During the 1990s, a series of major social, political and economic transformations took place in Latvia as the former Soviet system and structures were reformed when the independent Republic of Latvia was re-established. Some trade unions split from Soviet institutions, some ceased their operations and others were newly established. In the context of these transformations, trade unions had to adjust their practices from arrangements in which the state was the dominant actor to a model of social partnership involving government, employers’ representatives and other local and cross-border agents.

This transition proved to be challenging for unions. The struggle to adapt to the new circumstances, coupled with an often restrictive and rigid legislative framework, not to mention the relatively large scale of the informal sector, led to a decrease in membership and collective bargaining coverage (see Table 17.1). Another consequence was a heavy reliance on institutional power and external resources, in particular for funding, instead of organizational power and internal resources. Against this background, it would be fair to suggest that trade unions in Latvia have become ‘marginalized’ (Visser 2019: 59–61) since the 1990s.

Despite the somewhat grim outlook during the period 1990–2020, ongoing efforts of the social partners – trade unions and employers’ organizations – to improve the legislative framework and alleviate pressure on the social partners and the members represented by them have paid off in recent years. Amendments to labour law, although minor, have proved important in facilitating the conclusion of a few industry-level
collective agreements and the extension of collective agreements to whole industries. Recent positive developments also indicate the growing role of cross-border cooperation between trade unions and the Free Trade Union Confederation of Latvia (LBAS, Latvijas Brīvo arodbiedrību savienība) – the sole trade union confederation in Latvia – and partners within the EU institutional framework. Various forms of support from the European Trade Union Confederation (ETUC), the European Trade Union Institute (ETUI) and the European Trade Union Federations (ETUFs), as well as involvement in the European Semester may help LBAS and trade unions in general to position themselves as actors to be reckoned with, not only in national-level discussions on various aspects of industrial relations, but also in bipartite dialogue with employers’ representatives and, perhaps in future, in social dialogue with the general public. These recent developments could be seen as a sign of potential trade union revitalization. Whether this opportunity will be seized by the unions remains to be seen because it would probably require some further changes in union practices.

**Table 17.1** Principal characteristics of trade unionism in Latvia

<table>
<thead>
<tr>
<th></th>
<th>1995</th>
<th>2000</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total trade union membership</td>
<td>225,000</td>
<td>175,000&lt;sup&gt;a&lt;/sup&gt;</td>
<td>95,000&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>Women as a proportion of total membership</td>
<td>60 %&lt;sup&gt;e&lt;/sup&gt;</td>
<td>59 %&lt;sup&gt;f&lt;/sup&gt;</td>
<td>65 %&lt;sup&gt;f&lt;/sup&gt;</td>
</tr>
<tr>
<td>Gross union density</td>
<td>29 %</td>
<td>21 %&lt;sup&gt;e&lt;/sup&gt;</td>
<td>12 %&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>Net union density</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Number of confederations</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Number of affiliated unions (federations)</td>
<td>n.a.</td>
<td>26&lt;sup&gt;a&lt;/sup&gt;</td>
<td>20</td>
</tr>
<tr>
<td>Number of independent unions</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Collective bargaining coverage</td>
<td>n.a.</td>
<td>18 %&lt;sup&gt;c&lt;/sup&gt;</td>
<td>14 %&lt;sup&gt;d&lt;/sup&gt;</td>
</tr>
<tr>
<td>Principal level of collective bargaining</td>
<td>Company, industry</td>
<td>Company, industry</td>
<td>Company, industry</td>
</tr>
<tr>
<td>Days not worked due to industrial action per 1,000 workers</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Note: <sup>a</sup> data for 2003; <sup>b</sup> data for 2018; <sup>c</sup> data for 2002; <sup>d</sup> data for 2016; <sup>e</sup> data for 1998; <sup>f</sup> data for 2015.

Historical background and principal features of the industrial relations system

When Latvia was a Soviet Socialist Republic (1940–1941 and 1944–1990), all companies and organizations had a union presence and all unions were grouped in industrial unions. Their principal organization was the Latvian Central Trade Union Council (Kurtyka 2006: 26). The vast majority of workers were trade union members (Stacenko 2014: 104). After the restoration of national independence in 1991, Latvia, which was the most industrialized of the three Baltic states during the Soviet period, with 90 per cent of its markets in the USSR, underwent severe social, political and economic transformations (Kurtyka 2006: 23). Trade unions split from the Soviet institutions and established the independent confederation LBAS (Kluinis and Pētersons 2006: 12–70).

After 1991 the political and economic climate was characterized by the implementation of neoliberal ‘shock therapy’ based on the Washington Consensus. This policy manifested itself in institutional, fiscal and budget reforms, coupled with the restructuring of large enterprises in all industries, with technical help from the International Monetary Fund (IMF) and the World Bank (Stacenko 2014: 89–90). Privatization was considered the best method for economic transformation, while the legal system was transformed in line with the principles of the Romano-Germanic legal system. Since then, under the Latvian legal system, ‘soft law in general is used only as an auxiliary for the correct interpretation and application of the primary source’ (ILO n.d.): laws and regulations. Therefore, collective agreements too can only cover issues delegated by law and cannot contradict the law. This narrows down the aspects of industrial relations that can be negotiated through collective bargaining. Thus, the focus of unions is more on national-level social dialogue. A bipartite system of voluntary social dialogue between trade unions and employers’ representatives was legally established in the early 1990s and the tripartite dialogue system was introduced in 1993, with several tripartite councils which were merged to form a single main council, the National Tripartite Cooperation Council (NTSP, Nacionālā trīspusējās sadarbības padome) with thematic sub-councils in 1998 (Karnite 2021b).

