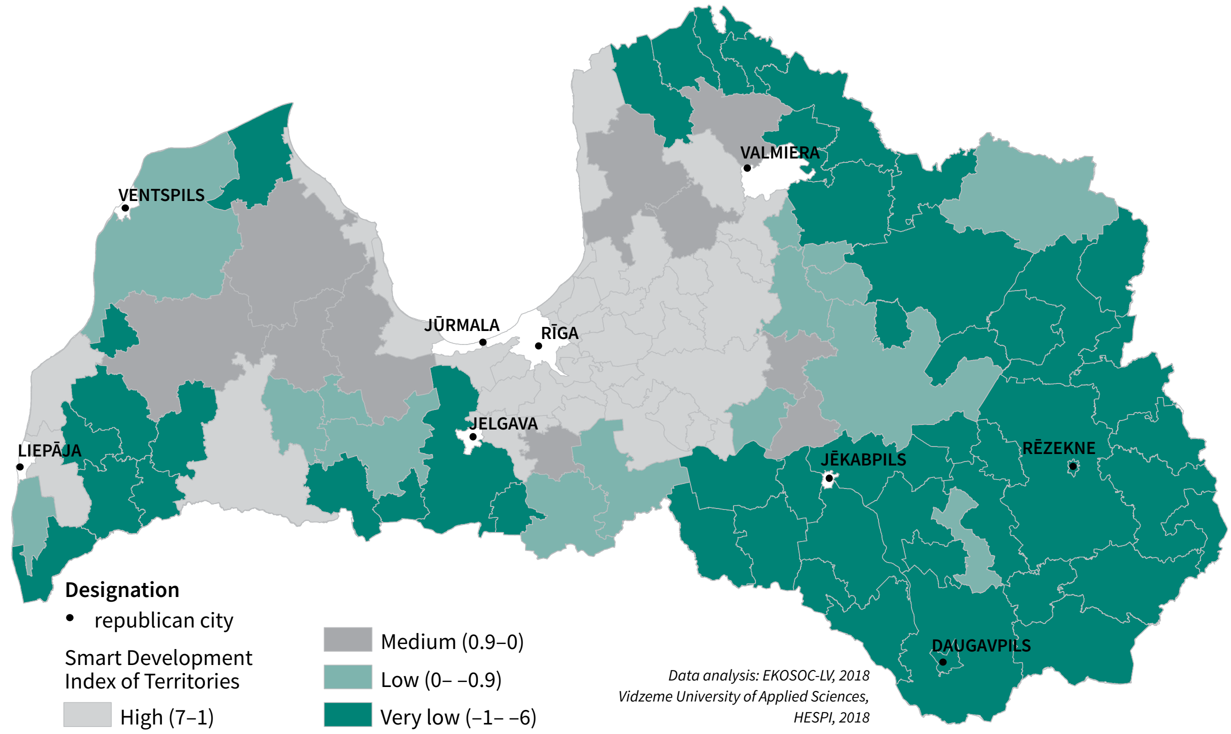
According to the four-dimensional values of the Smart Development Index, the dominant dimension of the index structure can be determined for each municipality (Figures 3.7–3.10). The overall trend shows a marked dominance of the governance dimension (Figure 3.7) for municipalities with both positive and negative values of the Smart Development Index. Governance is the dominant dimension for 61 municipalities. The highest value of the governance dimension is in Nica, Mērsrags, Ropaži, Stopiņi, Amata municipalities.

Figure 3.7. **Evaluation of the governance dimension of the Smart Development Index in municipalities of rural areas of Latvia**



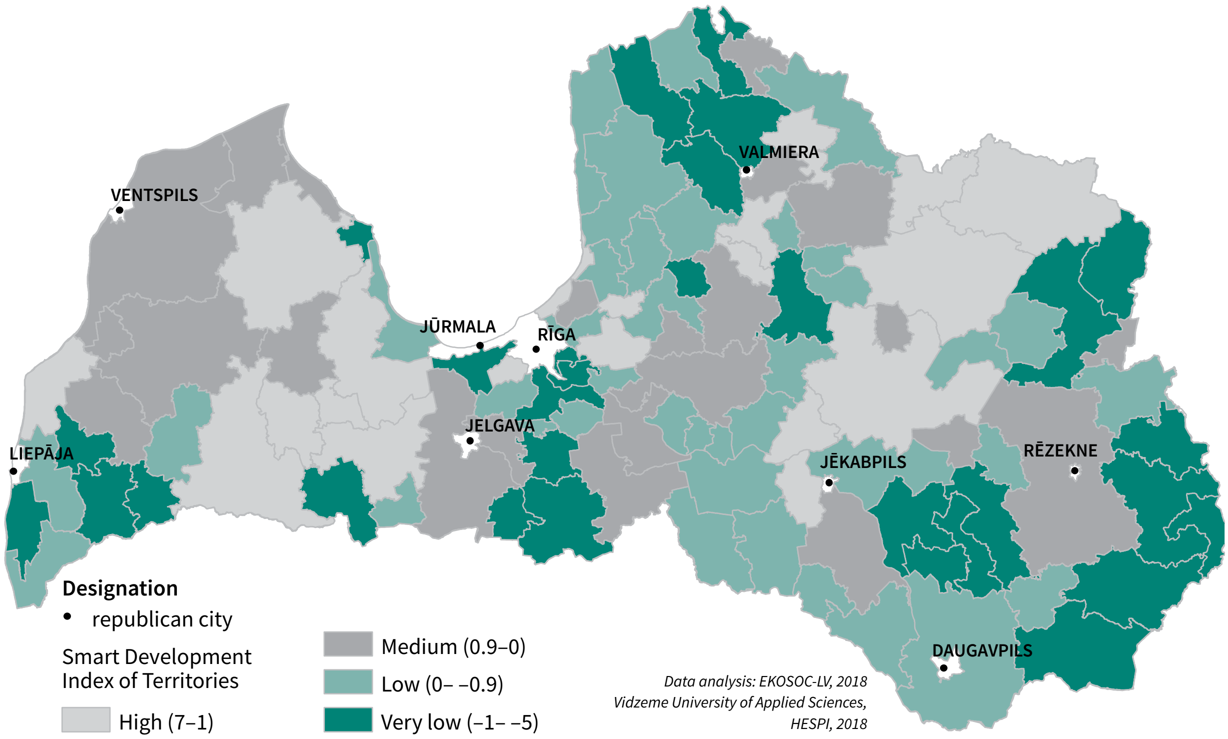
Source: EKOSOC-LV, 2018

Figure 3.8. **Evaluation of the population dimension of the Smart Development Index in municipalities of rural areas of Latvia**



Source: EKOSOC-LV, 2018

Figure 3.9. **Evaluation of the resource dimension of the Smart Development Index in municipalities of rural areas of Latvia**



Source: EKOSOC-LV, 2018

The population dimension predominates in 21 municipalities, mainly in Pierīga region. The highest value of the population dimension is in Garkalne, Mārupe and Babīte municipalities (Figure 3.8).

The resource dimension dominates in 16 municipalities, mainly in Vidzeme and Kurzeme regions. The highest value of the resource dimension is in Cēsis, Pāvilosta, Talsi and Saldus municipalities (Figure 3.9).

The economic dimension dominates in 13 municipalities, with the highest value of the economic dimension being in Rucava, Carnikava and Olaine municipalities (Figure 3.10).

The correlation coefficient values between the Smart Development Index and its dimensions show that smart development in the regions of Latvia has different accentuation. Moderate and strong correlation can be observed between the Smart Development Index and the population, economic and governance dimensions, while the resource dimension tends to be weakly related to the smart development. The strongest correlation is observed between the Smart Development Index and the population dimension (r = 0.778). There is a moderately strong correlation between the Smart Development Index and the economic dimension (r = 0.590) and the governance dimension (r = 0.456). The Smart Development Index and the resource dimension (r = 0.339) have the weakest correlation.

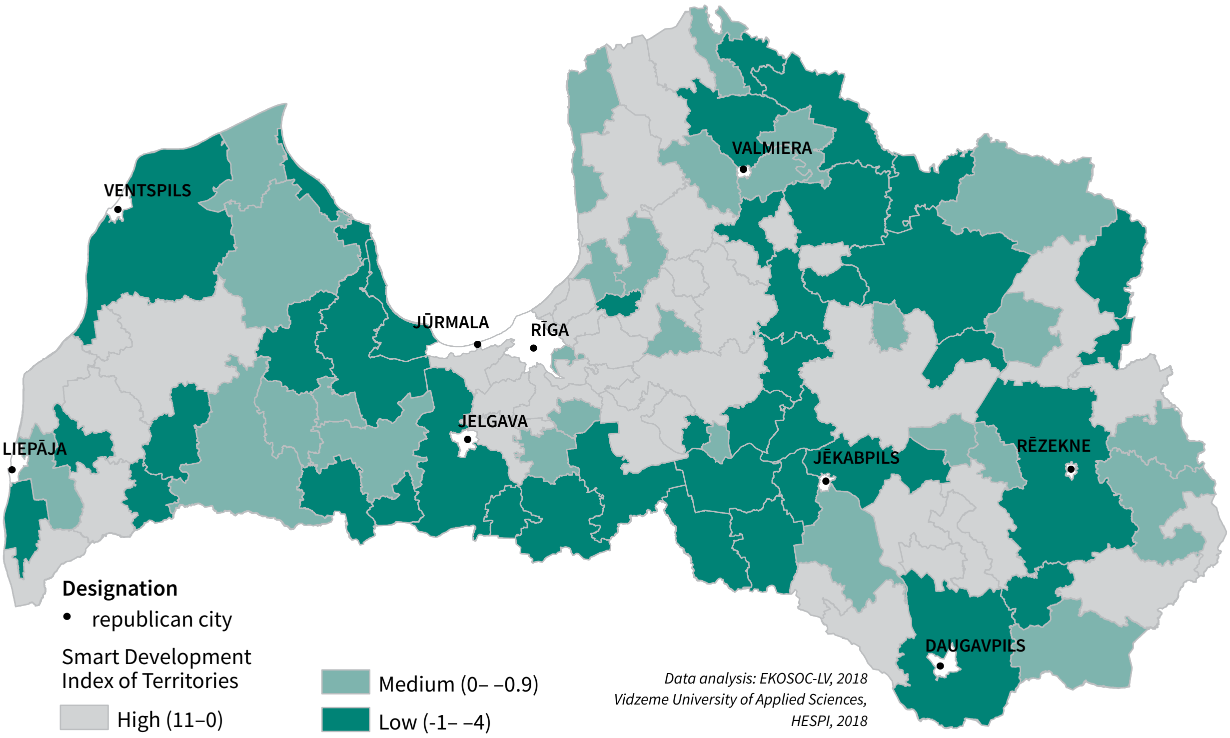
The correlation coefficient between the HDI index and the Smart Development Index shows a strong correlation (r = 0.758). This confirms that the two indices are not competing, but complementary to each other. The HDI index has the strongest correlation (r = 896) to the economic dimension of the Smart Development Index, whereas the correlation with other dimensions is weak.

Analysing and summarizing the aspects affecting the smart territory, based on the theoretical approaches, the recommendations of the stakeholders (local governments, entrepreneurs, representatives of communities) and taking into account the national strategic objectives and the opinions of the EKOSOC-LV working group, a hierarchy of smart territory formation and development factors was established, and the accents placed by experts from Latvian municipalities analysed in the evaluation of factors and development visions.

The AHP method was used to analyse the smart territory formation and development scenarios. 16 evaluation criteria were selected and grouped according to the interests of the target groups (population, local government, national and the EU interest groups).

Experts were questioned about the four dimensions of smart development and their role in the development of Latvian regions, as well as the influence of the population, local government, state and the EU, thus determining the dominant affecting factors, i.e.,

Figure 3.10. **Evaluation of the economic dimension of the Smart Development Index in municipalities of rural areas of Latvia**



Source: EKOSOC-LV, 2018.

Table 3.1. **Dominant dimension according to quantitative and qualitative assessment results**

Dimension	Dominant in Smart Development Index	Dominant according to expert assessment	Strength of correlation with SDI
Resources			$r = 0.339$
Population	Pierīga	Latgale	$r = 0.778$
Economy		Pierīga, Kurzeme, Zemgale	$r = 0.590$
Governance	Kurzeme, Vidzeme, Latgale, Zemgale	Vidzeme	$r = 0.456$

Source: Summary by S. Rozentāle according to EKOSOC-LV data

citizens' initiative and activity or institutional environment.

According to the experts, the dominant dimension of Pierīga, Kurzeme and Zemgale regions is the economy, while in Vidzeme region the dominant dimension is governance, and in Latgale region – population (Table 3.1).

For Vidzeme region, the governance dimension dominates both in the statistical evaluations and the expert assessments. Pierīga region is dominated by the population dimension according to the statistical evaluation, and it has the strongest correlation to the Smart Development Index, but the economic dimension has been rated higher by the experts. The statistical evaluation of Latgale region shows the dominance of the governance dimension, whereas the experts have given the highest assessment to the population dimension. Governance is dominating according to the statistics of Kurzeme and Zemgale regions, while the economic dimension is rated the highest by the experts. The differences in the statistical evaluation and the expert judgment can be explained by the current and future view of the experts, while the statistics attest to the past events. The resource dimension does not occur between dominant dimensions in either the statistical or qualitative evaluation and has the weakest correlation with the Smart Development Index. This attests to the fact that the potential of the environment and resources is underutilized and underestimated in the balanced development of the rural areas of Latvia.

CONCLUSIONS

Rural living is a paradox. Here, the access to local education and work is more limited, living conditions are harder, social activities are scarcer than in urban areas, and yet, despite it all, people dream of living in the countryside.

There are a number of real benefits that attract people to rural life: lower housing and living costs, less pollution, proximity to nature, peaceful lifestyle, less stress.

Rural areas can be described from a socio-economic point of view – size of the population, its density, economic activity, income, access to the shrinking offer of services, but keeping in mind the ideological panorama of the territory's potential is just as important – both resources and environment, as well as the abilities and activities to use these resources. Rural space is, to a certain extent, a social construct where several different social spaces overlap with a geographical space.

Increasingly, rural areas are seen as a place of residence, where different combinations of work and mobility are created.

If the countryside deals only with issues that are important in its own area and that are purely economic, it becomes increasingly peripheral and less important. A municipality can be relatively small, but it can encompass a great variety – different lifestyles, social or ethnic groups, ideals.

A recommendation to policy makers – to achieve the UN Sustainable Development Goals, and

- make cities and communities inclusive, safe, capable of adaptation and sustainability;
- ensure sustainable consumption patterns and production patterns;
- take urgent measures to combat climate change and its effects;
- protect, restore and promote the sustainable use of terrestrial ecosystems, manage forests sustainably, combat desertification and prevent land degradation, promote its restoration and halt the loss of biodiversity;
- promote the sustainable development of a peaceful and inclusive society, and to create effective, accountable and inclusive institutions at all levels;
- strengthen the means to implement the global partnership and restore the Global Partnership for Sustainable Development.

It is necessary to inform the public, also abroad, that Latvia is on the way to achieving the UN Sustainable Development Goals.

Attitudes of population in the context of environmental and ecological problems

Renārs Felcis, Elgars Felcis

Introduction

While scientists are producing increasingly disturbing "warnings to humanity" (Ripple et al., 2017) about transgressed "planetary boundaries" for safe operating space for humanity (Steffen et al., 2015b), climate change (Rockstrom, 2017; IPCC, 2014; IPCC, 2018) and other developmental side-effects (Beck, 2009), it has not significantly diminished the dominance of the economy paradigm, which is largely the cause of these problems. Apparent decoupling of economic processes from environmental processes has been achieved, attaining different types of relative efficiencies, but on an absolute scale economic growth and expansion are closely linked to environmental degradation (Fletcher & Rammelt, 2016; Ward et al., 2016; D'Alisa et al., 2014).

In social science, the term "global ecological rift" describes the interruption of human interaction with nature and natural processes caused by an alienated system of endless accumulation of capital (Foster, York & Clark, 2011). Therefore, it is important to determine whether and how this alienated capital accumulation system manifests itself in public attitudes and behaviour. In other words, although capital accumulation is dependent on environmental resources, this dependency is often ignored and economic development is seen as independent of the environmental system. Consequently, most economists and sociologists have contributed to "the great divide" between nature and society, which must be bridged (Latour, 2005; Bowden, 2017) in order to hope for a restorative rather than catastrophic Anthropocene epoch[1] (Steffen et al., 2018; Waters et al., 2016; Marsden, 2018). One way to promote this is to build on the traditions of interdisciplinary sciences, such as ecological economics (Daly & Farley, 2011), environmental sociology (Hannigan, 2014; Harper & Snowden, 2017) and sustainability science (e.g., Marsden, 2018; Becker, 2014).

Thus, in the context of the Human Development Report, this chapter addresses attitudes and behaviours in relation to the environment and ecology as common pool resources, which, unlike public goods, are subtractable or subject to rivalness. Research by Nobel laureate Elinor Ostrom (Ostrom, 1990; Dolšak & Ostrom, 2003; Ostrom, 2011; Ostrom, 2012) points to the possibility of successful collective management of environmental resources and the fact that private ownership is not a necessary form of governance to prevent the "tragedy of the commons" (Hardin, 1968).

Central and Eastern European countries have a lower level of awareness of global ecological and sustainability concerns in comparison with the other EU countries (see, for example, European Union, 2017). However, when dealing with the interdisciplinary issues of sustainability, it is important to understand trends in the attitudes, views and behaviours of Latvian society. Therefore, in this chapter, we will use the results of the population survey of Latvia conducted at the end of 2017 (SUSTINNO, 2017) and compare them with trends over the last 18 years since 2000 (ISSP Research Group, 2003; ISSP Research Group, 2012), thus discussing the social base of environmental awareness (Xiao & Dunlap, 2007).