During the transformation from a planned command economy to a market economy, industries were restructured, collective dismissals were imposed, many companies and agriculture collapsed, large companies were first replaced by a growing number of micro-enterprises and later
also by small- and medium-sized companies (Kurtyka 2006: 23). ‘It was’, trade union representatives recall, ‘a time of unfair competition, even “mafia influence” – everybody tried to get something, it was a “brutal free economy”’ (ibid.: 23). This forced many enterprises into the informal economy, at least to some extent, and also led to a dramatic decline in trade union membership because of the dismissals and a growing number of new types of enterprises and industries without a union presence (ibid.: 26).

Since then, collective bargaining has typically been decentralized to company level (Kjellberg 2021). This means that bargaining coverage depends strongly on the capacities of employee representatives at company level. The system of employee representation at company level differs between unions. Larger unions often establish representative bodies in the form of workplace branches. If workplace branches unite a large number of members, they can establish branch units and are usually grouped under associate branches on territorial or other grounds. Unions also sometimes establish bodies to coordinate the operation of branches. Meanwhile in smaller unions, there are often no workplace and associate branches and the capacity for employee representation – including collective bargaining – at company level is limited. Additionally, even if union branches are present, they do not always necessarily have the capacity to undertake bargaining. Because larger unions are typically LBAS affiliates or associates this puts pressure on LBAS to support a large number of bargaining units, provide services to increase their expertise and also take into account the diverse needs of specific memberships for bargaining to be effective (Waddington and Hoffmann 2000).

**Structure of trade unions and union democracy**

The only trade union confederation in Latvia is LBAS. The number of LBAS affiliates has decreased over time from twenty-seven in 2002 to twenty-one in 2010 and to twenty in 2020, as some trade unions have been liquidated and others have left LBAS, either because they no longer meet the requirements for affiliation or association, or, presumably, based on their members’ decision to leave in cases in which the unions in question have remained operational (see Table 17.2). LBAS offers two kinds of membership, depending on union size. A trade union can be an affiliate if it has at least 300 members in at least two companies, or it can be an associate if it has at least 100 members in at least two companies.
There are thus smaller unions that are not LBAS affiliates or associates because unions outside a company can be established by at least fifty people, while company unions can be founded by at least fifteen people or at least a quarter of the employees (but no fewer than five). While mergers have taken place in which smaller trade unions have joined larger unions in order to consolidate resources and power (Romele 2017: 126) – which is also encouraged by LBAS (LBAS 2016b: Section 2.2) – specific information on them is difficult to find.

**Table 17.2** LBAS affiliates by type, 2002, 2010 and 2020

<table>
<thead>
<tr>
<th>Current affiliates, 2020</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latvian Union of Education and Science Employees (LIZDA, Latvijas Izglītības un zinātnes darbinieku arodbiedrība)</td>
<td>Professional/craft</td>
</tr>
<tr>
<td>Latvian Railway and Transport Industry Union (LDzSA, Latvijas Dzelzceļnieku un satiksmes nozares arodbiedrība)</td>
<td>Industrial</td>
</tr>
<tr>
<td>Latvian Health and Social Care Employees Union (LVSADA, Latvijas Veselības un sociālās aprūpes darbinieku arodbiedrība)</td>
<td>Professional/craft</td>
</tr>
<tr>
<td>Latvian Public Service and Transport Workers Union (LAKRS, Latvijas Sabiedrisko pakalpojumu un Transporta darbinieku arodbiedrība 'LAKRS')</td>
<td>Professional/craft</td>
</tr>
<tr>
<td>Latvian Federation of Civil Aviation Unions (Latvijas Aviācijas darbinieku arodbiedrību federācija)</td>
<td>Industrial</td>
</tr>
<tr>
<td>Latvian Nursing and Health Care Personnel Union (Latvijas Ārstniecības un aprūpes darbinieku arodbiedrība)</td>
<td>Professional/craft</td>
</tr>
<tr>
<td>Latvian Building Sector Union (LBNA, Latvijas Būvniecības nozares arodbiedrība)</td>
<td>Industrial</td>
</tr>
<tr>
<td>Latvian Road Workers Union (Latvijas Ceļu darbinieku arodbiedrība)</td>
<td>Professional/craft</td>
</tr>
<tr>
<td>Latvian ‘Trade Union ‘Energija’ (Latvijas arodbiedrība ‘Energija’)</td>
<td>Industrial</td>
</tr>
<tr>
<td>Latvian Interior Employees Union (Latvijas Iekššļietu darbinieku arodbiedrība)</td>
<td>Professional/craft</td>
</tr>
<tr>
<td>Latvian Industrial Workers Union (Latvijas Industriālo nozaru arodbiedrība)</td>
<td>Professional/craft</td>
</tr>
<tr>
<td>Latvian Cultural Sector Union (Latvijas Kultūras darbinieku arodbiedrība)</td>
<td>Professional/craft</td>
</tr>
<tr>
<td>Latvian Agriculture and Food Industry Workers Union (Latvijas Lauksaimniecības un pārtikas nozaru arodbiedrība)</td>
<td>Industrial</td>
</tr>
<tr>
<td>Latvian Forest Workers Union (Latvijas Meža nozares arodbiedrība)</td>
<td>Industrial</td>
</tr>
</tbody>
</table>