Economic and ecological systems approach in explaining attitudes and behaviours

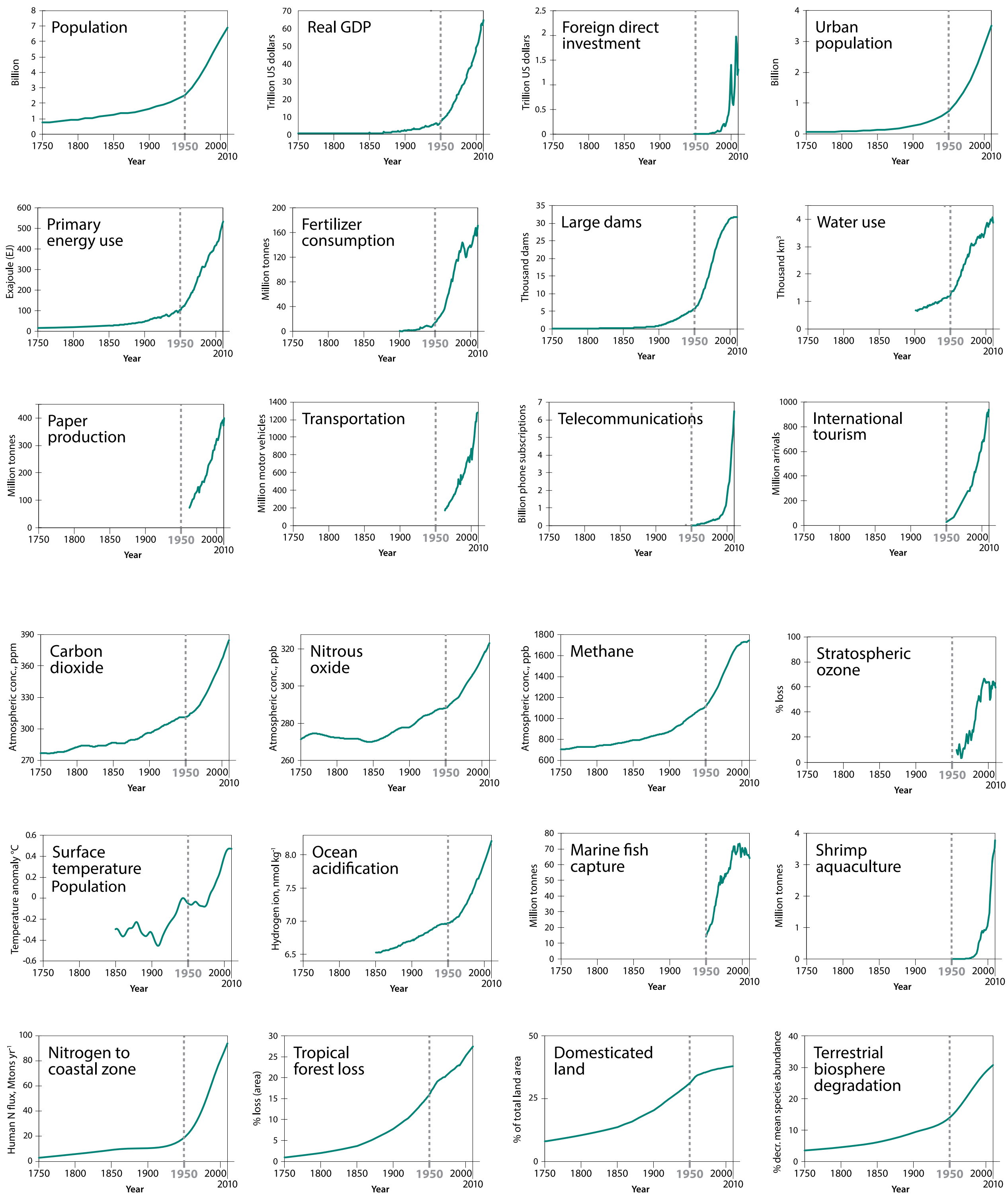
The approaches of planetary boundaries (Steffen et al., 2015b) and social and ecological metabolic rift (Foster, York & Clark, 2011; Moore, 2011) provide a good explanation of the conditions and dynamics of economic and ecological systems, which, in turn, can be applied in explaining the attitudes and behaviours of the population. Before turning to the analysis of the issues, we will explain some of the key concepts related to environmental and sustainability issues.

The Anthropocene epoch

This concept has only emerged in the scientific literature around the turn of the millennium (Steffen et al., 2018; Waters et al., 2016; Crutzen 2002; Steffen et al., 2015a) and characterizes the ways how collective influences of humanity change not only the visual appearance of the planet, but also its system dynamics, with changes occurring at an unprecedented rate. Geological changes have occurred throughout the entire history of the planet Earth, but never before so rapidly and through the actions of a clear main source of influence – human beings (IPCC, 2014; IPCC, 2018). The scientific consensus remains that planet Earth is in the Holocene epoch;

1 The Anthropocene epoch is offered as a designation for the current situation in the world, where collective action by humans is comprehensively changing climate and geology (Steffen et al., 2018; Waters et al., 2016; Crutzen, 2002; Steffen et al., 2015a).

Figure 3.11. **The Great Acceleration – trends in socio-economic and Earth systems**



Source: Steffen et al., 2015.

however, many climate and sustainability scientists call for attention to the dramatic changes that no longer resemble the stability characteristic of the Holocene era. The exponential increase in trends pertaining to various socio-economic and Earth systems is a very good visualization of the destabilization characteristic of Anthropocene epoch and demonstrates an increase in social and ecological metabolism, despite various technological innovations that are often referred to as the key to achieving sustainability.

Social and ecological metabolism

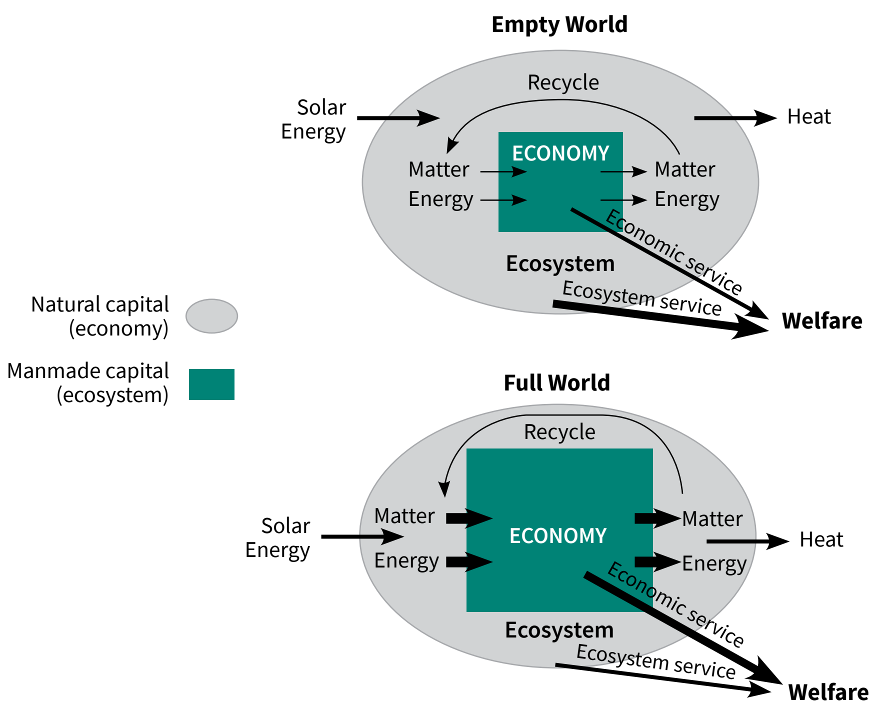
This approach addresses the multifaceted consequences of human activity within a framework of more extensive processes (see, e.g., Daly & Farley 2011; Foster, York & Clark, 2011). In the conventional economic approach, resources, energy sources and pollution are considered as externalities, whereas the ecological economics and other approaches emphasize that long-term sustainability is not possible if externalities are not included, which implies a lack of understanding of social metabolism. In addition, it is important to understand the quantitative and qualitative difference between the epoch we are living in and all the previous epochs in the history of planet Earth. In simple terms, it can be described as a "full world" problem. This means that the dominance of one species has never before been so absolute on a planetary scale. Consequently, the larger the economic subsystem grows, the more it dominates all processes on the planet and the "externalities" are no longer able to absorb the pressure.

Planetary boundaries

It is a framework developed by an international team of researchers to describe a "safe operating space for humanity". The researchers published the first version in 2009 (Rockstrom et al., 2009) and an updated version in the journal *Science* in 2015 (Steffen et al., 2018). Researchers conclude that four boundaries have already been transgressed – climate change, biosphere integrity, land use change and biochemical flows (nitrogen and phosphorus flows). In addition, these boundaries are interconnected, which means that as some increase, others are affected. For example, further human-made climate change is associated with increased acidity in the oceans, the main source of CO_2 absorption; in turn, this relates to (in)ability of coral reefs to form (shells cannot be formed in more acidic ocean water), which, in turn, may have a continued adverse effect upon the biosphere integrity.

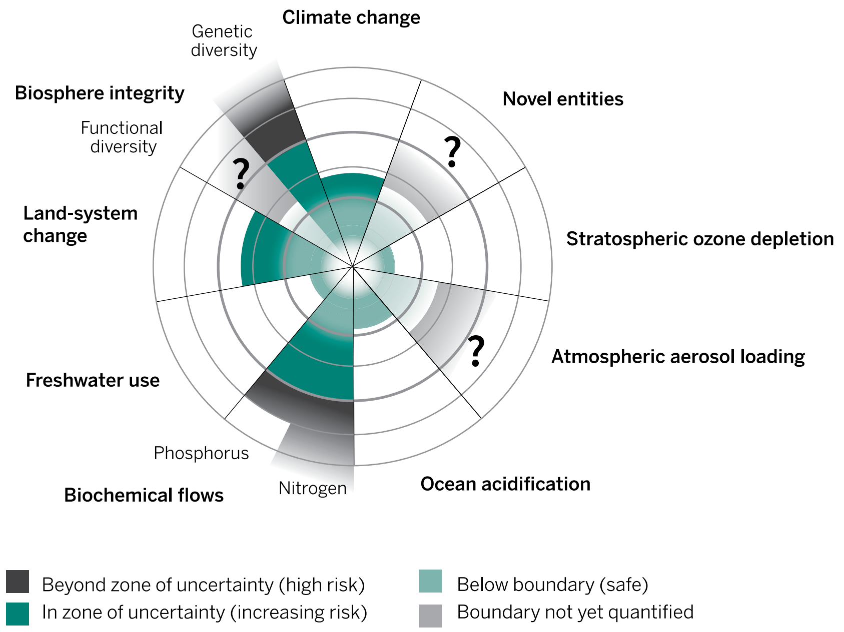
Since the publication of the planetary boundaries' framework, it has been cited and used by numerous other scientists and media, including the book *Doughnut Economics* (Raworth, 2017) by Oxford University researcher Kate Raworth. She focuses on seven ways to think like economists in the 21st century, pointing out that this discipline has an acute need for reassessment and its guidelines are dangerous to the long-term sustainability of humanity. In addition to planetary boundaries, Raworth

Figure 3.12. **From empty world to full world**



Source: Daly & Farley 2011: 18

Figure 3.13. **Planetary boundaries – safe operating space for humanity**



Source: Steffen et al., 2015b.

writes about the social foundations and therefore arrives at the form of a doughnut as a metaphor for a safe and just operating space for humanity. Alarmingly, the study published in 2018 concludes that no country in the world is currently in such a safe and just operating space, and that dramatic reductions in resources and consumption are needed to provide the Earth-system processes, upon which, after all, development and welfare ultimately depend (O'Neill et al., 2018). In other words, endless expansion-driven development and growth pose risks to the further development of humanity.

Methodological prerequisites for studying people's environmental and ecological attitudes

Despite the planetary boundaries described above and questions about the resilience of ecosystems (Folke, 2006), environmental social science has moved toward ecological modernization approach in many parts of the world. It is a business management approach, which believes that sustainable technologies, sustainable consumption, and market-based solutions (in other words, sustainable capitalism) can provide solutions (Foster, York & Clark, 2011, loc. 200). The spread of **ecological modernization** spirit in the population can be well articulated with the agreement (or disagreement) with the statement "in order to protect the environment Latvia needs economic growth" or economic development for environmental protection, and the statement "people worry too much about human progress harming the environment", or the concern that progress is detrimental to environment and others. Attitudes toward **ecological preconditions** for the functioning of human systems and ecosystems (Constanza, Low, Ostrom, & Wilson, 2001), in turn, can be formulated with statements like "almost everything we do in modern life harms the environment", "nature itself can neutralize pollution created by industrial states" and "biodiversity is needed for the future supply of food, fuel and medical goods".

These and other questions are included in the questionnaire of the sociological survey project "Innovation and Sustainable Development: Latvia's Post-Crisis Experience in a Global Context" (SUSTINNO, 2017). The questionnaire includes questions from the ISSP (International Social Survey Programme[2]) questionnaire on environmental and ecological issues. ISSP research on environment and ecology in Latvia was conducted in 2000 (ISSP Research Group, 2003) and 2010 (ISSP Research Group, 2012). The following table summarizes the questions included in the survey questionnaires. Thus, it is possible to both analyse current attitudes and behaviour of the population in environmental and ecological matters (2017), exploring the similarities and differences within socio-demographic groups, and to compare changes in the attitudes of the population over time (2000–2017). Studies to date indicate that people's attitudes towards

[2] The International Social Survey Programme or ISSP, is an international research programme that annually conducts surveys dedicated to major social science topics (The International Social Survey Programme in references).

Table 3.2. **Statements about the attitudes of the population towards the issues of environment and ecology included in different studies**

	Included in studies		
Statement in ISSP questionnaire	ISSP 2000	ISSP 2010	SUSTINNO 2017
We worry too much about the future of the environment and not enough about prices and jobs today	Yes, 4.1.	Yes, N10.a	Yes, RES3.1.
Almost everything we do in modern life harms the environment	Yes, 4.2.	Yes, N10.b	Yes, RES3.2.
People worry too much about human progress harming the environment	Yes, 5.1.	Yes, N10.c	Yes, RES3.3.
In order to protect the environment Latvia needs economic growth	Yes, 5.2.	Yes, N11.a	Yes, RES4.1.
Economic growth always harms the environment	Yes, 5.4.	Yes, N11.b	Yes, RES4.2.
I do what is right for the environment, even when it costs more money or takes more time	Yes, 12.2.	Yes, N13.b	Yes, RES4.3.
I find it hard to know whether the way I live is helpful or harmful to the environment	No	Yes, N13.f	Yes, RES4.4.
Biodiversity is needed for the future supply of food, fuel and medical goods	No	No	Yes, RES6.1.
Nature itself can neutralize pollution created by industrial states	No	No	Yes, RES6.2.
In order to protect natural assets, new special protection areas should be created in Latvia	No	No	Yes, RES6.3.
Our health and well-being depend on nature and biodiversity	No	No	Yes, RES6.4.

the environment and ecology are determined primarily by individual characteristics rather than by macro-level context (Franzen & Meyer, 2010). Thus, cross-country comparisons are not as important as comparisons of particular social groups within individual countries.

By analysing the attitudes of the population towards the environment and ecology and by studying the behaviour of various socio-demographic groups in the context of environmental and ecological problems, it is possible to find out, whether and how the inhabitants of Latvia **are aware of and treating the environment and ecology**, as well as whether and how **environmental behaviour** is expressed (see, for example, Franzen & Meyer, 2010; Spaargaren, Weenink & Lamers, 2016).

Public attitudes towards the environment and ecology

According to the data of the survey of Latvian population conducted at the end of 2017 (SUSTINNO, 2017), the outlook for **economic dominance**[3] is still decisive – over a half of respondents agree with the statement "In order to protect the environment Latvia needs economic growth" and 18% disagree with that. However, the assent has diminished over time, with 78% of respondents agreeing with this statement in 2000 and 67% in 2010. It is hopeful that this issue has seen the greatest and most statistically significant changes (beyond the margin of statistical error in the interpretation of results) since 2000 – in a relatively short period of time, citizens' attitudes regarding environmental protection as a value have changed significantly: considerably fewer people hold an opinion that environmental protection is secondary to economic development

Although there have been no major changes regarding other questions since 2000, almost all of them have shown positive trends in terms of environmental, resource and ecological awareness. Another example is the statement "Almost everything we do in modern life harms the environment", to which 39% of the population agreed in 2010 and 48% in 2017. An even more critical statement about the adverse effects of economic development – "Economic growth always harms the environment" – had the agreement of 21% in 2000, 24% in 2010 and 30% of the population of Latvia in 2017. Greater public awareness of ecological risks is also emerging in the questions that were only raised in 2017 (SUSTINNO, 2017), where most are aware of the importance of biodiversity for well-being (83% entirely or rather agree), as well as for supplying food, energy and medical supplies (72%). Similarly, 66% of the respondents entirely or rather disagree that "Nature itself can neutralize pollution created by industrial states". Consequently, the public is aware that development and industrialization are linked to side

[3] The problem that economic development is seen as a prerequisite for environmental protection, and not the other way round, that economic development depends on functional ecosystems. The problematic nature of the economic development paradigm in environmental issues can also be explained by the concept of discounting used in economic theories (Foster, York & Clark, 2011). Discounting means, firstly, the extent to which we expect future generations to live more prosperously and afford to invest in environmental protection issues, such as climate change mitigation, and secondly, the extent to which we prioritize the needs andrequirements of the generations living today over the future generations.