(Continued)
<table>
<thead>
<tr>
<th>Current affiliates, 2020</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latvian Local Government Union (<em>Latvijas Pašvaldību darbinieku arodbiedrība</em>)</td>
<td>Professional/craft</td>
</tr>
<tr>
<td>Latvian Communication Workers Union (<em>Latvijas Sakaru darbinieku arodbiedrība</em>)</td>
<td>Professional/craft</td>
</tr>
<tr>
<td>Latvian Commerce Workers Union (<em>Latvijas Tirdzniecības darbinieku arodbiedrība</em>)</td>
<td>Professional/craft</td>
</tr>
<tr>
<td>Latvian Merchant Seafarers Union (<em>Latvijas Tirdzniecības flotes jūrnieku arodbiedrība</em>)</td>
<td>Professional/craft</td>
</tr>
<tr>
<td>Latvian Water Transport Union Federation (<em>Latvijas Ūdenstransporta federatīvā arodbiedrība</em>)</td>
<td>Industrial</td>
</tr>
<tr>
<td>Latvian Union of Employees of State Institutions, Self-governments and Finance Sector (LVIPUFDA, <em>Latvijas Valsts iestāžu, pašvaldību, uzņēmumu un finanšu darbinieku arodbiedrība</em>)</td>
<td>Professional/craft</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Past affiliates, 2002, 2010</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latvian Metalworkers Union (<em>Latvijas Metālistu arodbiedrība</em>) (affiliate in 2002 and 2010, liquidated in 2011)</td>
<td>Professional/craft</td>
</tr>
<tr>
<td>Latvian Associated Police Union (<em>Latvijas Apvienotā policistu arodbiedrība</em>) (affiliate in 2002 and 2010, not liquidated)</td>
<td>Professional/craft</td>
</tr>
<tr>
<td>Latvian Food Industry Union (<em>Latvijas Pārtikas rūpniecības arodbiedrība</em>) (affiliate in 2002, liquidated in 2004)</td>
<td>Industrial</td>
</tr>
<tr>
<td>Latvian Fishermen’s Union (<em>Latvijas Zvejnieku arodbiedrība</em>) (affiliate in 2002, liquidated in 2006)</td>
<td>Professional/craft</td>
</tr>
<tr>
<td>Metallurgical Workers Union of Liepaja (<em>Liepājas Metalurgu arodbiedrība</em>) (affiliate in 2002, liquidated in 2015)</td>
<td>Professional/craft</td>
</tr>
<tr>
<td>Latvian Book Industry Trade Union (<em>Arodbiedrība ‘Latvijas Grāmatrupniecības Arodu savienība’</em>) (affiliate in 2002, not liquidated)</td>
<td>Industrial</td>
</tr>
<tr>
<td>Latvian Fisheries Workers’ Union (<em>Latvijas Zivsaimniecības darbinieku arodbiedrība</em>) (affiliate in 2002, not liquidated)</td>
<td>Professional/craft</td>
</tr>
<tr>
<td>State Electrotechnical Factory (VEF) Employees’ Trade Union (<em>VEF darbinieku arodbiedrība</em>) (affiliate in 2002, not liquidated)</td>
<td>Company</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on LBAS (n.d.b, 2002, 2010) and data from legal information database ‘Lursoft’.
Statistics on the number of trade unions or their membership are not collected nationally, but a review of LBAS affiliates suggests that the majority of members are in the public sector (see Table 17.2), including companies in which the state and local governments are large shareholders. The largest LBAS affiliates are the Latvian Union of Education and Science Employees (LIZDA, Latvijas Izglītības un zinātnes darbinieku arodbiedrība), with 1,100 workplace and regional branches and around 27,500 members, the Latvian Railway and Transport Industry Union (LDzSA, Latvijas Dzelzceļnieku un satiksmes nozares arodbiedrība), with around 11,000 members, the Latvian Health and Social Care Employees Union (LVSADA, Latvijas Veselības un sociālās aprūpes darbinieku arodbiedrība), with sixty-seven workplace and regional branches and around 10,000 members, and the Latvian Public Service and Transport Workers Union (LAKRS, Latvijas Sabiedrisko pakalpojumu un Transporta darbinieku arodbiedrība), with 219 workplace and regional branches (Ījabs 2021, Fulton 2020a). These four unions account for more than half of the 90,000 or so employees represented by LBAS affiliates.

LBAS represents employees at national level because its member unions cover the largest number of employees (Labour Law section 16). Representation mainly takes the form of tripartite social dialogue, but LBAS also represents its members in concluding collective agreements and other legal agreements with the state and municipal institutions, employers’ organizations, the Latvian Association of Local and Regional Governments (LPS, Latvijas Pašvaldību savienība), as well as municipal governments (LBAS 2016b: Section 2.2.). Meanwhile employee interests at industry, professional/craft, and regional level are represented by LBAS affiliates, while unions that are not affiliates can be invited to participate (Karnite 2021b). Because of lower and more dispersed economic activity and the reduced presence of the public sector, employee and employer representation and social dialogue outside Riga are generally less developed (Stacenko 2014: 93).

LBAS’ supreme decision-making body is the congress, which is convened at least once every five years (LBAS 2016b: Section 6). The delegates are elected by affiliates based on the number of members whose membership fee has been paid, and each associate is allowed to delegate a member as an advisor. The congress also elects the audit committee, consisting of five members from different affiliates for a term of five years (ibid.: Section 11). It is independent and reports only to the congress,
while also submitting annual reports to the board and the council. Meetings of the audit committee take place at least once a year.

In-between congresses, the council is LBAS’ decision-making body. The council is established after each congress and consists of delegates from all affiliates, proportional to the number of members, based on the principle that each affiliate elects one delegate and an additional one for every 2,000 members (ibid.: Section 8). The procedure for appointing delegates is determined by each affiliate autonomously. Council meetings are convened by the chair at least twice a year or at the request of at least one-third of council members.

The board is LBAS’ executive body and comprises nine members: the chair and vice-chairs of LBAS and chairs of affiliates elected by the council. Only one board member can be elected from each affiliate (ibid.: Section 9). Chairs of affiliates not elected as board members can participate in board meetings as advisors. The board meetings are convened by the chair or vice-chairs or at the request of at least two board members and at least every two months. Other parties can be invited to participate in board meetings if their presence is relevant to the issues discussed. The board is different from other LBAS structures in that it is explicitly forbidden for a board member to be actively involved in political parties during their term of office.

LBAS also has regional structures, which implement congress, council and board decisions (ibid.: Section 12). Affiliates and associates are obliged to delegate representatives to industrial experts’ councils and other councils, as well as to participate in industrial actions organized and supported by LBAS (ibid.: Section 2.2). Meanwhile LBAS affiliates have a right to delegate representatives to the administrative bodies of LBAS and NTSP and its sub-councils (LBAS 2016b: Section 4.1). Affiliates also have a right to participate in decision-making, to be involved in the management of properties, as well as to submit issues to be added to the agenda of the LBAS board, council and congress, and to participate in LBAS projects (ibid.: Section 4.1–4.2). No surveys by impartial third parties, however, have been carried out recently to assess the members’ sense of involvement and the quality of relations between the confederation, industrial and regional unions and their affiliates. Overall, unions that are LBAS affiliates and associates are autonomous in their decision-making, although their operations must comply with LBAS statutes and any agreement concluded by LBAS.
Unionization

Official data are not collected on overall trade union membership and density, and LBAS receives data from its affiliates on a voluntary basis only, which raises issues of comparability and reliability (Karnite 2021a). The LBAS data do, nonetheless, provide a source for estimations of total union membership and density. These suggest that union density in Latvia has been decreasing since the restoration of independence and the concurrent socio-economic and political transformations, from 29 per cent in the 1990s, to 17 per cent in the 2000s, and 13 per cent in the 2010s and 2020s (see Appendix A1). Union density in the public sector is higher than the overall average. In 2011, it was estimated to account for 33 per cent, and in health care, social care and education even up to 60 per cent (Stacenko and Gude 2011: 170). While the specific figures are likely to have decreased since 2011, the pattern can be expected to have remained. There is no single reason or a simple explanation for the decline in union density over the past 30 years. Instead, a complex combination of socio-economic and political transformations has led to the decline.

First, Latvia’s accession to the EU in 2004 and the Schengen Area in 2007 opened the door for external labour migration. This opportunity was seized by many low-paid manual workers and workers who had lost their jobs because of the structural changes in labour demand during the transition from a manufacturing to a service economy in the 1990s. Young people with no work experience who had difficulties entering the labour market also migrated in search of employment (LR LM 2007). Because this group of workers largely came from traditional union strongholds in the manufacturing and public sector, their migration to other EU states led to a decrease in union membership.

Furthermore, in the aftermath of the global financial crisis, major structural reforms took place within the public sector. In 2010, the central apparatus of ministries was reduced in size by 30 per cent and the number of state agencies was reduced by 50 per cent: several schools and hospitals were closed. Some 29 per cent of government officials, 14 per cent of education system workers, and 8 per cent of healthcare workers lost their jobs (European Economic and Social Committee 2013: 8). The reforms in the public sector – which generally has higher unionization rates – reportedly led to a marked decrease in union membership and also a
decrease in collective bargaining coverage (ibid.: 13). Furthermore, working pensioners also experienced dismissal during the crisis. Because at the time they constituted a large share of union members, this also affected union membership (Stacenko 2012: 76–77; Stacenko 2014: 122–123).

Structural changes also took place in the private sector as employers’ efforts to save their businesses and remain profitable, or at least to avoid losses in some cases led to intensified international competition and relocation of manufacturing (Stacenko 2012: 76–77; Stacenko 2014: 122–123). This translated into continuing external migration of labour, further decreasing union membership and union density. In other cases, private sector employers engaged in informal practices, effectively excluding the potential for unions to organize their employees. Unions do not endorse informal practices, but at the time they were perceived as necessary by the majority of workers. In 2011, for example, the informal economy was estimated to amount to 32 per cent of GDP and 67 per cent of workers reported being open to receiving ‘envelope wages’ (i.e. to be paid under the table) (Lejiņš 2011).

The global financial crisis also incentivized further ‘individualization’ of employment structures with an increasing number of small-scale forms of entrepreneurship, as witnessed by the growing number of self-employed and micro-enterprises. The number of self-employed increased from 49,000 (or 5 per cent of the working population) in 2011 to 69,000 or 8 per cent of the working population in 2016 (CSP 2020c), probably because some of those who had lost their jobs attempted to start their own business and others were looking for additional income. The number of micro-enterprise tax payers rose from 7,198 to 47,150 or from 1 to 6 per cent of the working population between 2011 and 2016 (Labklājības ministrija 2016). Micro-enterprise tax payer status was introduced in 2010 ‘to reduce the administrative and tax burden for micro-enterprises, especially in the period of commencement of economic activity, and also in [industries] with a low income potential’ (Likumi.lv 2010: Section 1). Among other things, social security contributions are calculated on the basis of annual turnover, which for micro-enterprises is generally very small. Some used this novel form of taxation to launch new businesses, whereas others saw it as a means of restructuring existing business to take advantage of the benefits.

The plethora of self-employed people and micro-enterprises is another segment of the market outside the ‘traditional’ scope of trade
unions in Latvia that is particularly difficult to reach, for several reasons. First, these small bodies often do not have enough members to form an individual union. Second, they are extremely diverse in terms of their activities or, often, combinations of activities, and their economic activities are individualistic in nature. This makes it more difficult to connect and unionize with others. Third, unlike other forms of employment, self-employment in Latvia is typically not regulated by labour law, but by civil law because the majority of self-employed workers do not conclude employment contracts, but service agreements and are not legally in an employment relationship but work as entrepreneurs (Bukovska et al. 2016: 15–16, 20). Because self-employment is regulated mainly by civil law the potential for trade union representation is extremely limited (ibid.: 15–16).

These developments, albeit anecdotal, signal that economic structures and the market are dynamic. Trade unions thus risk further alienation from an increasingly large market segment if they keep their focus only on the core workforce in more ‘traditional’ industrial relations – the public sector and large- and medium-sized companies – and do not adapt to transformations of the market and economy and fail to reach as yet uncharted ‘territories’. The key challenge for unions, therefore, is to shift their focus from prioritizing the protection of their members’ rights to the interests of emerging ‘non-traditional’ segments of the working population (Bukovska et al. 2016: 18). This shift is also relevant in the context of attracting younger members.