Figure 3.14. **Economic development for environmental protection (SUSTINNO, 2017; ISSP, 2012; ISSP, 2003)**

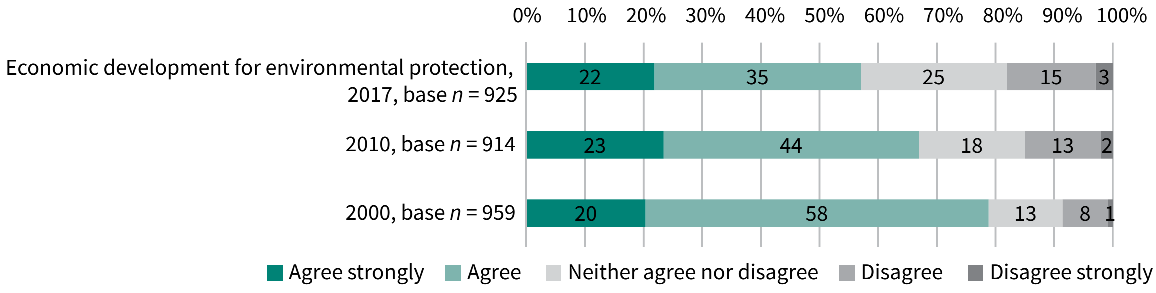
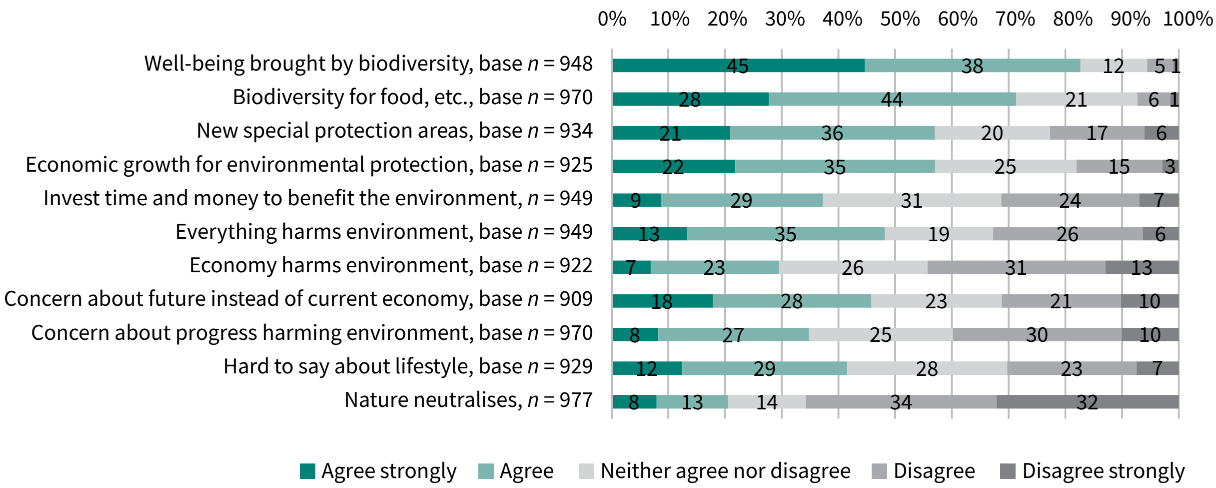


Figure 3.15. **Economically ecological attitudes in 2017 (SUSTINNO, 2017)**



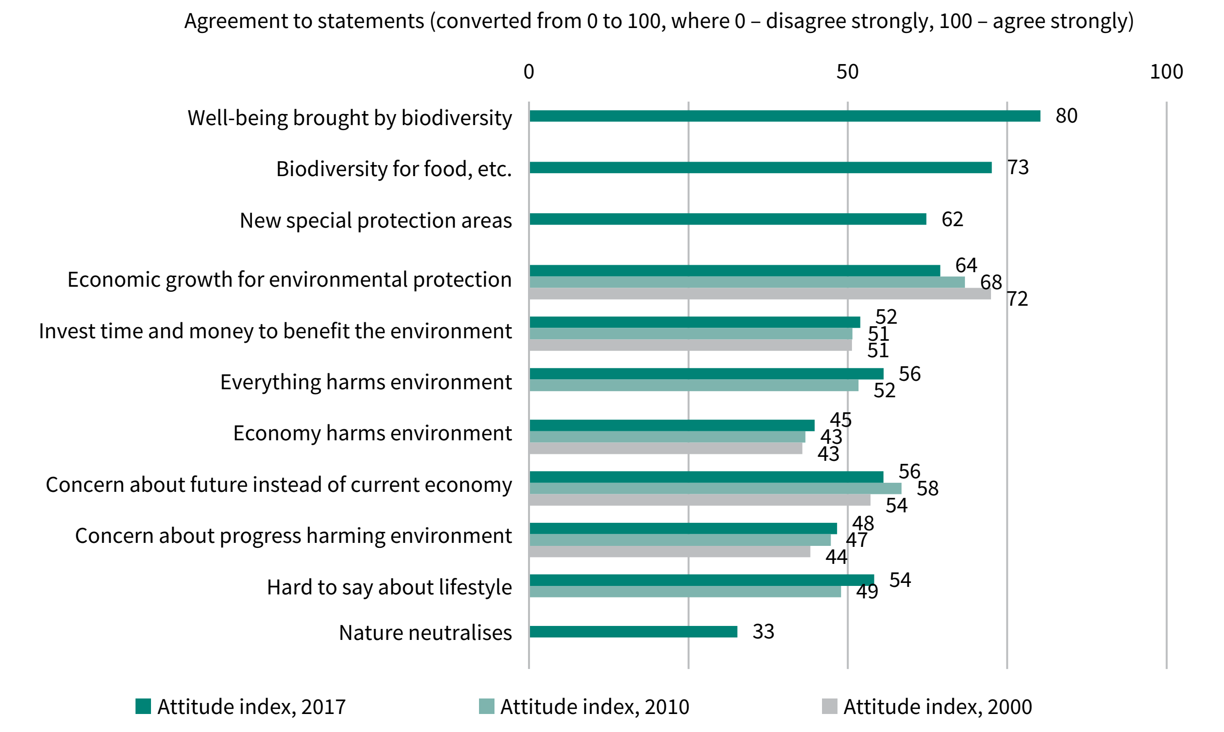
effects in the form of pollution that cannot be absorbed or neutralized by the environment.

At the same time, only one in three people in Latvia (30%) think that **climate change** is one of the main environmental problems in Latvia (wording of the question: "Which problem, if any, do you think is the most important for Latvia as a whole?"), although climate change is a global problem, indicated by the consensus of world scientists, and climate change affects all countries of the world (IPCC, 2014; IPCC, 2018). There are distinct socio-demographic groups, where the differences regarding this question can be determined. Regional differences regarding this question are significant. Only 25% of people living in Riga consider it an environmental problem, as opposed to 37% of respondents living in the regions of Latvia (outside Riga and Pierīga), and as much as 39% of respondents in areas with a population below 5000. Slight differences can be observed according to the employment status – of all the major environmental problems in Latvia, climate change is slightly more often mentioned by those employed (34% in the public sector and 33% in the private sector) than by those out of work (25% of unemployed consider climate change as one of the main environmental problems)4. No statistically significant differences were found among people of different ages and educational levels.

Only 27% of Latvians believe that they are **personally** affected by **climate change** (the question: "Which problem, if any, affects you and your family the most?"). Climate change is considered to be one of the main environmental problems in Latvia, because this problem affects people personally (statistically significant relationship). In addition, large families with children (33% of 4-person households, 32% of families with children

[4] All of these differences are statistically significant.

Figure 3.16. Index of economically ecological attitudes 2017 (SUSTINNO, 2017)



under 18), as well as those employed in the public sector (36%) and employees (31%) with higher personal income, as well as those living in other regions (outside Riga and Pierīga) (31%) and respondents living in areas with less than 10 000 inhabitants (35%) believe that they are personally affected by climate change (SUSTINNO, 2017).

Thus, unlike other studies highlighting overall higher environmental awareness among those with higher education and inhabitants of large cities (Xiao & Dunlap, 2007; Xiao, Dunlap, & Hong, 2012), climate change is perceived by employees and people in the regions as a major problem affecting them. These responses point to the fact that the urban environment contributes to the alienation of people from the biosphere and its processes ("the great divide" between nature and society, as noted in the introduction). The visibility of the increasingly obvious climate change impacts is thus relatively less pronounced in Riga as opposed to rural regions, where it has begun to impact agriculture in cases like the summer floods of 2017 in Rēzekne that brought dramatic consequences for farmers.

At the same time, respondents who have pointed out that climate change is one of the main environmental problems in Latvia more often agree with the statement "people worry too much about human progress harming the environment". Thus, it can be concluded that, while some people are concerned about the environmental situation and are aware that climate change is a major problem, they nevertheless believe, in the spirit of "ecological modernization", that the existing economic system will be able to solve the problems to a great extent created by the system itself.

An *index of economically ecological attitudes*[5] has been created for an improved comparison of economically ecological attitudes. Compared to the ISSP surveys of 2000 and 2010, only one case, that is, attitudes towards economic growth in environmental protection, have changed so rapidly that they are out of range of possible statistical error (from 72 to 68 and 64 for index points in 2017). As noted above, since 2000 and 2010 consent with other statements has increased, pointing to the emergence of people's environmental awareness and decrease of economic paradigm dominance, yet some changes cannot be explained statistically unambiguously, given the statistical error[6] in the interpretation of results (+/–3 index points).

[5] In this index, the "agreement-disagreement" response scale is converted into indicators from 0 to 100, where 100 is agree strongly; 75 – agree; 50 – neither agree nor disagree; 25 – disagree; 0 – disagree strongly. The indicator of the index is the arithmetic mean assessment of all respondents in a given statement.

[6] $w - \Delta_w \le W \le w + \Delta_w$, where W – average indicator or index in the general population, w – average indicator or index in the sample, Δ_w – maximum sampling error. $\Delta_w = t * s_w$, while $s_w = \sqrt{\frac{w(1-w)}{n}}$, where t value is 1.96 given a 95% confidence interval and a sample of 1000 respondents), n – number of respondents in the sample (formulas from: Krastiņš, 1998).

Figure 3.17. **Readiness to invest time and money for ecological purposes according to age groups (SUSTINNO, 2017)**

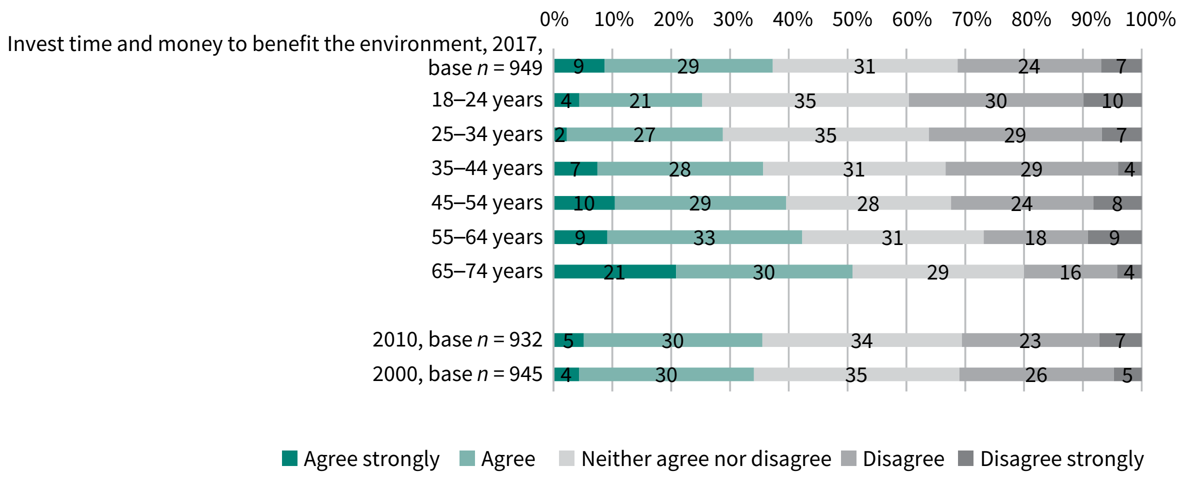


Figure 3.16 illustrates the interrelation of different questions according to cluster analysis – the answers below are grouped according to which statements are related to each other, for example, three statements on the importance of biodiversity and the necessity for establishment of new special protection areas.

Attitudes towards **investment in environmental protection** have not changed significantly over time. They range from 51 to 52 points out of 100 and also maintain a similar agreement/disagreement composition – 38% agree with the statement that they "do what is right for the environment, even when it costs more money or takes more time", 31% neither agree nor disagree, whereas 31% (one in three) does not act so.

In all the studies since 2000, the Latvian population survey shows a statistically significant but weak correlation between **age** and investment of time and money for the benefit of the environment (in the study of 2000, the Pearson correlation coefficient was 0.186 at $p < 0.01$, in 2010 it was 0.122 at $p < 0.01$,while in 2017 the coefficient was 0.174 at $p < 0.01$). This is the only economically ecological attitude, where all the studies indicate statistically significant correlations with age. Half of seniors aged 65 to 74 are prepared to "do what is right for the environment, even when it costs more money or takes more time", while only one in four young people between the ages of 18 and 24 is prepared to do so. This is not a promising feature if the population representing the older generation, who have lower personal and family income, are willing to invest more time and money to act in a way that is for the environment. Personal income is not related to willingness to invest more in environmental protection, whereas for family income there is a weak but statistically significant correlation (Pearson correlation coefficient 0.09 at $p < 0.05$).

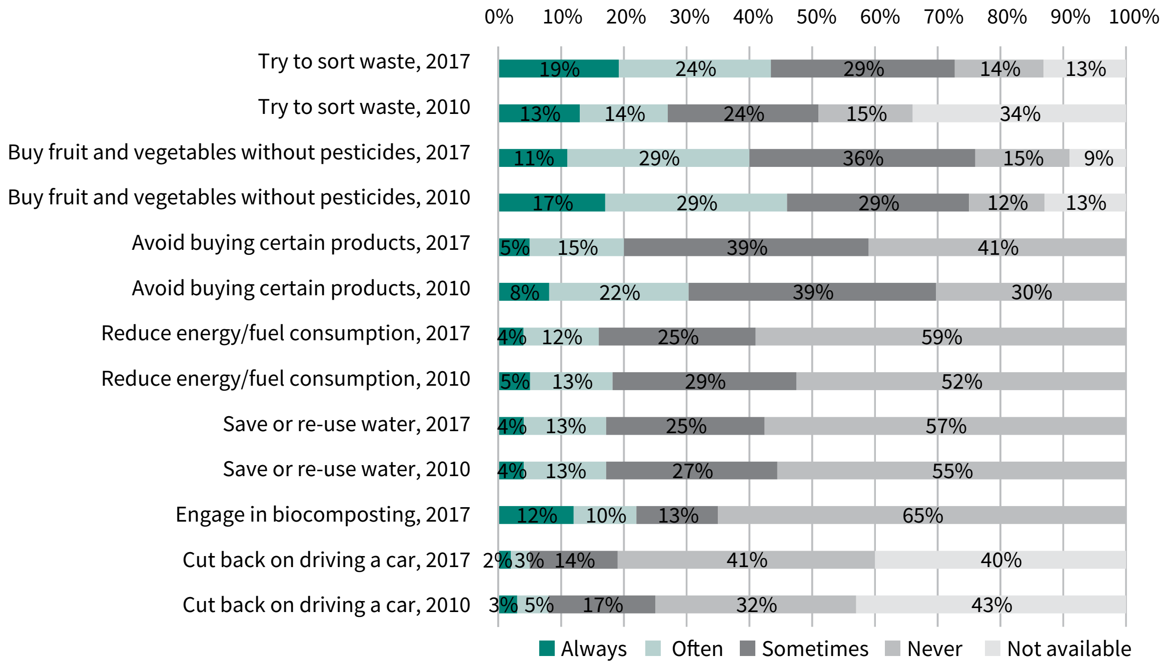
Environmental behaviour

To understand the relationship between statements of attitudes and practical action, the SUSTINNO (2017) survey included questions about the impact of environmental considerations on **daily behaviour**. Behaviour is conceptualized as the frequency of daily activities (always–often–sometimes–never). In all cases, there is a statistically significant difference between agreeing with the statement that "I do what is right for the environment, even when it costs more money or takes more time", and the frequency of the following activities:

- Avoid buying certain products for environmental reasons.
- Make a special effort to buy fruit and vegetables grown without pesticides or chemicals.
- Cut back on driving a car for environmental reasons.
- Reduce the energy or fuel you use at home for environmental reasons.
- Make a special effort to sort glass or tins or plastic or newspapers and so on for recycling.
- Choose to save or re-use water for environmental reasons.
- Engage in biocomposting.

Consequently, environmental awareness is well expressed in the **readiness to act** in relation with **expressions of environmental behaviours** – buying goods for environmental reasons, cutting back on driving a car for environmental reasons, and so on. This demonstrates that not only is there a broader consensus on the importance of biodiversity for the functioning of human systems, but that a certain group of society is prepared to act in an environmentally friendly way.

Figure 3.18. **Frequency of ecologically oriented activities in 2010 and 2017**



Trends from 2010 to 2017 unfortunately indicate that, with an exception of waste sorting, **no other ecologically oriented actions show any improvement.** In addition, waste sorting activity is increasing mainly due to improved availability of waste sorting and containers over the last seven years. These results are consistent with the tendency in Latvian society to focus primarily on waste sorting when discussing ecology and sustainability, often without raising the issue of need for more ambitious changes to promote environmentally friendly lifestyle. On the one hand, people are encouraged to start with small ecological improvements in their lifestyle, but on the other hand, research data shows that most also stop at the small changes despite the worsening ecological and sustainability trends, as reported in both academic publications and increasingly in Latvian mass media. Encouraging practical action is a difficult issue, as it is psychologically important to encourage by positive examples rather than intimidation with global environmental problems, but it carries the risk of not realizing the scale of the problems and, consequently, the need for greater lifestyle changes.

Purchasing fruits and vegetables grown without pesticides and chemicals is the most common eco-oriented activity of the Latvian population – 40% of respondents try to buy these products always or often. In 2010, there were 46% of such respondents, despite the fact that since 2010 there has been a rapid rise in popularity of the various rural markets and the “Direct Purchase Movement”, which started in 2009 but reached over 1000 households in 2018. Women and people with higher education tend to buy organic food more often.

In 2017, 20% of respondents avoided buying a product for ecological reasons, but in 2010, 30% of the Latvian population did so. Women were more likely than men to avoid making purchases for environmental reasons. Interestingly, this reduction exists despite the growing popularity of the “Zero Waste” movement in Latvia. Following the waste hierarchy, the most important steps are 1) not to buy, 2) to buy less, 3) to reuse, 4) to recycle, and only the last step is 5) to dispose in dumpsites (refuse-reduce-reuse-recycle). Obviously, perseverance and work are still required to assess the necessity of purchases as well as their reuse, and to continue encouraging the sorting of waste, but this is only the first and smallest step that could be taken.

None of these questions has a significant correlation between income and ecologically oriented activities, thus, ecological behaviour is independent of economic development and income. Conversely, high-consumption lifestyles are putting pressure on all sections of society, and, possibly, the rise in economic activity and income since the crisis of 2010 limit environmentally friendly behaviours.

Trust and reciprocity in management of common pool resources

Referring to the findings of various disciplines (brain neurology, genetics, developmental and evolutionary psychology, biology, organizational sociology, and comparative anthropology), David Bollier states that “social reciprocity and trust are deeply engrained principles of our humanity" (Bollier, 2014, loc. 1025). Living beings live in interconnectedness to facilitate the fitness of their groups. Therefore, the well-being of population is not promoted by apparent rationality, but instead by cooperation.

The SUSTINNO (2017) survey suggests that the general public expressly rely on the state apparatus to impose environmental protection requirements rather than relying on individual people (66% agree that "the government should pass the laws to make ordinary people protect the environment, even if it interferes with people's right to make their own decisions", while 34% agree that "the government should let ordinary people decide for themselves how to protect the environment, even if it means they don't always do the right thing"), or especially that the state apparatus should determine environmental protection instead of companies (83% agree that "government should pass laws to make businesses protect the environment, even if it interferes with businesses' rights to make their own decisions", whereas only 17% agree that "government should let businesses decide for themselves how to protect the environment, if it means they don't always do the right thing"). **Normativism and regulatory approach** clearly explain reliance of population on the ability of those in charge and professionals to set conditions that might otherwise not be voluntarily fulfilled by individuals or companies.