Union density among younger people is decreasing. In 2010, for example, only around 10 per cent of union members were under the age of 35, falling to 7 per cent by 2017 (Romele 2017: 136). It has been speculated that young people’s unionization rate is low because of emigration, frequent company restructuring in the private sector, which can slow down the formation of unions and hinder bargaining potential, as well as a general lack of knowledge about unions among younger people (ibid.: 136). Although LBAS and its affiliates acknowledge the importance of generational renewal and attracting new members, and the objective of recruiting younger workers is frequently included in strategic planning documents, in practice, trade union organizing is not always systematic and reportedly more successful in companies where unions and employers work together as partners in an ongoing dialogue, which is rare (Vilde 2006: 6).
Union resources and expenditure

While specific data on union income and expenditure are not publicly available in Latvia, annual union reports are submitted and can be purchased from the legal information database ‘Lursoft’. Generally, in the case of larger unions, workplace or associate branches collect membership fees and then pay a share to the union, determined by the union’s statutes. Shares of unions’ income are directed towards centralized saving funds, allocated to funds of workplace and associate branches and their structures, and used for the implementation of union objectives.

LBAS’s statutes lay down that it should obtain income from affiliation and association fees, operational activities, donations, gifts and other, unspecified forms of income (LBAS 2016b: Section 14). LBAS receives monthly income from affiliates (3 per cent of their revenue from membership fees) and from associates (30 per cent of their income from membership fees) (ibid.: Section 5). A review of selected LBAS annual reports (see Table 17.3) shows that the dominant sources of income and objects of expenditure have changed over time.

Table 17.3 LBAS income and expenditure 2000, 2011 and 2019

<table>
<thead>
<tr>
<th>Income</th>
<th>2000 (€)</th>
<th>Percentage of total</th>
<th>2011 (€)</th>
<th>Percentage of total</th>
<th>2019 (€)</th>
<th>Percentage of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affiliation and association fees, enrolment fees, and other annual contributions</td>
<td>70,940</td>
<td>38.9</td>
<td>85,332</td>
<td>10.4</td>
<td>206,707</td>
<td>17.2</td>
</tr>
<tr>
<td>Donations and gifts</td>
<td>0</td>
<td>0.0</td>
<td>10,439</td>
<td>1.3</td>
<td>400</td>
<td>0.0</td>
</tr>
<tr>
<td>Grants, including from foreign funds</td>
<td>0</td>
<td>0.0</td>
<td>558,955</td>
<td>68.2</td>
<td>604,877</td>
<td>50.2</td>
</tr>
<tr>
<td>Income from economic activities</td>
<td>99,424</td>
<td>54.5</td>
<td>118,780</td>
<td>14.5</td>
<td>297,571</td>
<td>24.7</td>
</tr>
<tr>
<td>Other income</td>
<td>12,214</td>
<td>6.7</td>
<td>46,513</td>
<td>5.7</td>
<td>95,549</td>
<td>7.9</td>
</tr>
<tr>
<td>Total</td>
<td>182,579</td>
<td>100.0</td>
<td>820,018</td>
<td>100.0</td>
<td>1,205,104</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>2000 (€)</th>
<th>Percentage of total</th>
<th>2011 (€)</th>
<th>Percentage of total</th>
<th>2019 (€)</th>
<th>Percentage of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses for achieving objectives and targets defined in the LBAS statutes</td>
<td>12,231</td>
<td>6.6</td>
<td>0</td>
<td>0.0</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Payments to people</td>
<td>0</td>
<td>0.0</td>
<td>1,578</td>
<td>0.2</td>
<td>7,990</td>
<td>0.7</td>
</tr>
</tbody>
</table>
In 2000, 54.5 per cent of LBAS income was generated from economic activities (presumably including but not limited to real estate, shares and loans) and 38.9 per cent from affiliation and association, as well as enrolment fees and other annual contributions of affiliates and associates. In 2011 and also in 2019, grants were the dominant source of income, accounting for 68.2 and 50.2 per cent, respectively, shifting income from economic activities and contributions by affiliates and associates to second and third positions. Although the unions publicly suggested that income had fallen because of falling membership of affiliates and associates, it must be noted that although income from affiliates and associates has indeed not been the dominant source of income for LBAS since the 2010s, the absolute figures in annual reports suggest that such income has, in fact, increased over time. Also LBAS’ total income, even disregarding income from various grants, shows a positive trend.

As regards grants, funding from participation in EU projects such as ‘Youth Guarantee’, ‘Framework of Actions on Youth Employment’ and the Erasmus+ project ‘Vocational education and training (VET) for employment’ (LBAS 2016a: 16) has allowed LBAS to cover some of its more pressing issues, such as youth employment, relations – or the lack of them – between trade unions and young workers, as well as the fit – or

<table>
<thead>
<tr>
<th>Expenditure*</th>
<th>2000b (€)</th>
<th>Percentage of total</th>
<th>2011b (€)</th>
<th>Percentage of total</th>
<th>2019 (€)</th>
<th>Percentage of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material expenses</td>
<td>1,148</td>
<td>0.6</td>
<td>127</td>
<td>0.0</td>
<td>2,581</td>
<td>0.2</td>
</tr>
<tr>
<td>Wages</td>
<td>71,978</td>
<td>39.0</td>
<td>285,577</td>
<td>32.7</td>
<td>609,550</td>
<td>50.8</td>
</tr>
<tr>
<td>Social security contributions</td>
<td>18,640</td>
<td>10.1</td>
<td>65,393</td>
<td>7.5</td>
<td>141,889</td>
<td>11.8</td>
</tr>
<tr>
<td>Depreciation/amortization of tangible and intangible assets</td>
<td>4,570</td>
<td>2.5</td>
<td>3,005</td>
<td>0.3</td>
<td>12,660</td>
<td>1.1</td>
</tr>
<tr>
<td>Other expenses</td>
<td>71,756</td>
<td>38.9</td>
<td>499,582</td>
<td>57.2</td>
<td>394,890</td>
<td>32.9</td>
</tr>
<tr>
<td>Taxes</td>
<td>4,115</td>
<td>2.2</td>
<td>17,391</td>
<td>2.0</td>
<td>29,687</td>
<td>2.5</td>
</tr>
<tr>
<td>Total</td>
<td>184,438</td>
<td>100.0</td>
<td>872,653</td>
<td>100.0</td>
<td>1,199,247</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author’s elaboration based on data from LBAS annual reports accessed in the ‘Lursoft’ database.