38% of Latvian population believe that management of natural resources should be governed and organized only by the state (answer: "only state authorities and their representatives should monitor and control compliance with the laws and regulations"), while **common management** (i.e. the management of natural resources which is governed and organized by state and private, as well as public entities) is acceptable to 62% of the population of Latvia (answer: "compliance with the laws and regulations is also monitored and controlled by those who comply with these rules (e.g., foresters, fishermen)").

Does the consent to joint management differ in socio-demographic groups? Differences can be identified among those living in certain regions (especially in Zemgale, where 81% support joint management, and the support of 65% is observed in Pierīga, while 62% of respondents support joint management in Latvia overall). Family income is also an important factor in this case, and joint management is more frequently supported by wealthier households than by the middle class.

In the context of water management, reciprocity or joint management is more manifest – here, anglers both monitor the rules and regulations, as well as comply with these themselves. As many as 77% of regular anglers agree with the management of natural resources that is governed and organised by state and private, as well as public entities. 67% of occasional anglers agree to joint management. By way of comparison, 58% of non-anglers agree that compliance with the rules and regulations is also monitored and enforced by those complying with the rules (e.g. foresters, anglers).

Reciprocity in management of common pool resources can be promoted in a number of ways. First, the discussion on legitimizing diverse socio-economic practices (Felcis, 2018) are linked with issue of scaling up, because in a neo-liberal economy that describes the prevailing system of functioning capitalism, successful entrepreneurship in capitalism means a permanent extension of scale. However, theoretically and practically the management of shared resources may take various forms of natural resource management. These forms may legitimately exist without aspiring to scaling up as dictated by capitalism. Second, common management in different cases of natural resource management implies both shared resources and joint action in management of resources to achieve common good, as described, for example, by Bollier (2014). Common action does not necessarily mean an objective or goal to reach. Rather, common action is a process and mode of operation that is mutually beneficial to social groups both internally and externally, in collaboration with other social groups. It is mutually beneficial because the selfishness and competition creating inequality within the framework imposed by market relations are complemented by more equitable societal relationships that involve reciprocal trade-offs, decision-making capabilities, rights and obligations.

CONCLUSIONS

Characterizing what has been achieved so far, there are several trends in the attitudes and behaviour of citizens in the context of environmental and ecological problems.

Generally, people understand the importance of biodiversity in creating well-being and providing food and energy, moreover, two-thirds of survey respondents disagree that "Nature itself can neutralize pollution created by industrial states" – people understand that development and industrialization are linked to side effects in the form of pollution that cannot be absorbed or neutralized by the environment.

People of older generations, those living in the regions and in less populated areas are the groups which experience the relationship between people and ecosystems more directly and with greater nuances. Thus, socio-ecological metabolic disruptions are more pronounced in areas where people are less likely to experience biophysical reality on the daily basis.

Although the dominance of the economic growth paradigm is gradually diminishing, people's everyday practices attest that, apart from waste sorting, since 2010 no other ecologically oriented action has become more widespread in Latvia. People are encouraged to start with modest ecological improvements in their lifestyle, but research also shows that most also stop at small changes and fail to understand the need for more ambitious and environmentally friendly lifestyle changes despite worsening ecological and sustainability trends.

Although the results of the survey show that the public is aware of the development side-effects, the majority of the population, in the spirit of ecological modernization, believes that the existing economic system will be able to solve the problems caused by the system itself without fundamental changes (Beck, 2009). This is evidenced by the fact that the economic paradigm dominance remains decisive, yet it has diminished over time between 2000 and 2017. Does this indicate a growing frustration in society about the promises made in the transition to a liberal free market economy? Communism has deceived us, but is the capitalism with ever weaker regulation that causes inequality and environmental degradation also a delusion?

Climate change, as a major environmental and sustainability issue that affects each of us individually, in Latvian society is important to less than one in three people, although scientists from various disciplines share the view that transforming the economy and society is imperative to reduce the catastrophic consequences of climate change, instead of debating about how big a problem climate change seems to be (Fazey et al., 2017; Rockstrom, 2017; IPCC, 2014; IPCC, 2018).

The task closely related to findings from Earth-system dynamics is to stop the aspirations to quantitative economic and GDP growth as an end in itself. Instead, based on scientific evidence, long-term prosperity requires development with reduced consumption of resources and energy – societal metabolism (O'Neill et al., 2018). The environment and concern for the environment, biodiversity and natural resources are highly valued by Latvian society. At a time when more than 15 000 scientists all around the world are deeply concerned about the sustainability of the planet (Ripple et al., 2017), the people of Latvia must also be given the opportunity to reduce cognitive dissonance between problems and their options for action. One way to reduce it is to implement the Zero Waste hierarchy, both systemically and at the level of individual choice. Furthermore, sorting waste without respecting this hierarchy is not a concern for the environment and ecology. After all, change needs to take place at different levels, because it should be avoided to force only individual responsibility for the systemic problems we face. The results of the population survey show that the public expects active and substantial action of state in environmental protection and the solution of systemic problems.

Latvia has the potential to reduce social and environmental disruptions, promote economic equity, open re-localisation, development of regenerative agriculture, reduce dependence on fossil resources and use renewable resources. Moreover, it is not a restrictive or enforced action, but an opportunity for greater independence of development and prosperity in the future. This is not a radical choice, but a biophysical necessity that is becoming increasingly difficult to avoid with each passing year.

Chapter 4

Social technologies and public good

Collective self-organization on social networking platforms

Visvaldis Valtenbergs, Līva Brice

Introduction

At a time when we are debating the decline of the traditional forms of political participation, our attention more frequently turns to information and communication technologies (ICT) and, in particular, to the opportunities offered by various social networking platforms to promote people-to-people cooperation and participation. These platforms have proven themselves in various fields – civic and political activism, including civic journalism, various forms of collective organization such as fundraising, data collection and analysis, mapping, monitoring, establishing a new form of collective action – crowdsourcing. Social networking platforms also enable implementing the small-scale forms of self-organization that can serve different purposes – helping, getting rid of or sharing things, monitoring the neighbourhood, consulting on the best solutions, and more.

Although the impact of social networking platforms on civic participation has been relatively well studied, little is known about the mechanisms of participation themselves, the factors that enhance participation, and the impact of the surrounding context on participation. At what point will the flashes of isolated social networking communities create an avalanche of followers, and at what point does online activity translate into concrete action outside the online communication space? Sceptics argue that what is discussed in social networks will for the most part remain there (Morozov, 2011). Despite the communicative activities on social networking platforms, the individualised, fragmented cover of communication will stifle the steam of the hottest discussions, preventing them from turning into flames. However, Internet optimists present abundance of examples where activities of some individuals on social networking platforms have broken out of the virtual space and sparked more extensive social activities. This is evidenced by political and protest movements in Spain, Greece, Turkey, Azerbaijan, Singapore, South Africa and the United States, as well as other countries (Bocsh, 2017; Bruns et al., 2016; Gerbaudo, 2017; Karpf, 2012; Penney & Dadas, 2013).

Citizen activities on social networking platforms can in some ways be seen as a paradox of collective action, as they mostly are individualized and do not require much effort, such as posting, uploading pictures, videos, use of hashtags (Halupka, 2014; Rotman et al., 2011). **At the same time, achieving collective good in a broader social and political context is inconceivable without much effort, time, money, and personal exertion** (Kiesler & Sproull, 1992). The question is, can behaviour of individuals on the Internet be geared towards achievement of specific collective goals and what factors contribute to it? What role do individuals, their networking relationships and organizations play? What is the meaning of the chosen communication message and the role of the social, economic and political context? In this respect, some answers are imparted by theories of collective mobilization that can be adapted for researching contemporary forms of participation.

Explanations of collective mobilization in the era of information communication technologies

There are different views on the impact of communication technologies on collective mobilization processes. Internet optimists argue that internet communication reduces barriers that usually discourage peripheral individuals and groups, or the so-called outsiders from engaging in collective action, whereas from an organizational perspective, social networking platforms allow to attract to the movement those individuals who are sympathetic to advocacy of a particular issue but do not wish to become part of a movement or group (Halupka, 2014; Rotman et al., 2011). In this sense, social networking platforms democratize participation by making opportunities of expression and diversity of views more accessible to wider segments of society (Neumayer, Svensson, 2014). However, it seems that traditional approaches still explain cases of collective mobilization.

Socio-psychological approaches explain the collective mobilization of society by the unfulfilled expectations and disappointments of the population (Gurr, 1970). The Internet allows the effective dissemination of narratives competing with the political regime or the official position of government (Kuebler, 2011). Individual outbursts of indignation can also quickly escalate into various collective online manifestations through the so-called viral effect (Postmes, Brunsting, 2002). Rational choice approaches indicate that, as they decide to participate, citizens first evaluate the costs and benefits of their participation. Citizens need to know the clear benefits of participation in order to consider whether the costs associated with participation (time, resources, energy, and other considerations) are worth their effort (Olson, 1965; Tullock, 1971). From this perspective, the Internet and social networking platforms can reduce citizens' uncertainty about participation. Firstly, reflection on the various forms of public participation can inspire citizens to engage in a personally. Secondly, online registration for certain events gives one a rough idea of how many and what people will attend. Resource mobilization approaches emphasize the role of non-governmental organizations and informal groups in promoting the collective mobilization of population (Coleman, 1988; Putnam, 2000; Dalton, van Sickle, 2005). The potential of non-governmental organizations and civic self-organization is a determining factor for the successful mobilization of citizens online, as well. A similar explanation is offered by the so-called network mobilization theories, which link social mobilization to the importance of the personal networking of population in disseminating information (this can be information about upcoming social activities – protests, pickets, meetings). In this respect, certain individuals or organizations that play a central role in the social network, have a pivotal position in the dissemination of certain information, norms and behaviours. In addition, it should be noted that influence in social networks will not always be related to the individual's formal status or position of power (Freidman, McAdam, 1992).

In an age where organizations and their formal leaders often lose their formal positions, it is important to explore alternative mechanisms and dynamics of social mobilization campaigns. In order to better analyse the mobilization phenomena of network communication, as opposed to the tradition of collective action formulated as early as in 1965 by renowned economist and social theorist Mancur Olson, Lance Bennett and Alexandra Segerberg in 2012 came up with a concept of connective action. According to L. Bennett and A. Segerberg, connective action has two essential features. Firstly, personal communication technologies allow citizens to share and disseminate the information on social networks without being formally affiliated with organizations or other traditional forms of participation. Contrary to traditional resource mobilization theory, individuals organize themselves without the help of organizations (Bennett, Segerberg, 2012). Secondly, political information in social networks can be easily personalized to present the problem in different contexts.

Online activism

Social media has become a space for the emergence and expression of collective activism (Thorson et al., 2013). Studies show that social media influences participation in collective action and has become an important alternative to other participatory structures. Arab Spring, Occupy Wall Street, #BlackLivesMatter are just some of the social movements that have shown the importance of social media as coordinators not only of individual engagement and motivation, but also of collective activism (Velasqueze, LaRose, 2014).

Online activism refers to social movements that use digital communication tools to maintain, change, or improve a particular case, and to raise public awareness of a topic. Such activism can be used by an individual or by groups that have access to the Internet and technology. The digital environment can help to launch campaigns, coordinate activities, disseminate information, invite to sign initiatives and directly engage in advocacy and lobbying (Pickerill, 2000).

Digital environment-based activism encompasses various forms of participation, ranging from civil disobedience – as information leakage and hacking activities – to activities known as slactivism (Morozov, 2011) and clicktivism (White, 2010), – i.e., pressing "like" by the post or creating content with a hashtag. Due to simplicity and low risk, these forms of participation are seen as egotistical actions to promote personal sense of well-being, as one supports an issue or a social problem. Such activism is also referred to as networks without purpose, indicating that the presence of the digital environment in solving social problems facilitates the circulation of information, whereas real activities in the physical environment are rare (Lovink, 2011).

On the other hand, the clicktivism can also be seen as an expression of political and social identity. For example, "liking" a Facebook page can be compared to wearing a badge – active participation does not occur, but the action expresses a position.

The assessment of slactivism is not unequivocal, because, on the one hand, the actions require minimal involvement of the individual and often remain only in the digital environment; on the other hand, such actions also contribute to the dissemination of information and the message can reach wider audiences.

For example, one of the forms of slactivism is hashtag activism. The latest notable example of hashtag activism is the #MeToo movement, launched in 2017, where actress Alyssa Milano in her Twitter account invited other women who have been sexually abused to respond to her call. In this case, the hashtag activism raised a problem that was ignored for a long time, stimulating discussions, finding solutions and establishing support associations and organizations. In the Latvian environment, this hashtag also engendered discussions about the place of women in society and the different forms of violence that women face. The Latvian Twitter environment also suggested to use the Latvian-language version of this hashtag # EsArī, however, one of the key features of a hashtag is to incorporate the message into the overall discourse, thereby, if a parallel local space is created, it may lose its link to its initial origin.

In the context of the USA #MeToo grew from a hashtag activism into a movement, whereas in the case of Latvia, it launched the issue from the social media environment into the mass media agenda, but the idea did not develop further. For this reason, #MeToo in the Latvian context can be seen as an example of slactivism.

Other forms of slactivism include the online signing of various petitions and proposals, based on the assumption that the Internet user forgets the respective topic after signing the initiative. Manabalss.lv platform has been operating in Latvia since 2011. It is a public initiative platform, where every citizen of Latvia can submit his or her own initiative and collect signatures for its submission to the Parliament. During the lifetime of the platform, many initiatives have remained confined solely to online environment, but at the same time there are also several successful cases where offline activities have allowed the online initiatives to move forward. It should be emphasized that the success of Manabalss.lv in Latvia does not allow it to be counted among the typical examples of slactivism. According to information provided by the platform's team, 26 citizen initiatives (68%) have actually contributed to legislative change between 2011 and 2018. The initiatives such as "Abolition of Real Estate Tax on Sole Property", "Abolition of Existing Road Tax Model, Implementing the Estonian Model", and "Responsibility for Breaking the Oath of a Member of the Saeima" received most signatures. The initiatives that collect fewer signatures can also lead to changes in decision-making. Local initiatives are also published on the portal and submitted to the municipality. For example, the "Save the Āgenskalns Market Initiative" (2447 signatures as of February 2019) and various related community activities contributed to elaboration of the Āgenskalns Market Development Plan, helping to retain the market's current functionality.

Users of social networking platforms in Latvia

Internet use in Latvia is intense. According to the survey (SUSTINNO, 2017), 83% of Latvian residents have used Internet within the last month (according to "TNS" spring 2018 data, 86% of Latvian population use the Internet at least once a month). However, 17% of respondents have not used the Internet in the last month, consequently, they belong to a category to whom the opportunities of digital participation and online activism are not available. 75% of the population had used a social networking platform, while 26% had not used any of the platforms (SUSTINNO, 2017).

Social networking platforms are slightly less used by Russian and non-citizen population, those out of work and low-income individuals (SUSTINNO, 2017). There are no significant differences between the regions, which can be explained by the relatively wide spread of the Internet throughout Latvia.

Analysis of users and non-users of social networking platforms[1] reveal certain tendencies in the attitudes and behaviour of these groups with regard toto political and social values, participation in elections.

These trends can be divided into equalizing and reinforcing. The equalizing trends encompass the attitudes and behaviours (values of social networking platform users, participation in elections, perception of the ability to influence local governments, environmental participation, tax attitudes, views regarding the role of the state, participation in political and social actions) that are not significantly different from attitudes and behaviours of those who are not using social networking platforms. On the other hand, the reinforcing trends indicate that users of social networking platforms are more likely to have prosocial attitudes and behaviours that could contribute to the public good. The Table 4.1. reflects the major trends in the attitudes and behaviour of social platform users and non-users based on the results of a survey conducted at the end of 2018.

Note: analysis has been carried out on the basis of chi-square test and t-test, also determining whether the indicators for the group of social platform users and the group of non-users differ significantly.

Examples of self-organization and activism in Latvia

Online activism and generating public goods on social networking platforms are closely linked to the participatory culture (Jenkins, Ito & Boyd, 2015) brought about by technological and social changes on the web. From an individual who consumes media-generated content, Internet users can create, interact and update the content themselves. The new opportunities for social networking lie in the "direct manifestation of social activism" and the ability to open up new social spaces to facilitate spontaneous expression and participation.

Activism can be viewed from different angles. In the media field, online activism has more to do with civic journalism, which is characterized by freedom of expression, content and blogs created by amateurs. Online activism can also involve crowd sourcing, where individuals or organizations come together for the common good. This good can be a service, ideas, or finances for the project. In the political sphere, on the other hand, online activism is more about protests and organizing them in the digital environment.

Different social networking platforms offer different ways to participate. For example, YouTube as a social media platform does not offer so much social networking, it is more organized around specific content units in the form of comments below the videos. Instagram is also not structured according to a group or joint initiatives, but in this case a shared theme can be viewed through a specific hashtag. Social networking platforms based on contact list and interaction with those in this list, such as Facebook and Draugiem.lv, have more extensive opportunities for participation and user engagement.

An annual survey conducted by TNS shows that Facebook is the most widely used social networking platform in Latvia, consequently, its participation opportunities will be looked at more closely (Figure 4.1).

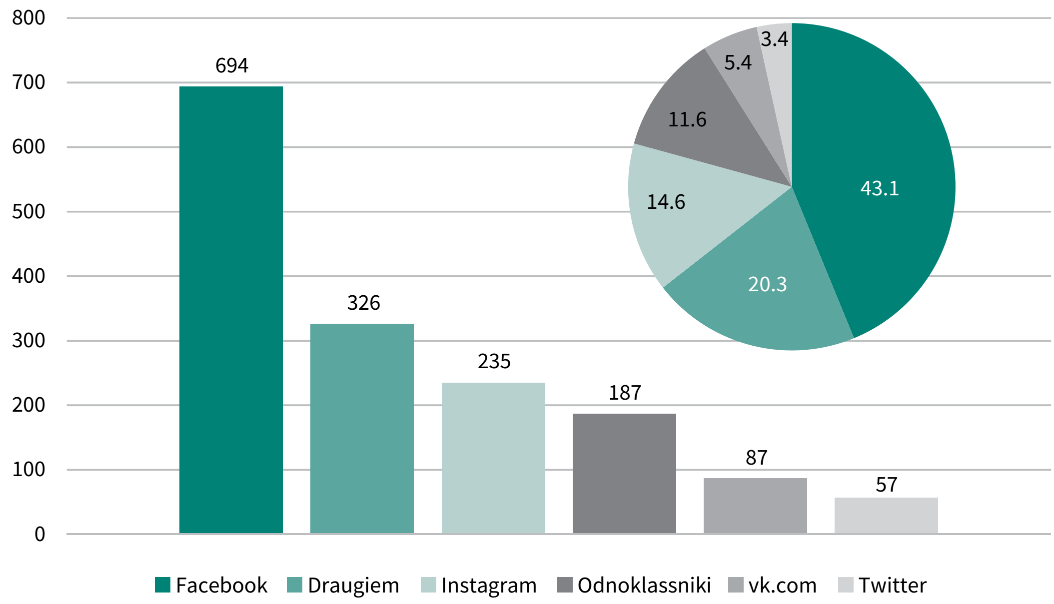
The architecture of Facebook's network provides a variety of ways for users to organize themselves and participate in different activities. There can be closed or open groups that bring together users with common interests, enable them to discuss various matters, to seek advice.