Notes:

* Positions as defined in LBAS annual reports.

b Converted to euros based on an official exchange rate of LVL/EUR: 0.702804.

c Position only included in 2000 annual report.
lack of it – between VET and labour market demands. While grants are a
great resource, enabling increased focus on particularly pressing subjects,
the issues (as will be discussed in the following sections) have proven
unresolvable through short-term projects. A more systematic approach,
less reliant on external resources, is required.

LBAS expenditure, similarly to its revenue, also changed during the
global financial crisis, but has since returned to its previous pattern. In
2000, wages and social security contributions jointly accounted for 49.1
per cent of total expenses, while 38.9 per cent was in the vague category
of ‘other expenses’. This probably included, among other things, credit
commitments, loans and potentially also income allocation to internal
funds and members’ benefits. During the crisis, ‘other expenses’ became
the dominant expenditure, accounting for 57.2 per cent of the total, while
wages and social security contributions accounted for 40.2 per cent. In
2019, however, the proportion of wages and social security contributions
surpassed this level, accounting for 62.7 per cent, while ‘other expenses’
made up 32.9 per cent. The large share of wages and social security con-
tributions in LBAS’ expenses can be explained by the fact that in its day-
to-day activities LBAS relies heavily on paid union employees rather than
on the active participation of union members. It must be noted none-
theless that LBAS’ structure of income and expenditure is not necessarily
indicative of all trade unions in Latvia. An evidence-based assessment of
income would require extensive research in union annual reports.

Generally, union membership fees are defined by union statutes and
typically amount to 1 per cent of members’ monthly earnings (LBAS
n.d.). Fees can either be covered directly by members or employers can
withhold the agreed amount from union members’ wages and transfer
it to the union (Stacenko 2014: 108). In the case of industrial trade
unions, around 60–90 per cent of revenue from membership fees remain
at branch level, while around 10–30 per cent is transferred to indus-
trial unions and national union centres (Mickeviča 2014: 12). In LBAS,
affiliates must pay a monthly fee of 3 per cent and associates must pay a
monthly fee of 30 per cent of monthly revenue from membership fees.
The basis for calculation must not be lower than the annually defined
amount of the minimum wage (LBAS 2016b: Section 5).

Unions suggest that grants have become an important resource for
access to experts in various aspects of industrial relations, who can advise
affiliates and associates about collective agreements and other legal
questions, help prepare pre-trial warnings and creditor claims, lodge
applications in the court, ensure efficient participation in national-level tripartite dialogue regarding legal act projects and other relevant initiatives, and educate branch officials regarding collective bargaining and recruitment process (Mickeviča 2014: 13; Romele 2017: 128). The funding has also proven useful for carrying out information campaigns promoting labour rights, occupational safety and health (OSH), and sustainability in the context of employment, as well as for celebrating examples of good industrial relations practice in Latvia and by extension promoting trade unions and unionization (LBAS 2016a: 60–63; Romele 2017: 134–136).

In addition to those related to direct representative and consultative functions expenses are also incurred for information campaigns and other forms of communication with the general public and members. In addition, trade unions provide benefits and services to members including, but not limited to, health insurance, Christmas gifts, professional training and lunch vouchers (Stacenko 2014: 145; Stacenko and Sloka 2014: 109).

**Collective bargaining and unions at the workplace**

In Latvia, as in other Baltic states, single employer bargaining at the company level is the predominant form of bargaining, although recent developments suggest the increasing importance of industry-level bargaining (Lulle and Ungure 2019). Generally, collective bargaining is conducted by trade unions, although labour law also allows non-union trusted representatives, who can be elected as employee representatives in companies with at least five employees, to conduct negotiations with employers. Compared with these trusted representatives unions are in a privileged position, for two reasons. First, labour law defines very specific conditions for the bargaining activities of trusted representatives. Non-union trusted representatives can initiate collective bargaining only if the employees have not joined or established a trade union (Likumi.lv 2001: Section 18). Furthermore, if there is one or more trade union and non-union trusted representatives in a company at the same time, each body must nominate representatives for the negotiations with the employer in proportion to the number of employees they represent and they must agree upon a joint bargaining position (Likumi.lv 2001: Section 10). The second reason why unions are in a privileged position is the numerical fact that the number of union representatives is significantly
higher than the number of trusted representatives. In 2019, there were only around 1,000 trusted representatives, compared with almost 2,000 workplace and associate branches of LBAS affiliates alone (LBAS 2019b).

Statistical data on the presence of union and non-union employee representatives at companies are not collected nationally and the only indication as regards company- and firm-level representation structures comes from Eurofound’s 2013 European Company Survey, which suggests than only 9 per cent of companies with at least ten employees had some form of employee representation (Fulton 2020c). The survey results also indicate that larger companies are more likely to have employee representation (31 per cent of companies with more than 250 employees and 22 per cent of companies with 59–249 employees) than those with smaller number of employees (6 per cent of companies with 10–49 employees) (ibid.).