[1] Non-users of social networking platforms also included those (26%) who had not used the Internet in the last month. 75% of the population had used the Internet.

Table 4.1. **Equalising and reinforcing trends in attitudes and behaviour of social networking platform users and non-users**

	Equalising trends	Reinforcing trends
Value background	There are no significant differences in the level of interpersonal trust between users and non-users of social networking platforms, nor in the assessment of both groups as to whether other people are cheating or helpful	Social networking platform users generally have a higher satisfaction with life. Users of social networking platforms are more likely to feel that they are in control of their lives Social networking platform users generally feel more attached to different communities, especially family, friends, co-workers, coursemates, other representatives of their profession, etc.
Participation in elections	Social networking platform users do not have a higher turnout in parliamentary and municipal elections than non-users	However, relatively more users of social networking platforms expect to participate in the next elections
Assessment of one's capacity to influence decisions of local government	Social network users' assessment of their ability to influence municipal decisions is generally not significantly higher than that of non-users Overall, there is no significant difference in local neighbourhood participation between users and non-users of social networking platforms	Nevertheless, the users of social networking platforms are more likely to feel that they can influence decisions that directly affect their lives and neighbourhoods, and that they are better informed about municipal decisions than other citizens. Users of social networking platforms more frequently admitted that they know most of their neighbours, have helped them with their daily problems, participated in doing up and cleaning the neighbourhood territories, landscaping, attended public holidays, events in their neighbourhoods, and in the last year tried to influence the decisions of their municipality
Environmental participation	There are no significant differences in the implementation of environmental improvement activities between users and non-users of social networking platforms	However, the users of social networking platforms are relatively more likely to be involved in an environmental campaign (signed a petition), and are also more likely to opt for purchasing eco-friendly goods, practice bio-composting
Attitude toward tax evasion and shadow economy	In general, users of social networking platforms are more supportive of various activities related to upholding of shadow economy (tax evasion, receiving services knowing that the respective taxes have not been paid, renting a home without registering with the State Revenue Service (SRS), etc.)	Social networking platform users also generally consider it justifiable not to pay taxes in Latvia, but to a slightly lesser extent than those not using social networking platforms
Opinions regarding the role of the state	In general, there is no significant difference between the assessments given by users and non-users of social networking platforms regarding the distribution of the responsibilities between the individual and the state.	
Participation in political and social actions	Social networking platform users have generally been less involved in demonstrations, rallies, attempts to persuade acquaintances and friends to make certain political choices	Social networking platform users sign more petitions, make deliberate purchases, get in touch with officials more often, more frequently donate more money and raise funds, communicate with the media, express themselves online, volunteer in a campaign or initiative group

Figure 4.1. **Use of social networking platforms**



Source: Kantar TNS Digital, spring, 2017.

Outside of the groups and pages that the individual chooses to follow on a long-term basis, receiving information or interacting with them, social networking platforms offer other ways to express one's support to current affairs, for example, by tagging one's posts with a hashtag and thus including them in a stream outside one's circle of followers, or by confirming participation in an event, action, event, thus becoming involved in the like-minded group for a limited time.

The features of social networking platforms offer different levels of engagement, while their specificity allows for participation and engagement in as many interest groups as the user wants.

Activity of participatory culture in the digital environment can be linked to civic activism outside it – due to the fact that Latvian history is not rich in widespread protests or active civil society, the opportunities for participation in the digital environment are less used, however, positive examples of self-organization and activism more and more frequently find their way in Latvia. Below are some of the most topical examples in recent years.

Crowd as a resource: crowd involvement and crowd funding

Crowd involvement is related to the joint action of individuals or organizations to obtain goods or services. Crowd funding is primarily aimed at collecting material support, and the main purpose is not obtaining or summarizing knowledge, but financial gain. An example of crowd funding is various projects that can be found in the international environment of Kickstarter, Indiegogo, or Latvian projects – *projektubanka.lv*. While crowd funding campaigns are increasingly helping to implement projects of varying size and purpose, crowd involvement in the Latvian environment has been little used.

In January 2012, the Baltic Center for Investigative Journalism Re:Baltica launched the most successful and visible crowd involvement campaign ever in Latvia called *Karstie rēķini* ("Hot Bills"). Crowd involvement became the basis for a study looking at the cost of heating supplied to citizens. Residents were asked to send their heating (management) bills by e-mail, post or telephone. The collected bills were broken down into specific price categories and an interactive map was created that allowed citizens to compare prices of heating. More than 2200 bills were received during the campaign, which provided a large amount of data for the implementation and analysis of the study. Data from the map was accessible to any media, allowing information and problems to get across multiple environments.

In the "Hot Bills" study, public engagement was the main way of data collection, and the successful implementation of the study was based directly on citizen participation and responsiveness.

Crowd involvement is also a way of generating public good, as crowd assistance is most often raised and requested on issues of public interest (as in this case, explaining how the heating bills are generated and looking for the substantiation why they differ so vastly).

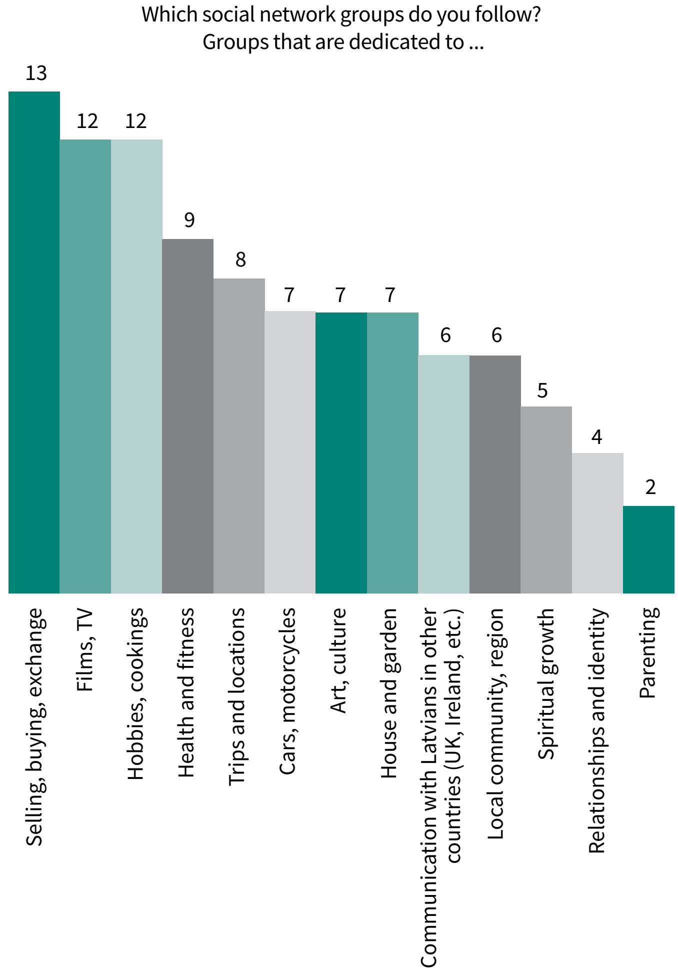
Crowd involvement differs from crowd funding with tangible investment in project realization. The crowd funding platform projektubanka.lv is operating successfully in Latvia. During its lifetime (from 2015), 36 projects have been funded, most notably the film *Kriminālās ekselences fonds* ("Criminal Excellence Fund"), which aimed to raise € 10 000 to cover various film production costs. The last financially largest and most visible project of projektubanka.lv was the creation of the first package free store in Riga, *Turza*. In this project, social networking platforms – Instagram influencers and users with eco-friendly lifestyles – played an active role in communication and public engagement, as did Facebook groups of like-minded participants. *Turza's* Facebook page already reached more than 1 700 followers, although the store itself had not opened yet.

At the beginning of the projektubanka.lv, its director Māris Cīrulis stated that "there is no need to wait for national, local or European support, modern technologies offer great opportunities for self-organization and mutual support in achieving common goals". At the heart of crowd funding campaigns is their diversity – besides large-scale projects, the endeavours that require a few hundred euro can be supported, such as buying rings for bird studies, release of a book or a music CD.

Self-organization in social networking platform groups

The survey found that the largest share of social networking platform users chooses to follow groups that buy, sell, and exchange, while second and third most popular are entertainment-related groups – films and TV, hobbies and cooking. Thus, groups are predominantly used to exchange goods and services. A successful example of such a conditional sale-purchase group is the ride share groups on social networking platforms whose main

Figure 4.2. **Social networking platform interest groups**



Source: SUSTINNO, 2017 (*n* = 2214 responses).

purpose is to “bring together” passengers on a particular route, such as Liepāja-Riga-Liepāja or Saldus-Riga-Saldus. The functionality of these groups lies in their ability to offer an alternative means of transport to inter-city buses and, more often, at lower prices than when traveling the same route by bus. These groups initially formed on the social networking platform Draugiem.lv, linking their popularity with the local aspect, – it was easier and more successful to form such groups on that platform. Given their popularity with platform users, a separate *Braucam kopā* (“Ride together”) menu has been created in the Friends section of Draugiem.lv, where all the groups of friends that have created for ride sharing purposes are available in one place. The section includes 116 groups (more than 100 members have applied for 60 groups) with a variety of destinations – Varakļāni, Gulbene, Baltinava, Ērgļi, etc., there are also general groups like “Hitchhikers” or “Those interested in motorcycles”.

As Draugiem.lv has gradually lost its relevance among the Latvian population, such groups have also been created on Facebook. Statistics available on Facebook show that, for example, in the group “Riga-Liepāja; Liepāja-Riga ”(11 803 participants, in comparison with Draugiem.lv group “Liepāja-Riga, Riga-Liepāja”, that has 8 427 members) adds an average of 46 entries per day, 1386 entries per month, so communication and self-organization is very regular on one route, and self-organisation can bring benefits.

Beside such practical groups aiming at the exchange of services, there are groups whose activities are based on uniting of similarly-minded people for achievement of common goals.

Gribu palīdzēt bēgļiem (“I Want to Help Refugees”) is a closed group on the social networking platform Facebook. Set up in September 2015, it aims to “help refugees in distress” and bring together active allies. In 2016, the group was registered as an association, using the assistance network and contacts created on social networking platform for offline activities.

This Facebook group by May 2018 had 3026 members. The activities of this Facebook group are based on communication of its participants, practical advice and assistance to asylum seekers. The members of the group share up-to-date information on the experience of other countries, as well as on the recommendations of the Latvian institutions, invitations to help and current issues. It has organized donation campaigns that have provided asylum seekers with food, clothing and other necessities, as well as face-to-face meetings, counselling and problem solving.

In a survey conducted by the group administration on May 5, 2018, to assess whether and how this Facebook group could mobilize and help when needed, most respondents chose donation (clothes (50 respondents), money (31 respondents)), thus maintaining a passive participation There was less support for active offline participation – organizing events (18) or monthly meetings with refugees (20).

During its existence, particularly at the beginning, this Facebook group has provided practical and rapid assistance to asylum seekers, as the members have organized, coordinated activities and sought solutions in the online environment. Currently, according to Facebook data, an average of 14 entries are made per month, retaining the main goal – to seek and assist asylum seekers in Latvia.

Facebook page as information tool

Facebook pages in their architecture differ from group facilities – pages are public, more like communication channels on a particular topic, usually with one or more people producing the information streams, with users becoming active participants, while group facilities offer all members an equally important role in creating the information environment. Precisely because pages offer transmitting one’s own content, the companies, organizations and associations choose pages to create their own message, leaving users as secondary creators of content.

The direct buying movement is based on a group of like-minded, organized buyers and enthusiasts who jointly purchase the products directly from farmers. Such a movement is made up of many small groups, in which each participant in turn volunteers to carry out all tasks related to ordering and distributing products. The groups are based on the initiative of the participants, and the only thing required of the participants is time.

The basic information about activities of the small groups, contact persons and partners is posted on the website, while *Tiešā pirkšana* (“Direct buying”) page on the social networking platform is used by the community for active communication with stakeholders. Information about new farms, current events is published, as well as the notices to followers, if a space becomes available in any of the small groups. Page creators are the only content creators, but any follower of the page can comment on the content and react.

According to the website of the movement, there are currently 15 direct buying groups in Riga and several more in other cities of Latvia. The website itself is an information gathering site with steps and tutorials, but the Facebook page of Direct buying movement reads: “We will build a sense of mutual trust and information here, too – about buying organic food directly from the producer or farmer.” The Facebook page is followed by 6387 people.

Although information about this movement is presented both on the website and on the social networking platform, the activities and organization of the small groups themselves are independent of these sites. Initial communication is done via telephone, and further contacts, division of tasks, planning and organizing is done according to the wishes of each small group. The Facebook page is a place to express affiliation with this particular movement, show interest and remain informed of current news. In this case, it is possible that the follower is not a member of any small group, but the idea itself seems relevant and can be used at some time.

Hashtag activism: – #ParCilvēcīguCirku – #ForHumaneCircus

In the Latvian context, #ParCilvēcīguCirku (#For HumaneCircus) can be mentioned as a successful hashtag activism. Although the campaign “For Humane Circus” dates back to April 19, 2014, when the association Dzīvnieku brīvība (“Animal Freedom”) carried out its first protest in front of the Riga Circus Building on Merķeļa iela, and the advancement of campaign and bringing the issue to the attention of public throughout the following years continued under the auspices of the association, the hashtag worked as a type of activism, which brought together social networking platform users who opposed the use of animals in the circus.

The hashtag was most actively used in May 2017, inviting other users of the social networking platform to either explore the issue or go and sign the petition on the portal Manabalss.lv. Not only does using the hashtag incorporate the selected piece of information into the overall discourse of the event, it also allows the user to join to that particular movement and initiative.

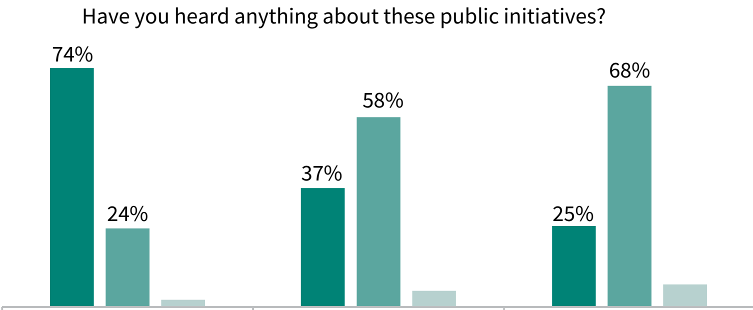
In the case of hashtag activism, the hashtag itself is the primary carrier of information, which offers both looking at the chronological development of the issue and identifying those in the community who think similarly. The calls, as well as the explanatory pictures and videos were published with the given hashtag. The greatest advantage of the hashtag was that every user who used it participated in the creation of the content. Consequently, the association itself had only to raise the issue, leaving the dissemination of information to the supporters of the idea.

Online activism and initiatives are at risk of remaining in the social network bubble – with active group members, like-minded commentators, disregarding the fact that everyone who considers the issue relevant gathers in that particular group / page, while wider public attitudes or awareness would vary. Respondents were asked about three initiatives in the Latvian digital environment, each of which could be described as a different kind of activism. As discussed above, all three initiatives can be found on Facebook, they used different ways of organizing themselves, and they also carried out their online activities offline.

According to the survey, the most well-known initiative is the “For circus without animals”, which was organized using a hashtag. It should be borne in mind, however, that this initiative is the most recent of the three campaigns, and that its publicity extends beyond social networking platforms, entering traditional media. Accordingly, the other two initiatives, which are based on gathering or grouping together of like-minded people in the digital environment, point to the formation of information and prevailing of importance in bubbles.

Likewise, when looking at the graph (Figure 4.3), the number of followers for each group / organization should also be considered (“I want to help refugees” – 3026,

Figure 4.3. **Population’s awareness of initiatives**



	For circus without animals	I want to help refugees	Direct purchasing movement
Yes	738	367	250
No	243	586	683
Don't know	2	50	70

Source: SUSTINNO, 2017.
Base: all respondents, *n* = 1003.

"Direct purchasing" – 6387; "Animal Freedom"[2] – 18 849). While there is no direct relationship between public popularity and numbers of followers, the content sharing is a key feature of social networking platforms. This means that as more users are reached, it is more likely that one of the recipients will share the respective content and pass on the information. When communicating within a group, this sharing of content "outward" is hindered by the functionality of the platform, but in the case of pages, the content must be valuable and interesting for the user to want to convey it to others. Another important aspect when talking about online initiatives is personal interest and topicality of the theme.

CONCLUSIONS

There are many examples of different forms of self-organization and online activism in the Latvian Internet environment. Where the state or municipality does not provide sufficient support or assistance, alternatives are emerging in form of citizens' self-initiated groups on social networking platforms. In order to raise awareness of a problem and try to solve it at the national level, citizens can sign and submit initiatives at *Manabalss.lv* or use opportunities offered by social networking platforms – hashtags, creating and sharing of events – thereby promoting these topics beyond the online environment. Crowd funding is becoming increasingly popular, allowing projects with different goals and of various sizes to materialize, thus addressing the insufficient funding available for implementation of different ideas.

Given that the share of the population using Internet is growing by year, the online environment will continue to be an additional place for users to organize themselves and raise issues of importance to society.

When evaluating collective self-organization on social networking platforms, two major issues need to be considered, the first one being related to the digital divide that emerges when looking at the use of the digital environment and acknowledging the differences in age, education and income. The gap prevents all members of society from equally active engagement and awareness of the opportunity to be involved. Older people's ability to use social networking platforms for self-organization purposes is more limited due to digital literacy.

The other problem is related to the comparatively passive aspect of online activism – sharing posts, using hashtags, signing initiatives, "liking" a page, applying to online groups, and similar low-effort online activities. While these types of activities are seen as a form of participatory culture and can contribute to the common good, their impact on offline life events can vary greatly, since they frequently remain limited to social networking platforms and Internet commentaries.

The participation created by functionalities of the web has enabled its users to obtain a louder voice and shape the social agenda, drawing the public's attention to current events. The most important task is for the citizens themselves to be active in the online environment, simultaneously expressing these ideas in the offline environment, because in any form of activism it is the user of social networking platforms who can build a better society. Equally important is the creation and support of platforms where online users can express themselves and implement their ideas. *Manabalss.lv*, *Projektubanka.lv* are the most visible opportunities today, however, it is necessary to look for and support ways in which online activism can become an expression of Latvian civil society.

[2] Since the campain of the initiative "For circus without animals" was organised by the association *Dzīvnieku brīvība* ("Animal freedom"), the number of people following their page is indicated.

Appendices

Population survey for the Human Development Report: technical information

Goal of the study: To obtain sociological survey data regarding attitude and values of the population of Latvia for scientific research in the framework of National Research Programme SUSTINNO.

Survey performer: Market and opinion research agency "Latvian Facts" (Bruņinieku iela 8a–5, Riga, LV-1010. Tel.: +371 67314002; http://www.latvianfacts.lv).

Target group: Permanent residents of the Republic of Latvia aged 18–74.

Information collection method: direct computer-assisted interviews at the respondent's place of residence in Latvian or Russian.

Instruments of research: questionnaire prepared and approved by the contracting entity in Latvian and Russian.

Planned sample size: 1000 respondents (representative of the total population).

Achieved sample size: 1003 respondents.

Sampling method: multistage stratified random sampling.

Geographic coverage: all the regions of Latvia (134 sample points).

Survey time period: from December 2, 2017 to December 20, 2017.

Sample description and establishment of survey sample points

Survey sample: a representative sample of Latvian society, based on the principle of multistage stratified random sampling and ensuring a representation of all major socio-demographic groups (representative of the population of Latvia). Characteristics of sample stratification:

(a) geographical (administrative-territorial),

(b) national.

The survey sample is calculated and stratified based on the data published by the Central Statistical Bureau of the Republic of Latvia on the population of Latvia in the cities and rural municipalities of Latvia as of January 1, 2017.

Random route procedure was used for the calculation of the sample and the geographical dispersion.

Multistage stratified random sample design principles

Stage 1

In order to conduct 1000 interviews, 134 sample points were selected from the list of populated areas of Latvia, based on the number of inhabitants in the populated area. Previously, populated areas were sorted by region, municipality and degree of urbanization to maintain the sample proportions. All starting points for the sample were determined using maps of cities and other populated areas of Latvia with indicated residential buildings. The density of the sampling points in each of the populated areas surveyed was proportional to the size of the population. An average of 8 interviews were conducted at each sample point.

Stage 2

The points included in the sample – cities, rural municipalities – the interviewer was given a starting address – a particular street, house, apartment.

Stage 3

The interviewer directed the following route according to the route method: the length of the interview step in each populated area is +3, which means that the first interview is conducted at a specific address given to the interviewer, and each subsequent interview address is obtained by adding the number 3 to the previous address. The houses included in the sample were selected on both sides of the street.

(*Example 1*: The first interview takes place in an area of apartment buildings at Ozolu iela 3, apartment 4, so the next interview will take place at Ozolu iela 3, apartment 7; while the subsequent interview will be held at Ozolu iela 3–10. When three interviews are completed in one apartment building, the fourth interview will take place at Ozolu iela 6, apartment 13);

(*Example 2*: The first interview takes place in an area of private houses at Jūras iela 6, the second interview – at Jūras iela 9, the third interview – at Jūras iela 12, and the fourth – at Jūras iela 15).

On the other hand, in rural areas, where the housing units are scattered, interviews are conducted at each of the nearby farmsteads.

Stage 4

In each apartment / private house or farmstead, the respondent was selected by the interviewer using the "last birthday method". Only one respondent was interviewed in a single household, without the presence of other occupants. If the potential respondent was not home during the first visit of interviewer or refused the interview due to being busy, the methodology of market and opinion research agency "Latvian Facts" provided for two additional visits at a suitable time for the respondent (this technique ensured that the route method was followed precisely).

Fieldwork description

Fieldwork time period: survey fieldwork was implemented within the period from December 2, 2017 and December 20, 2017.

Length of interviews: The average length of the interview was 58 minutes (shortest interview – 43 minutes, longest interview – 2 hours and 13 minutes).

Comparison of planned and achieved sample

	The number of respondents in the sample (%) before weighing	The number of respondents in the sample (%) after weighing	Statistics (CSB, 2017) (%) *
TOTAL:	100.0	100.0	100.0
GENDER			
Male	42.1	46.8	45.9
Female	57.9	53.2	54.1
AGE			
18–24	11.6	9.8	9.7
25–34	17.5	19.6	19.7
35–44	20.2	18.1	18.3
45–54	18.5	19.1	19.2
55–64	17.5	19.3	19.1
65–74	14.7	14.1	14.0
NATIONALITY			
Latvian	69.3	62.1	62.0
Other	30.7	37.9	38.0
REGION			
Riga	32.5	33.0	32.9
Pierīga (Riga region)	17.6	18.7	18.7
Vidzeme	9.6	9.2	9.8
Kurzeme	12.5	11.7	12.6
Zemgale	12.4	12.4	12.1
Latgale	15.4	15.0	13.9

*Source: Data of Central Statistical Bureau as of January 1, 2017.

Data tables

JN 3. People can engage in various political and social activities. For each of the activities below, please indicate whether you have engaged in this over the past year, have done it in the past, have never done it, but could do it, or have never done it and would not ever do it.

(% of the respondents that have been involved in different political and social activities)

Activity	I have done it over the past year	I have done it in the past	I have never done it but could do it	I have never done it and would not ever do it	*N* (respondents, number)
1. Signed the petition (e.g., on paper or online)	7.6	19.2	30.8	42.4	984
2. Boycotted or intentionally purchased a product for political, ethical, or environmental reasons	8.6	11.9	25	54.5	974
3. Participated in a demonstration, meeting or manifestation	2.2	16.4	27.1	54.3	984
4. Contacted (or attempted to) a politician or an official to communicate an opinion or solve a problem	8.9	15.5	29.6	46.0	990
5. Donation/collection of funds for social or political activity	14.2	14.9	18.7	52.2	979
6. Contacted mass media or expressed views through mass media	5.6	9.2	24.0	61.2	989
7. Expressed political views on the internet (for example, comments in social media, news portals)	10.5	9.6	17.6	62.3	991
8. Attempted to persuade a relative, friend or acquaintance to vote for a certain party or candidate	11.0	15.0	15.7	58.3	976
9. Voluntarily (without pay) worked in the election campaign of a party or a candidate	2.7	5.0	13.4	78.9	990
10. Worked in an initiative group that launched support for passing a decision	3.2	6.5	25.3	65.0	979

IA 4. To what extent is tax evasion acceptable in today's Latvia?

(% of respondents; *N* = 904)

Not acceptable at all	40.0
Somewhat acceptable	32.4
To a great extent acceptable	20.2
Entirely acceptable	7.4
N	904

IA 5. In your opinion, what will be the most common answer people in Latvia will choose to respond to this question?

(% of respondents; *N* = 851)

Not acceptable at all	17.0
Somewhat acceptable	36.8
To a great extent acceptable	37.1
Entirely acceptable	9.1
Base, resp., number	851

IA 6. In your opinion, what will be the most common answer YOUR RELATIVES AND FRIENDS will choose to respond to this question?

(% of respondents; *N* = 813)

Not acceptable at all	27.9
Somewhat acceptable	40.2
To a great extent acceptable	24.9
Entirely acceptable	7.0
N (resp., number)	813

IA 7. In your opinion, to what extent is it justifiable to ...

(% of respondents)

	It is never justifiable	In most cases, not justifiable	Sometimes it is justifiable, at other times it is not justifiable	In most cases, it is justifiable	It is always justifiable	*N* (resp., number)
... rent out a housing property without registering with the State Revenue Service and without paying taxes on renting	18.2	17.9	30.3	21.9	11.7	922
... not pay the required customs duties on goods purchased abroad (e.g., if the tax-free threshold stipulated by state is exceeded)	27.5	18.2	26.3	19.0	9.0	859
... receive services in knowledge that the taxes thereof are not paid	21.5	19.4	32.3	20.3	6.5	902

IA 8. Now I will read to you the possible reasons why people in Latvia pay taxes. To what extent is each of them an important reason for paying taxes?

(% of respondents)

	Not important at all	Unim-portant	Neither important nor unimportant	Important	Very important	*N* (resp., number)
In certain cases (e.g. unemployment, childbirth, etc.) one may be entitled to benefits and a retirement pension oneself	0.7	0.9	3.0	23.0	72.4	992
To provide for people who cannot earn for themselves (the elderly, the sick, etc.), as the amount of pension and benefits (unemployment, maternity, etc.) depends on it	0.7	1.9	6.4	28.7	62.3	989
Understanding that tax money is spent on public functions (education, health, public order and security, etc.)	3.2	4.9	8.5	34.0	49.4	978
Because laws must be complied with (even if one does not like them)	5.3	6.7	17.9	38.1	32.0	980
Because there is no way to avoid paying taxes on your salary / income (e.g. working in the public service, etc.)	4.6	6.8	18.1	32.5	38.0	966
Fear of being caught and punished by the relevant authorities (e.g. SRS)	8.5	10.5	21.5	33.7	25.8	954
Because it is a patriot's duty to pay taxes	13.4	13.9	22.0	27.4	23.4	966
Because tax evasion and scheming are complicated	10.6	16.5	27.8	32.4	16.7	925
Because others honestly declare income and pay taxes	15.2	16.6	23.7	25.0	19.5	966

IA 9. Now I will read to you the possible reasons why people in Latvia do not pay taxes. To what extent do you think each of these is an important reason for not paying taxes?

	Not important at all	Unimportant	Neither important nor unimportant	Important	Very important	*N* (resp., number)
Taxes are too high	1.8	4.0	6.8	31.9	55.5	980
Many businesses have a difficult time; if all taxes are paid, they cannot survive	2.1	4.3	8.7	36.3	48.6	964
People's income / wages are already low; if one paid all the taxes, one would not be able to survive	1.6	4.0	7.4	31.5	55.5	988
The money collected in taxes is wasted, squandered	2.2	5.5	12.2	29.3	50.8	955
Taxes are not fair (the amount of different taxes and who has to pay them is not determined fairly)	2.1	6.1	17.9	31.4	42.5	922
There is little reward in return for tax payment from the state, for example, the quality of the services is poor, people must pay of many services, which should have been due from the state, the pensions / benefits are small, etc.	2.2	4.9	11.0	30.8	51.1	969
Many people are by nature dishonest	9.7	15.9	31.3	25.5	17.6	942
Anger at the state, unwillingness to pay it, to maintain it	10.1	15.3	23.3	28.9	22.4	957
Public attitude to tax evasion is tolerant and people do not condemn it	7.3	12.3	27.9	32.2	20.3	947
There is not much risk of being caught and punished	11.8	21.5	30.5	23.1	13.1	922

IA 10.1. What are your own and your family's gains from shadow economy in Latvia?

(*N* = 466)

Losses	32.0
Neither losses nor gains	57.5
Gains	10.5

IA 10.2. What are your own and your family's losses from shadow economy in Latvia?

(*N* = 418)

Losses	32.5
Neither losses nor gains	60.5
Gains	17.0

IA 11. Thinking about the near future and knowing your habits, occupation, etc., what part of all the taxes you would have to pay will you actually pay in 2017? Please, give the rating as a percentage.

(*N* = 868)

0–25%	3.93
26–50%	4.15
51–75%	5.08
76–99%	11.07
100%	75.81

IA 12. In your opinion, what part of all the taxes PEOPLE IN LATVIA would have to pay, they will, on average, actually pay in 2017? Please, give the rating as a percentage.

(*N* = 745)

0–25%	2.56
26–50%	24.7
51–75%	37.44
76–99%	29.81
100%	5.5

IA 13. In your opinion, what part of all the taxes your RELATIVES AND FRIENDS would have to pay, they will actually pay in 2017? Please, give the rating as a percentage.

(*N* = 751)

0–25%	2.41
26–50%	8.12
51–75%	12.78
76–99%	41.28
100%	35.42

II 1. To what extent are you in favour of or against…

	Strongly against	Against	Neither in favour of nor against	In favour of	Strongly in favour of	*N* (resp., number)
… cuts in government spending	3.7	9.7	19.1	31.6	35.9	895
… government financing of projects to create new jobs	2.4	4.5	6.1	32.6	54.4	982
… less government regulation of business	5.2	14.5	27.4	32.4	20.5	870
… government support to develop new products	6.2	11.8	22.8	34.2	25.0	924
… government support for declining industries to protect jobs	6.3	15.2	18.1	27.4	33.0	961
… reducing the working week to create more jobs	25.4	25.3	20.8	13.1	15.4	932

II 2. Now I will read to you the various items of public expenditure. Do you think the government should spend more money, less money or just as much as they already spend on these items?

	Much less	Less	The same amount	More	Much more	*N* (resp., number)
Environmental protection	4.6	9.6	52.3	24.9	8.6	943
Health	0.8	1.4	7.4	40.6	49.8	981
Police and law enforcement	3.4	10.2	43.7	30.4	12.3	946
Education	1.1	1.5	22.7	46.7	28.4	975
Military and defence	13.8	15.6	37.5	22.1	11.0	960
Old age pensions	0.3	0.7	5.6	44.2	49.2	989
Unemployment benefits	3.6	8.2	38.7	33.2	16.3	941
Culture and arts	4.9	11.2	51.9	25.5	6.0	961

II 3. There are different notions of what is or is not the responsibility of the government. Please tell me if you think the government should be responsible for…

	Definitely should be	Probably should be	Probably should not be	Definitely should not be	*N* (resp., number)
… providing a job for everyone	6.3	24.8	24.6	34.3	975
… keeping prices under control	2.7	15.4	47.2	34.7	965
… providing health care for the sick	0.6	1.4	35.1	62.9	988
… providing a decent standard of living for the old	0.3	2.3	33.7	63.7	986
… promoting growth of industry	1.0	3.7	41.2	54.1	981
… reducing income differences between the rich and the poor	3.5	13.5	41.7	41.2	932
… giving financial help to university students	1.2	9.8	56.9	32.1	977
… providing decent housing	6.5	30.1	41.0	22.4	952
… imposing laws for environmental protection	1.1	7.9	56.6	34.4	956
… promoting equality between men and women	7.2	25.4	41.4	26.0	911

II 4. In your opinion, who should cover the main costs of these services?

	Family and relatives	Non-profit organisations/ charities/cooperatives	Private companies	Government/ municipality	*N* (resp., number)
Health care	2.8	1.6	1.4	94.2	974
Care for older people	16.1	3.2	1.6	79.1	973
School education	4.9	1.0	0.7	93.4	990

RES1. The list contains various environmental problems. In your opinion, what are the main environmental problems in Latvia?

RES2. Which of these environmental problems affect you and your family?

(*N* = 1003)

	The most important environmental problems for Latvia as a whole, % of respondents that have indicated the problem	Problems, that affect the respondent's family, % of respondents that have indicated the problem
Increase in waste	54.3	31.6
Loss of biodiversity (extinction of species, loss of animals and habitats)	12.0	6.9
Major man-made disasters (production accidents, major oil spills, etc.)	15.6	3.3
Natural disasters (earthquakes, floods, hurricanes, etc.)	18.8	6.6
Depletion of natural resources (intensive, unsustainable extraction and exploitation of resources)	16.0	7.3
Air pollution	43.5	35.8
Use of genetically modified organisms in agriculture	27.7	23.8
Impact of chemicals used in everyday products on our health	42.7	41.5
Climate change	30.7	27.2
Agricultural pollution (use of pesticides, fertilizers, etc.)	28.8	25.5
Problems of large cities (traffic jams, pollution, lack of green space, etc.)	21.9	15.9
Our consumption habits	18.8	19.2
Consequences of the use of existing modes of transport (increasing number of cars and roads, etc.)	14.6	12.3
Noise pollution	7.7	10.1
Water pollution (seas, rivers, lakes and springs)	40.4	33.2
None of the above	0.00	6.18
Difficult to say / NA (no answer)	0.00	0.00

RES3. To what extent do you agree or disagree with each of these statements?

	Agree strongly	Agree	Neither agree nor disagree	Disagree	Disagree strongly	*N* (resp., number)
We worry too much about the future of the environment and not enough about prices and jobs today	17.5	27.5	23.1	21.4	10.5	948
Almost everything we do in modern life harms the environment	13.1	34.7	19.3	26.4	6.5	970
People worry too much about human progress harming the environment	7.9	26.0	25.6	30.0	10.5	934

RES4. To what extent do you agree or disagree with each of these statements?

	Agree strongly	Agree	Neither agree nor disagree	Disagree	Disagree strongly	*N* (resp., number)
In order to protect the environment Latvia needs economic growth	21.2	35.2	25.4	15.1	3.1	925
Economic growth always harms the environment	6.7	22.7	25.8	31.9	12.9	949
I do what is right for the environment, even when it costs more money or takes more time	8.8	28.6	31.5	24.4	6.7	922
I find it hard to know whether the way I live is helpful or harmful to the environment	12.3	28.8	27.9	23.6	7.4	925

Human Development Index and tables of statistical indicators

The first Human Development Index (HDI) was published in the 1990 Human Development Report, and ever since then it has been of much interest among politicians, journalists and scholars. There have always been discussions about the components of HDI and about the way in which it is calculated. The HDI calculation method and the choice of indicators is continuously improved and altered since 1990.

For the 20th anniversary of HDI in 2010, the criticisms and discussions about the calculation methods were summarised and the indicators upon which the index is based, as well as the calculation method were changed. More detailed information about these changes can be found at http://hdr.undp.org/en/humandev.

The HDI is a combined indicator which helps to evaluate long term progress in three major areas of human development – health, education and income. The HDI clearly shows that development involves more than merely economic growth.

Detailed information about the method of HDI calculation can be found at http://hdr.undp.org/sites/default/files/2018_statistical_annex.pdf. The following table shows how the method for calculating the HDI has changed over time.