Company size and sector are also influential in relation to bargaining coverage, which is distinctly higher in the public sector and in large- and medium-sized companies, whereas collective agreements are rarely concluded in small companies and micro-enterprises (Bukovska et al. 2016: 20). Although LBAS affiliates have always concluded a significant proportion of collective agreements, in the aftermath of the global financial crisis, LBAS data suggest that it has been a challenge to maintain collective agreements (Stacenko 2012: 76). Both the number of valid agreements and coverage are decreasing (see Table 17.4).
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of valid</strong></td>
<td>2,287</td>
<td>2,426</td>
<td>2,007</td>
<td>1,921</td>
<td>1,712</td>
<td>1,460</td>
<td>1,310</td>
<td>1,307</td>
<td>1,339</td>
<td>1,284</td>
<td>1,268</td>
<td>1,152</td>
</tr>
<tr>
<td><strong>collective agreements</strong></td>
<td>2,167</td>
<td>2,405</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,144</td>
</tr>
<tr>
<td><strong>Number of people</strong></td>
<td>935,600</td>
<td>1,030,900</td>
<td>1,057,400</td>
<td>1,054,900</td>
<td>908,500</td>
<td>850,700</td>
<td>861,600</td>
<td>857,600</td>
<td>893,900</td>
<td>884,600</td>
<td>896,100</td>
<td>893,300</td>
</tr>
<tr>
<td><strong>employed</strong></td>
<td></td>
<td></td>
<td>176,075</td>
<td>101,647</td>
<td>136,064</td>
<td>121,150</td>
<td>119,484</td>
<td>116,278</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employees covered by</strong></td>
<td>203,374</td>
<td></td>
<td>19.4 %</td>
<td>11.8 %</td>
<td>15.9 %</td>
<td>13.6 %</td>
<td>13.5 %</td>
<td>13.0 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>collective agreement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</table>

An alternative source of data providing quite a different perspective are the sample survey data from the Central Statistical Bureau (CSP, Centrālā statistikas pārvalde), which have been collected and processed once every four years since 2010. CSP data suggest that the number of employees covered by collective agreements (i.e. bargaining coverage) is much higher than LBAS estimates (see Table 17.5). It is not clear what the source of these discrepancies might be and also what data might represent the actual situation and developments more accurately. This point attests to the dire need for reliable, official statistics on various indicators regarding collective bargaining.

Table 17.5  Collective agreements and coverage by collective agreements, 2010, 2014 and 2018

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>% of total</th>
<th>2014</th>
<th>% of total</th>
<th>2018</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>766,200</td>
<td></td>
<td>889,500</td>
<td></td>
<td>904,500</td>
<td></td>
</tr>
<tr>
<td>Collective bargaining coverage (%)</td>
<td>32.9</td>
<td></td>
<td>32.4</td>
<td></td>
<td>27.1</td>
<td></td>
</tr>
<tr>
<td>Number of employees covered by collective agreement</td>
<td>251,800</td>
<td></td>
<td>288,400</td>
<td></td>
<td>244,700</td>
<td></td>
</tr>
<tr>
<td>Employees covered by company-level agreements</td>
<td>224,800</td>
<td>89.3</td>
<td>268,300</td>
<td>93.0</td>
<td>218,000</td>
<td>89.1</td>
</tr>
<tr>
<td>Employees covered by industry-level agreements</td>
<td>25,800</td>
<td>10.2</td>
<td>18,300</td>
<td>6.3</td>
<td>18,200</td>
<td>7.4</td>
</tr>
<tr>
<td>Employees covered by territorial/regional agreements</td>
<td>1,100</td>
<td>0.4</td>
<td>1,300</td>
<td>0.5</td>
<td>3,500</td>
<td>1.4</td>
</tr>
<tr>
<td>Employees covered by cross-industry agreements</td>
<td>0</td>
<td>0.0</td>
<td>500</td>
<td>0.2</td>
<td>5,100</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Source: Author’s illustration based on the data from CSP (2020a).

As a rule, bargaining coverage is higher if collective agreements are concluded at industry level because company-level agreements often cover a relatively small number of workers, especially in an economy dominated by small and micro-enterprises. In principle, the law provides for the possibility to extend agreements to cover a whole industry if, according to CSP data, the members of the signatory employers’ association employ more than 50 per cent of the workers in the respective industry or if the turnover of their goods or volume of services amounts to more than 50 per cent of that in the whole industry (ibid.: Section 18, Part 4).
If these two conditions are met, the agreement can be extended to be binding for all employers of the respective industry and their employees, whether unionized or not. In practice, however, this rarely happens, as illustrated by the low number of industrial agreements more generally (see Tables 17.4 and 17.5).

The decreasing bargaining coverage can at least partially be attributed to the legal transformations in 2010, when the Law on Remuneration of Officials and Employees of State and Local Government Authorities entered into force, setting the terms for determining the monthly salary of officials of the state and local government authorities (Likumi.lv 2009b: Chapter III). Additional payments and bonuses, compensation, insurance, and reimbursement of expenses of officials is also determined by law and no other forms and amounts of remuneration and social guarantees can be provided by collective agreements, except for a modest selection of cases listed in the Law (Likumi.lv 2009b: Chapter II, Section 3).

Concluding collective agreements in the public sector has thus in many cases become redundant as the Law removes the right to collective bargaining on wages and monetary bonuses in most cases for employees of the state and local government authorities. As a result of the law coming into force, in 2010, only one out of fourteen ministries had a valid collective agreement and because of the Law its regulations were essentially not followed (Dārziņa 2010). Also, in almost all local governments and the majority of companies in which the state and local governments were large shareholders – the majority of which previously had valid agreements – the agreements were suspended (ibid.). Because the largest unions represent the public sector, these restrictions on wage bargaining have hindered the increase of bargaining coverage. While trade unions have been pushing for amendments to the Law, there have been no substantial improvements.

Additionally, although employers are not legally allowed to refuse collective bargaining they are generally not particularly keen on concluding collective agreements – even though since 2020, a warning or a fine ranging from 70 to 140 ‘fine units’ (in 2020, one ‘fine unit’ equalled EUR 5) can be imposed on an employer refusing to participate in collective bargaining (Likumi.lv 2001: Section 160). The reluctance of employers to engage in collective bargaining can be explained partly by the fact that collective agreements set higher standards for the signatory parties, particularly regarding wages. Because the statutory minimum wage, which
is determined annually by the government, is mostly well under the average wage level of any industry, employers who have concluded collective agreements sometimes put themselves at a competitive disadvantage compared with those employers who have not concluded agreements and are potentially involved in informal economic practices, choosing to pay above the minimum wage (envelope wages) and in consequence spending less on taxes (Helmane 2018).