Table 1

<table>
<tr><th rowspan="2">Period</th><th colspan="3">Indicators</th><th rowspan="2">Calculation method</th></tr>
<tr><th>health</th><th>education</th><th>income</th></tr>
<tr><td>1990</td><td rowspan="6">Life expectancy at birth</td><td>Proportion of literate individuals among people aged 25+</td><td>Real per capita GDP PPP $ (log)</td><td rowspan="5">Arithmetic average</td></tr>
<tr><td>1991–1994</td><td>(2/3) Proportion of literate people among adults
(1/3) Average years spent obtaining an education</td><td rowspan="2">Real per capita GDP PPP $ (adapted)</td></tr>
<tr><td>1995–1998</td><td>(2/3) Proportion of literate people among adults
(1/3) Proportion of attendees of educational institutions at all levels</td></tr>
<tr><td>1999</td><td>(2/3) Proportion of literate people among adults
(1/3) Proportion of attendees of educational institutions at all levels</td><td rowspan="2">Real per capita GDP PPP $ (log)</td></tr>
<tr><td>2000–2009</td><td>(2/3) Proportion of literate people among adults
(1/3) Proportion of attendees of educational institutions at all levels</td></tr>
<tr><td>2010–2017</td><td>(2/3) Average years spent obtaining an education
(1/3) Expected number of years to be spent obtaining education</td><td>Real per capita GNP PPP $ (In)</td><td>Geometric average</td></tr>
</table>

Until 2010, the HDI was calculated on the basis of a simple arithmetic average from indicators describing health, education and income. In 2010, the structure of three dimensions for the index was preserved, but new indicators were chosen for the segments of income and education, and the calculation method was changed from the arithmetic average to the geometric average. The arithmetic average method allows low achievements in one dimension to be compensated with high achievements in another. The geometric average method reduces likelihood of replacing the various dimensions in the index with one another, and it offers a more adequate reflection of the actual situation.

As of 1913, the HDI published in Human Development reports is no longer comparable with the indexes published in previous reports because of the differences in the calculation methodology.

Due to the changes in the HDI calculation method and choice of indicators, we republish Latvia's HDI from Human Development Indices and Indicators 2018. The full text of the report can be found at http://report.hdr.undp.org/.

Table 2. Human Development Index: Latvia

	Ranking in HDR 2015, HDR 2016, *Human Development Indices and Indicators 2018*	Human Development Index	Life expectancy at birth, years	Average no. of years in education	Expected no. of years in education	Real per capita GNP (PPP 2011 $)
2014	46	**0.819**	74.2	11.5	15.5	22 281
2015	44	**0.830**	74.3	11.5	15.2	22 589
2017	41	**0.847**	74.7	12.8	15.8	25 002

The internationally comparable data that are used to calculate the HDI come from the following sources of information:

- per capita gross national product from the World Development Indicator database of the World Bank (2018b);
- the average number of years spent in education and the expected number of years to be spent in education from the UNESCO Institute for Statistics Database (2018);
- the expected lifespan of newborns from the 2011 revised report of UNDESA Global Resident Perspective 1950–2050 (UNDESA, 2017a).

Human Development Indices and Indicators 2018 shows that in the period from 1990 to 2017 Latvia's HDI has risen from 0.693 to 0.847 annually, placing Latvia in the 41st place among 189 countries of the world.

The next table shows the changes in each HDI indicator value. This information comes from the publication *Human* Development Indices and Indicators 2018 and is not comparable to the Central Statistical Bureau's information. Life expectancy has increased by 5.7 years, the average number of years in education – by 5.3 years, while the estimated number of years to be spent in education – by 3.1 years.

Table 3

	Life expectancy at birth, years	Expected no. of years in education	Average no. of years in education	Real per capita GNP (PPP 2011 $)	Human Development Index
1990	69.0	12.7	7.5	10 081	0.693
1995	68.6	11.6	8.8	6 147	0.673
2000	70.6	14.2	9.4	8 518	0.732
2005	71.8	15.6	10.4	12 870	0.784
2010	73.0	15.0	11.5	13 793	0.802
2011	73.3	15.0	11.5	14 293	0.805
2012	73.6	14.8	11.5	14 724	0.814
2013	72.2	15.5	11.5	22 186	0.808
2014	74.2	15.2	11.5	22 281	0.819
2015	74.3	16.0	11.7	22 589	0.830
2017	74.7	15.8	12.8	25 002	0.847

Tables of indicators related to human development have been prepared in accordance with the indicators defined by the UN Development Programme (UNDP). The following 18 statistical tables provide the information about the main aspects of human development. The tables reflect the most important indicators in describing social processes: health, education, environment, employment, etc. The source of information is the Central Statistical Bureau (CSB), supplemented as necessary with data from government ministries and institutions, the Statistical Office of the European Union (Eurostat) as well as other international organisations.

The statistical information in the tables is based on international methodology. Since 2000, some of the indicators in the tables have been redefined, with new methodologies and classifications. Information has been reviewed, and data have accordingly been adjusted for the entire period. The data tables also use data from random cohort studies conducted by CSB and other institutions. In the tables calculated according to population, the information regarding the period from 2000 to 2010 has been recalculated according to the results of 2011 Census. Information in the tables is based on the Central Statistical Bureau data at September 1, 2018.

Table 4. Human development

	Life expectancy at birth, years	Maternal mortality		Number of inhabitants per physician	Enrolment at all levels of education, % of population aged 7–23 (gross)	Higher education students, % of population aged 19–23 (gross)		Per capita GDP, PPP[2]
		per 100 000 live births	number of cases			total	women	
2000	70.2	24.8	5	289	86.3	62.4	79.8	...
2001	69.9	25.4	5	300	88.2	68.3	85.4	...
2002	70.2	5.0	1	290	89.6	73.0	91.7	...
2003	70.7	14.3	3	289	90.9	76.2	96.6	...
2004	71.0	9.8	2	278	91.6	76.4	98.3	5200
2005	70.7	4.6	1	271	91.1	75.7	97.8	6100
2006	70.6	13.5	3	267	90.0	73.7	96.3	7800
2007	70.8	25.8	6	270	89.3	72.1	95.0	10300
2008	72.0	12.5	3	257	89.2	71.0	92.7	11200
2009	72.7	46.1	10	266	88.1	65.6	84.4	8700
2010	73.1	26.1	5	262	88.5	63.7	79.4	8500
2011	73.7	5.4	1	259	89.0	63.5	77.4	9800
2012	74.0	20.5	4	255	90.3[1]	64.9	78.7	10800
2013	74.2	24.7	5	250	91.4	65.6	77.6	11300
2014	74.3	14.0	3	251	93.4	67.9	83.0	11800
2015	74.7	55.2	12	250	96.2	72.9	88.7	12300
2016	74.8	23.1	5	287	98.9	79.3	94.6	12700
2017	74.8	4.9	1	289	100.8	86.7	103.7	13900

[1] Data recalculated after 2011 Census.

[2] Statistical Office of the European Union (Eurostat) website: http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tec00001&plugin=1

Table 5. Human distress

	Unemployed people as % of economically active residents[1]	Unemployed people with basic school or lower education aged 25–64, %[2]	Proportion in income between 20% of richest and 20% of poorest residents	Annual inflation rate in comparison to previous year, %[3]	Deaths in traffic accidents per 100 000 residents	Divorces as % of marriages	Children born outside marriage, % of all children	Suicides per 100 000 residents		SO_2 emissions from stationary sources, kg per resident[4]	NOx emissions from stationary sources, kg per resident[4]
								men	women		
2000	7.8	...	5.5	102.6	25	66.6	40.4	56.3	11.8	5.1	3.5
2001	7.7	...	...	102.5	22	62.0	42.1	52.3	11.2	3.8	3.7
2002	8.5	...	...	101.9	22	61.1	43.1	49.0	12.0	3.3	4.0
2003	8.6	...	...	102.9	22	48.3	44.3	45.8	9.8	2.6	4.5
2004	8.5	15.9	6.7	106.2	23	50.8	45.3	43.7	8.6	2.0	3.9
2005	7.4	14.2	7.8	106.7	20	50.6	44.7	43.1	9.8	1.4	4.3
2006	6.5	12.7	6.4	106.5	18	49.6	43.8	39.9	6.7	0.9	4.8
2007	4.9	9.4	7.3	110.1	19	47.8	43.2	35.3	7.9	0.8	4.7
2008	7.0	13.0	7.4	115.4	15	48.0	43.2	42.4	8.4	0.5	3.7
2009	16.0	26.5	6.8	103.5	12	51.4	43.5	41.9	8.5	0.5	3.4
2010	14.3	29.1	6.5	98.9	10	53.1	44.4	39.1	5.4	0.7	4.0
2011	11.5	27.5	6.5	104.4	9	77.2	44.6	38.8	6.7	0.5	4.1
2012	10.5	22.9	6.3	102.3	9	65.0	45.0	39.6	6.6	0.5	4.5
2013	9.5	22.6	6.5	100.0	9	61.5	44.6	34.8	5.6	0.3	4.4
2014	8.5	23.6	6.5	100.6	11	50.1	44.0	34.0	6.6	0.3	4.1
2015	8.7	22.4	6.2	100.2	10	37.8	41.5	33.6	7.6	0.2	14.4
2016	8.4	19.8	6.3	100.1	8	46.6	40.9	31.9	7.3	0.2	4.4
2017	6.8	18.3	...	102.9	7	45.2	40.4	31.7	6.7	...	...

1 Data specified. Data of State Employment Agency (SEA).

2 Data of Statistical Office of the European Union (Eurostat) website: http://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table& plugin=1&pcode=tps00066&language=en

3 As of 1 January 2016, the Index of Consumer Prices, the Harmonised Index of Consumer Prices and the Harmonised Index of Consumer Prices at constant tax rates are calculated according to the European Classification of Individual Consumption according to Purpose (ECOICOP).

4 Data of Latvian Environment, Geology and Meteorology Centre.

Table 6. Gender differences (women as % versus men)

	Life expectancy at birth	Number of inhabitants (beginning of year)	Secondary education enrolment	Secondary education graduates	Tertiary education enrolment (students aged 19–23)	Employed[1]	Unemployed[1]	Wages and salaries in the country
2000	117.3	117.1	106.4	100.5	157.4	96.2	82.4	78.6
2001	117.6	117.3	104.8	112.3	142.1	98.3	81.4	80.2
2002	117.9	117.7	104.8	104.7	138.8	96.9	84.4	81.5
2003	115.7	118.0	104.4	101.4	140.0	96.5	97.4	83.5
2004	116.2	118.0	96.4	111.0	144.3	96.7	101.3	84.4
2005	117.6	118.0	96.7	111.9	145.8	95.8	94.4	81.9
2006	117.1	118.0	98.2	113.3	152.7	96.1	88.0	82.4
2007	116.7	117.9	99.2	106.4	156.9	95.8	81.1	83.9
2008	116.4	117.6	100.4	111.2	154.3	98.5	82.1	84.8
2009	115.0	117.9	99.0	108.9	150.4	108.9	67.9	83.9
2010	114.7	118.4	95.3	103.1	144.3	111.3	73.7	81.5
2011	114.4	118.9	93.0	101.0	139.5	107.0	74.8	83.4
2012	114.2	118.7	92.5	100.3	134.4	104.5	87.8	83.2
2013	113.7	118.4	91.7	122.3	147.8	102.9	89.4	83.1
2014	114.8	118.3	91.8	115.7	143.0	101.8	82.7	83.0
2015	113.8	118.0	95.4	116.2	144.5	101.8	77.3	83.9
2016	113.8	117.7	96.0	114.0	137.6	103.9	77.8	82.9
2017	114.0	117.4	95.6	107.6	138.6	102.7	79.0	84.7

[1] Data of Labour Force Survey. 2000–2001, persons from 15 and older, after 2002 – persons aged 15 to 74.

Table 7. Status of women

	Life expectancy at birth, years	Average age at first marriage	Maternal mortality		Secondary education enrolment, % of women aged 11–18[1] (net)	Secondary education graduates, % of women aged 18 [1] (gross)	Higher education enrolment, % of women aged 19–23[1] (gross)	Proportion of women among the employed, %[2]	Proportion of women among managers, specialists, %[2]	Proportion of women among Members of Parliament, %
			per 100 000 live births	Number of cases						
2000	75.8	24.9	24.8	5	86.5	94.0	79.8	46.9	57.7	17[3]
2001	75.5	24.9	25.4	5	87.7	92.7	85.4	48.0	59.4	17[3]
2002	75.9	25.4	5.0	1	87.2	75.2	91.7	49.2	58.3	18[4]
2003	75.7	25.4	14.3	3	88.9	70.7	96.6	49.7	57.7	18[4]
2004	76.1	25.6	9.8	2	89.8	81.9	98.3	50.2	57.8	18[4]
2005	76.3	26.0	4.6	1	89.1	85.1	97.8	50.8	58.7	18[4]
2006	76.1	26.3	13.5	3	71.2	84.3	96.3	54.5	58.0	19[5]
2007	76.2	26.4	25.8	6	71.3	84.5	95.0	56.3	60.8	19[5]
2008	77.4	26.7	12.5	3	71.3	87.9	92.7	57.5	61.9	19[5]
2009	77.6	27.1	46.1	10	70.0	87.4	84.4	52.9	60.9	19[5]
2010	77.9	27.4	26.1	5	69.6	91.5	79.4	51.1	60.1	19[6]
2011	78.5	27.7	5.4	1	68.1	90.2	77.4	52.1	60.5	19[6]
2012	78.7	28.0	20.5	4	87.1	78.6	78.7	53.5	59.4	19[6]
2013	78.8	28.5	24.7	5	84.4	75.6	77.6	55.3	58.9	19[6]
2014	79.3	28.9	14.0	3	83.4	77.0	83.0	56.0	59.2	16[7]
2015	79.3	28.7	55.2	12	82.8	77.7	88.7	57.8	60.7	16[7]
2016	79.4	29.2	23.1	5	83.5	78.8	94.6	59.1	61.1	16[7]
2017	79.6	29.5	4.9	1	82.9	78.7	103.7	60.1	60.2	16[7]

1 According to Cabinet of Ministers Regulations on the classification of Latvia's educational system (11 April 2006) the first phase of secondary education covered classes 7–9 (13-year to 15-year-olds), while the second phase covered classes 10–12 (16-year to 18-year-olds).

2 Data of Labour Force Survey. 2000–2001, persons from 15 and older, after 2002 – persons aged 15 to 74.

3 The results of parliamentary election on 3 October 1998.

4 The results of parliamentary election on 5 October 2002.

5 The results of parliamentary election on 9 October 2006.

6 The results of parliamentary election on 2 October 2010.

7 The results of parliamentary election on 5 October 2014.

Table 8. Demographic indicators

	Population, millions (beginning of year)	Annual population growth rate, %	Total fertility rate	Proportion of dependents, %	Proportion of population aged 60 and over, % (beginning of year)	Life expectancy at age 60	
						men	women
2000	2.4	–1.19	1.242	41.1	21.0	15.2	20.7
2001	2.4	–1.38	1.219	39.7	21.4	15.1	20.6
2002	2.3	–0.93	1.254	39.2	21.8	15.0	20.7
2003	2.3	–0.99	1.321	37.6	22.1	15.2	20.6
2004	2.3	–1.18	1.291	37.2	22.2	15.1	20.9
2005	2.2	–0.97	1.388	36.1	22.4	14.8	21.0
2006	2.2	–0.85	1.463	35.6	22.4	14.9	20.9
2007	2.2	–0.77	1.543	34.4	22.5	15.3	21.0
2008	2.2	–1.32	1.590	33.8	22.6	15.5	21.5
2009	2.2	–1.96	1.470	34.0	23.0	15.9	21.8
2010	2.1	–2.16	1.363	34.2	23.6	15.9	21.8
2011	2.1	–1.44	1.338	35.8	24.1	16.3	22.3
2012	2.0	–1.00	1.444	36.4	24.6	16.4	22.2
2013	2.0	–1.1	1.524	35.9	24.9	16.8	22.4
2014	2.0	–0.77	1.645	36.3	25.2	16.7	22.8
2015	2.0	–0.86	1.707	36.9	25.5	17.1	22.7
2016	2.0	–1.0	1.743	38.5	25.9	16.9	22.9
2017	2.0	–1.0	1.699	37.8	26.2	17.0	22.9

Data on the period from 2000 to 2010 recalculated after 2011 Census.

Table 9. Health care indicators

	Death from circulatory disease, % of all deaths[1]	Death from malignant tumours, % of all deaths[1]	Number of in-habitants per physician[2]	State ex-penditures on health, % of total state expenditures	State ex-penditure on health as % of GDP
2000	55.5	17.3	289	10.5	3.9
2001	55.9	17.4	300	9.2	3.2
2002	56.0	17.4	290	10.3	3.7
2003	56.1	17.9	289	9.7	3.4
2004	55.9	18.2	278	9.8	3.5
2005	55.1	18.0	271	11.9	4.1
2006	53.6	18.2	267	12.5	4.5
2007	54.6	17.9	270	11.9	4.0
2008	53.3	19.8	257	11.5[3]	4.3
2009	53.7	19.9	266	10.4[3]	4.6
2010	54.1	20.1	262	9.2[3]	4.2
2011	54.9	20.6	259	10.2[3]	4.1
2012	56.1	20.7	255	10.2[3]	3.9
2013	57.0	20.8	250	9.7[3]	3.7
2014	57.0	21.2	251	9.9[3]	3.8
2015	57.3	20.9	250	9.8	3.8
2016	56.3	20.9	287	10.0	3.8
2017	55.7	21.1	289	...	...

1 Data of Centre for Disease Prevention and Control. Calculation according to 2011 Census.

2 Calculation, using Centre for Disease Prevention and Control data and Central Statistical Bureau data.

3 Data specified.

Table 10. Education-related indicators

	Enrolment at all levels of education, % of population aged 7–23 (gross)	Enrolment at primary schools, % of population aged 7–15 (gross)	Enrolment at secondary schools, % of population aged 16–18 (gross)	Enrolment at higher educational institutions, % of population aged 19–23 (gross)	Expenditure on higher education, % of all education expenditure	Students funded by state and local government, % of all students in higher education	State expenditures on education, % of total state expenditures	State expenditures on education, % of GDP[3]
2000	86.3	92.5	102.3	62.4	22.7	33.7	14.6	5.4
2001	88.2	95.0	98.5	68.3	23.4	29.9	16.0	5.5
2002	89.6	96.0	97.2	73.0	24.1	27.1	16.1	5.7
2003	90.9	95.9	100.9	76.2	24.6	24.2	15.8	5.3
2004	91.6	97.1	102.1	76.4	25.5	23.5	17.0	5.9
2005	91.1	97.8	101.4	75.7	27.6	22.8	15.5[2]	5.3
2006	90.0	98.0	100.4	73.7	27.2	23.3	15.4[2]	5.5
2007	89.3	99.2	99.7	72.1	26.7	25.0	16.3	5.6
2008	89.2	99.3	102.2	71.0	25.5	26.6	16.8	6.3
2009	88.1	101.1	104.7	65.6	21.1	30.4	15.2[2]	6.7
2010	88.5	102.4	106.1[1]	63.7	25.1	34.1	13.7[2]	6.2
2011	89.0	102.2	108.5[1]	63.5	28.1[2]	35.9	14.5[2]	5.9
2012	90.3[1]	102.9[1]	110.2[1]	64.9[1]	27.1[2]	36.9	15.1[2]	5.7
2013	91.4	102.5	113.4	65.6	25.6[2]	38.5	15.2[2]	5.7
2014	93.4	103.0	115.2	67.9	25.1[2]	40.4	15.4[2]	5.9
2015	96.2	102.7	118.1	72.9	26.4	41.4	15.4	5.9
2016	98.9	101.4	120.8	79.3	...	41.6	14.7	5.5
2017	100.8	100.9	117.8	86.7	...	41.7	...	...

[1] Data recalculated after 2011 Census.

[2] Data specified.

[3] Data of Statistical Office of the European Union (Eurostat) website: http://appsso.eurostat.ec.europa.eu Table [gov_10a_exp].

Table 11. Human intellectual potential

	Scientists and technicians per 1000 inhabitants[1]	Total expenditures on research and development, % of GDP	Secondary education graduates, % of inhabitants aged 18 (gross)[3]	Higher education graduates, % of inhabitants aged 23 (gross)[4]	Graduates who have obtained scientific degree (graduates of doctoral programmes), % of all graduates
2000	2.3	0.45	87.5	63.0	0.3
2001	2.3	0.41	85.6	59.8	0.2
2002	2.3	0.42	72.4	66.9	0.3
2003	2.1	0.38	69.3	76.3	0.3
2004	2.9	0.42	75.9	82.2	0.4
2005	2.4	0.56	79.4	81.7[1]	0.4
2006	2.8	0.70	78.6	80.2[1]	0.4
2007	2.8	0.59	78.3	77.1[1]	0.5
2008	2.5	0.61	81.7	70.0[1]	0.6
2009	2.5	0.46	81.3	77.4[1]	0.7
2010	2.7	0.60	87.6	79.9[1]	0.5
2011	2.7	0.70	92.1	77.6	1.2
2012	3.2[2]	0.66	104.4	69.6	1.2
2013	3.8	0.60	98.7	73.7	1.2
2014	4.1	0.69	105.5	60.6	1.5
2015	4.0	0.62	106.8	63.5	1.2
2016	5.6	0.44	93.9	61.9	1.0
2017	5.8	0.51	118.8	66.9	1.0

[1] Data recalculated after 2011 Census.
[2] In accordance with Eurostat methodology, as of 2012 science support personnel is also included.
[3] Calculated from the total number of secondary education (general and secondary vocational) graduates in the given year.
[4] Calculated from the total number of higher education graduates in the given year.

Table 12. Employment

	Employed, % of total population	Distribution of employed, % of total number of employed[2]			Increase / decrease of income of employed (net wages/salaries), %	Length of working week, hours
		agriculture	industry	services		
2000	51.4	15	26	59	5.7	41.4
2001	52.2	15	26	59	6.1	41.3
2002	53.9	15	26	59	8.0	41.9[3]
2003	54.5	14	27	59	10.9	41.7
2004	54.9	13	27	60	8.8	40.9[3]
2005	55.9	12	26	62	17.0	41.3
2006	59.7	11	28	61	23.1	41.3
2007	61.6	10	28	62	32.0	40.6[3]
2008	62.0	8	29	63	22.5	39.4
2009	54.3	9	24	67	–2.3	38.9
2010	52.0	9	23[3]	68[3]	–7.5	38.4
2011	54.0	9	23	68	4.5	38.5
2012	56.1	8	24	68	3.9	38.3
2013	58.2	8	24	68	5.6	38.3
2014	59.1	8	24	68	8.6	38.6
2015	60.8	8	24	68	7.6	38.3
2016	61.6	8	24	68	4.7	38.4
2017	62.9	7	23	70	7.0	38.3

1 Data of Labour Force Survey. 2000–2001, persons from 15 and older, after 2002 – persons aged 15 to 74.

2 After 2008 – Statistical classification of economic activities NACE Rev. 2.

3 Data recalculated after 2011 Census.

Table 13. Unemployment (end of year)

	Number of unemployed, thousands[1]	Unemployment rate, %		Unemployed young people (15–24), % of all unemployed[1]	Spending on unemployment benefit, % of all state expenditures[3]	Proportion of long-term (12 mo. +) unemployed
		total[1]	women[2]			
2000	93.3	7.8	9.2	14.8	1.2	29.0
2001	91.6	7.7	9.0	14.6	1.0	26.6
2002	89.7	8.5	10.5	13.9	1.1	26.4
2003	90.6	8.6	10.5	13.2	1.1	26.1
2004	90.8	8.5	9.6	12.8	1.0	25.6
2005	78.5	7.4	8.8	14.0	1.2	26.2
2006	68.9	6.5	8.3	14.0	1.1	23.1
2007	52.3	4.9	6.3	12.9	0.9	18.0
2008	76.4	7.0	7.6	13.6	0.9	11.1
2009	179.2	16.0	16.8	14.5	2.5	13.5
2010	162.5	14.3	15.9	14.3	2.1	37.8
2011	130.3	11.5	13.4	11.8	1.3	43.7
2012	104.1	10.5	12.0	10.1	0.9	44.2
2013	93.3	9.5	10.6	9.5	1.1	35.4
2014	82.0	8.5	19.4	9.2	1.1	33.0
2015	81.8	8.7	9.4	8.4	1.3	29.7
2016	78.4	8.4	9.1	9.7	1.4	28.7
2017	61.5	6.8	5.5	6.7	...	28.7

1 Data specified. Data of State Employment Agency (SEA).

2 Central Statistical Bureau of Latvia calculation using the number of unemployed (women) registered at SEA. Unemployment rate for women is calculated in relation to economically active women.

3 After 2007, this indicator is calculated on the basis of the government function “support in the case of unemployment”, which includes spending on benefit payments to unemployed.

Table 14. Priorities in government expenditures

	State expenditures on defence, % of GDP	State expenditures on health, % of GDP	State expenditures on education, % of GDP[1]
2000	0.9	3.9	5.4
2001	0.9	3.2	5.5
2002	1.1	3.7	5.7
2003	1.2	3.4	5.3
2004	1.3	3.5	5.9
2005	1.2	4.1	5.3
2006	1.4	4.5	5.5
2007	1.4	4.0	5.6
2008	1.5	4.3	6.3
2009	1.2	4.6	6.7
2010	1.0	4.2	6.2
2011	1.0	4.1	5.9
2012	0.9	3.9	5.7
2013	0.9	3.7	5.7
2014	0.9	3.8	5.9
2015	1.0	3.8	5.9
2016	1.6	3.8	5.5
2017	...	...	...

[1] Data of Statistical Office of the European Union (Eurostat) website: http://appsso.eurostat.ec.europa.eu Table [gov_10a_exp].

Table 15. Natural resources

	Territory, thousands of km^2	Population density, people per km^2 (end of year)	Agricultural area, % of all land[1]	Forests, % of all land[1]
2000	64.6	37	38.5	44.4
2001	64.6	36	38.4	44.3
2002	64.6	36	38.3	44.5
2003	64.6	36	38.3	44.7
2004	64.6	36	38.2	45.0
2005	64.6	36	38.1	45.2
2006	64.6	35	38.0	45.4
2007	64.6	35	37.9	45.5
2008	64.6	35	37.7	45.7
2009	64.6	35	37.6	45.8
2010	64.6	33	37.6	45.9
2011	64.6	32	37.3	46.3
2012	64.6	32	37.1	46.5
2013	64.6	31	36.9	46.7
2014	64.6	31	36.7	47.0
2015	64.6	31	36.5	47.2
2016	64.6	30	36.2	47.6
2017	64.6	30	36.0	47.8

[1] Data of State Land Service.

Table 16. National income indicators

	Gross Domestic Product (GDP), million euro	Agricultural production added value, % of GDP	Industrial production added value, % of GDP	Services, % of GDP	Private consumption, % of GDP	Development of domestic gross equity, % of GDP	Tax revenues, % of GDP[1]	State expenditures, % of GDP	Exports, % of GDP	Imports, % of GDP
2000	6850.3	5	20	75	62.3	25.2	11.0	37.3	36.9	44.9
2001	7460.1	5	19	76	61.4	27.4	10.4	34.8	38.1	48.5
2002	8397.1	5	19	76	61.2	24.6	10.1	35.1	36.6	46.7[1]
2003	9552.7	5	18	77	61.0	24.8	10.7	33.5	36.2	48.7
2004	11048.7	5	18	77	61.4	28.9	10.8	34.7	39.1	54.6[1]
2005	13597.2	4	16	80	60.1	31.3	11.6	34.3	43.2	57.7
2006	17101.9	4	15	81	62.9	34.2	12.0	36.0	40.0	60.6[1]
2007	22592.0	4	15	81	58.8	36.5	11.4	34.0	38.5	57.5[1]
2008	24351.2	3	14	83	56.9	32.1	10.3	37.6	39.5[1]	52.5
2009	18826.6	4	16	80	59.4	22.6	10.5	44.2	42.6	44.2[1]
2010	17937.9	4	19	77	62.6	19.4	11.3	45.5	53.7	55.1[1]
2011	20302.8	4	18	78	60.5	22.2	11.2	40.5	57.8[1]	62.8[1]
2012	21885.6	4	18	69	59.7	25.5	11.6	38.0	61.3[1]	65.8[1]
2013	22831.5	4	17	79	60.5	23.2	12.0	37.7	60.3[1]	63.9[1]
2014	23681.5	3[1]	20[1]	77[1]	60.0	22.6	12.2	38.2	60.7[1]	62.2[1]
2015	24353.1	4	20[1]	76[1]	59.2	22.1	12.5	38.4	60.4[1]	60.9[1]
2016	24925.6	3	19	78	60.3	18.2	13.1	37.3	60.0	59.1
2017	26856.6	4	22	74	60.7	19.9	12.9	...	60.5	61.8

GDP In accordance with the European System of Accounts (ESA 2010) methodology.

[1] Data specified.

Table 17. Economic development trends

	GDP growth/ decrease in comparison with the previous year (prices of 2010), %	Per capita GDP growth/decrease in comparison with the previous year (prices of 2010), %	Inflation rate, % compared to previous year[1]	Budget surplus or deficit, % of GDP (in actual prices)
2000	5.4	6.4	102.6	–2.7
2001	6.5	7.8	102.5	–1.9
2002	7.1	8.4	101.9	–2.3
2003	8.4	9.5	102.9	–1.5
2004	8.3	9.6	106.2	–0.9
2005	10.7	11.9	106.7	–0.4
2006	11.9	12.9	106.5	–0.5
2007	10.0	10.8	110.1	–0.5
2008	–3.6	–2.6	115.4	–4.8
2009	–14.3	–12.9	103.5	–9.1
2010	–3.8	–1.7	98.9	–8.7
2011	6.2	8.2	104.4	–4.3
2012	4.0	5.3	102.3	–1.2
2013	3.0	3.5	100.0	–1.2
2014	2.4	2.8	100.6	–1.5
2015	3.0	3.9	100.2	–1.4
2016	2.2	3.2	102.2	0.1
2017	4.5	5.7	102.9	–0.5

[1] As of 1 January 2016, the Index of Consumer Prices, the Harmonised Index of Consumer Prices and the Harmonised Index of Consumer Prices at constant tax rates are calculated according to the European Classification of Individual Consumption according to Purpose (ECOICOP).

Table 18. Violence and crime[1]

	Prisoners per 100 000 inhabitants[2]	Juveniles, % of all convicted criminals	Reported number of rapes per 100 000 inhabitants[2]	Drug-related crimes per 100 000 inhabitants[2]	Intentional or attempted homicides by men within year, per 100 000 males[2]	Reported number of rapes per 100 000 females[2]
2000	370.8	14.2	5.6	27.5	20.0	10.4
2001	368.5	13.8	5.1	35.3	19.8	9.5
2002	360.1	14.2	4.6	27.1	19.4	8.4
2003	357.6	13.5	5.3	43.4	20.9	9.9
2004	336.7	13.5	14.0[3]	50.4	19.1	25.9[3]
2005	311.1	12.5	10.8[4]	46.6	12.3	19.9[4]
2006	297.9	13.5	5.5	44.8	14.5	10.2
2007	296.4	11.9	4.2	64.9	11.5	7.8
2008	313.6	10.4	4.6	114.6	11.8	8.4
2009	326.2	8.6	3.2	106.7	11.0	5.9
2010	319.7	7.8	3.7	103.2	8.4	6.9
2011	316.3	7.1	2.4	94.8	9.6	4.4
2012	299.1	6.7	3.4	134.5	12.2	6.2
2013	254.6	7.0	3.6	80.9	8.1	6.7
2014	237.1	5.8	3.7	138.1	9.3	6.9
2015	222.0	4.3	3.0	177.7	9.5	5.6
2016	215.5	4.3	3.0	60.7	6.2	5.5
2017	193.1	4.3	3.3	129.4	6.5	6.2

[1] The Criminal Procedure Law in force as of October 1, 2005 introduced a new system of registering criminal offences. Accordingly, the data are not comparable to previous years.

[2] Data recalculated after 2011 Census.

[3] In accordance with the Cabinet of Ministers Regulations of 20 May, 2003, No. 264 "Regulations for the Register of Criminal Offences" Section II, Para. 11.2, in 2004 in one case of criminal proceedings of rape additional episodes of the criminal offence were registered separately, consequently, the number of recorded criminal offences during the period increased significantly and the data of the number of recorded offences were not comparable with the previous periods.

[4] The Criminal Procedure Law in force as of October 1, 2005 introduced a new system of registering criminal offences. Accordingly, the data are not comparable to previous years.

Table 19. Prosperity, poverty and social expenditures

	Gross domestic product (GDP) per capita in purchasing power[1]	Industrial production added value, % of GDP	Income ratio between the richest 20% and the poorest 20% of inhabitants[3]	State expenditure for social security, % of GDP	State expenditure for education, % of GDP[4]	State expenditure for health % of GDP
2000	...	20	5.5	13.1	5.4	3.9
2001	...	19	...	11.9	5.5	3.2
2002	...	19	...	11.4	5.7	3.7
2003	...	18	...	10.8	5.3	3.4
2004	5200	18	6.7	10.4	5.9	3.5
2005	6100	16	7.8	9.3	5.3	4.1
2006	7800	15	6.4	8.9	5.5	4.5
2007	10300	15	7.3	8.0	5.6	4.0
2008	11200	14	7.4	9.1	6.3	4.3
2009	8700	16	6.8	14.0	6.7	4.6
2010	8500	19	6.5	14.2	6.2	4.2
2011	9800	18	6.5	12.3	5.9	4.1
2012	10800	18	6.3	11.4	5.7	3.9
2013	11300	17	6.5	11.5	5.7	3.7
2014	11800	20[2]	6.5	11.4	5.9	3.8
2015	12300	20[2]	6.2	11.9	5.9	3.8
2016	12700	19	6.3	12.0	5.5	3.8
2017	13900	22	...	...	...	...

1 Data of Statistical Office of the European Union (Eurostat) website: http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tec00001&plugin=1

2 Data specified.

3 Data recalculated after 2011 Census.

4 Data of Statistical Office of the European Union (Eurostat) website: http://appsso.eurostat.ec.europa.eu Table [gov_10a_exp]

Table 20. Communication

	Cinema visits per capita[1]	Museum visits per capita[1]	Copies of daily newspapers per 100 000 inhabitants[1]	Book titles published per 100 000 inhabitants[1]	Passenger cars per 1000 inhabitants (end of year)[1,2]
2000	0.6	0.6	9.5	104.2	234
2001	0.5	0.7	9.4	104.8	249
2002	0.5	0.7	9.4	97.7	267
2003	0.5	0.7	10.9	110.4	282
2004	0.7	0.8	11.1	110.9	301
2005	0.7	0.9	11.6	102.7	330
2006	1.0	1.0	11.1	106.2	369
2007	1.1	1.1	11.7	122.1	410
2008	1.1	1.2	12.0	126.9	426
2009	0.9	1.0	11.3	101.1	418
2010	1.0	1.2	9.3	93.5	300[2]
2011	1.0	1.2	10.0	100.0	295
2012	1.1	1.3	12.3	99.3	302
2013	1.2	1.3	12.0	107.0	314
2014	1.2	1.5	12.7	106.0	329
2015	1.2	1.6	12.7	107.3	345
2016	1.3	1.8	13.5	111.2	341
2017	1.3	1.9	9.5	112.0	357

1 Data recalculated after 2011 Census.

2 With the Cabinet of Ministers Regulation No. 1080 “Regulations of the Registration of Motor Vehicles” (30 November 2010) a new norm was introduced – exclusion of motor vehicle from the register.

Table 21. Urbanisation

	Urban population, % of total population (end of year)	Increase "+" or decrease "–" rate of urban population within a year	Population of major cities, % of total urban population (end of year)[1]	Population in cities with more than 40 000 inhabitants, % of total population (end of year)
2000	68.0[1]	–0.9	76.0[2]	47.7
2001	67.9	–1.0	75.9	47.5
2002	67.8	–1.0	75.8	47.4
2003	67.8	–1.0	75.7	47.3
2004	67.8	–1.0	75.7	47.3
2005	67.8	–1.0	75.6	47.2
2006	67.9	–1.0	75.6	47.3
2007	67.9	–1.0	75.6	47.4
2008	67.9	–1.0	75.6	47.3
2009	67.9	–1.0	75.5	47.3
2010	67.8	–1.0	75.5	45.3[3]
2011	67.8	–1.0	75.5	45.3[3]
2012	67.6	–1.0	75.4[2]	45.2[3]
2013	67.5	–1.0	75.4[2]	45.2[3]
2014	67.8	–1.0	75.4[2]	45.5[3]
2015	67.9	–1.0	75.4[2]	45.6[3]
2016	68.3	–0.5	75.8	46.2[3]
2017	68.5	–0.6	75.8	46.0[3]

1 Data recalculated after 2011 Census.

2 Since Valmiera and Jēkabpils are major (so-called republican) cities, the number of residents was recalculated.

3 The number of Ventspils inhabitants have decreased and is no longer equal to 40 000.

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