Although company agreements are still much more common than industrial agreements and provide most of the coverage, in recent years, the government has become more open to the possibility of introducing legislative amendments to foster industrial agreements and their extension. In 2019, the Labour Law was amended and now provides that in industries with valid agreements defining a minimum wage level that is at least 50 per cent above the statutory minimum wage, a supplement to compensation for overtime work can be set at less than 100 per cent of the daily salary rate or a piecework salary as defined by the state. It cannot be less than 50 per cent of the daily wage, however (Likumi.lv 2001: Section 68). It is expected that this amendment will promote industrial agreements and a higher minimum wage, particularly in industries characterized by seasonal and, potentially, also project-based work (Helmane 2018).

As a result, industrial agreements were concluded in the construction industry and the glass fibre industry (LBNA 2019c; LDDK and LBAS 2020). Another agreement was concluded in the hospitality industry, but has not yet become binding (LDDK and LBAS 2020). In 2018, the Ministry of Finance signed a cooperation agreement with the Association of Hotels and Restaurants of Latvia and the Latvian Restaurant Society (Latvijas Restorānu biedriба) to foster the conclusion of an industrial agreement in the hospitality industry. The Ministry agreed to work towards reducing the VAT rate for the catering industry if the agreement manages to provide for an increase in the average wage in the sector, thereby curbing the extent of the informal economy (Finanšu ministrija 2018). Application of the reduced VAT rate is considered a precondition for the industrial agreement to become binding by its signatories, but so far it has not been met. Since 2018, there have also been negotiations on concluding an industrial agreement in the transport industry. Both industries are recognized by LAKRS as not meeting expectations as regards decent work (LAKRS 2020; Dābola n.d.). As of April 2022, however, neither of these agreements had been concluded. Extended
agreements concluded before legislative amendments are still valid in the railway industry and in health care (Fulton 2020b).

**Industrial conflict**

Latvia is generally not a strike-prone country (see Appendix A1). Other forms of industrial conflict are more common (Stacenko 2014: 116). When industrial action happens, it is typically within the public sector. Three of the trade unions that have been more active than others in terms of mobilizing and organizing rallies, protests and pickets during and after the global financial crisis are LIZDA, LVSADA and LVIPUFDA, which represent workers in education, health and social care, and state institutions (Romele 2017: 129). All three unions mobilized for similar reasons, to demand increases in funding and income equality. LVSADA fought for an improved healthcare budget to guarantee accessibility and quality of services, minimize co-payments, and increase international and intersectoral wage competitiveness. LVIPUFDA was trying to ensure income equality in state institutions between different institutions and ranks and also territorially, between the centre and the periphery of the country. LIZDA attempted to eliminate income inequality in education and science, fought reductions in teachers’ salaries and strove for a new model for teachers’ remuneration, for a general increase in funding for science, and for improvements in the remuneration of higher education and science workers. They also implemented protest measures, feeling that education workers’ perspective was being disregarded during the planning of education reforms.

Overall, letter and signature campaigns for different industrial relations causes are more popular and seem to have been more successful in terms of achieving goals than other forms of industrial action (ibid.: 129–130). One of the most successful letter campaigns was organized by LIZDA in 2011 against further reductions of teachers’ salaries, as a result of which salaries remained unchanged (ibid.: 129). A successful petition campaign was organized by LBAS during the global financial crisis in response to the employers’ initiative to cut overtime payments by 50 per cent purportedly in order to improve Latvia’s competitiveness. LBAS’ campaign ‘Hands off the Labour Law’ managed to gather around 20,000 signatures for a petition to reject the employers’ proposal and ensured that the proposed legislative changes were not implemented (ibid.: 130).
Overall, there are two main reasons for the lack of strikes. First, the legislation regulating strikes is rather restrictive. The Law provides that ‘the right to strike shall be exercised as a last resort if no agreement and reconciliation has been reached in the collective interest dispute’ (Likumi.lv 2002: Section 3). The Strike Law also limits the strike possibilities of a significant part of the working population. The Law completely prohibits ‘judges, prosecutors, police officers, employees of fire safety, fire-fighting and rescue services, border guards, employees of the state security institutions, warders and people serving in the national armed forces’ from striking (Likumi.lv 1998: Section 16). It also states that in case of a strike a minimum level of services must be ensured in critical public services, including health care, public transport, electricity and gas production and supplies, communications, waste and waste water collection and treatment, and civil defence (ibid.: Section 17). The definition of ‘minimum level’ was left open for interpretation, thus limiting the potential for strikes in these industries because they may be deemed unlawful (Line 2016: 91). Also, solidarity strikes are prohibited unless they are related to a collective agreement that has not been concluded or breaches of a binding agreement relevant to the particular industry or profession/craft (Likumi.lv 1998: Section 23), which might limit the potential to achieve a ‘critical mass’ for any strike to be effective.

Second, during a strike, striking employees do not get paid and the employer does not make social security payments for them either, unless a collective agreement provides for a different arrangement (Likumi.lv 2002: Section 28). Similar to other Eastern European countries, apart from Slovenia and Poland, revenues from membership fees in Latvia are typically not allocated to strike funds (Mickevića 2014: 13). Although data on strike funds are not publicly available, the fact that unions have a right to use strike funds not only to support members in case of a strike but also to cover the cost of services, it is very likely that unions might not be able to guarantee sufficient funding to members during a strike (ibid.: 118–119). As a result, LBAS considers strikes as an extreme measure, preferring to pursue its aims through social dialogue (Romele 2017: 128–129) and different forms of industrial action.

**Political relations**

Latvian unions operate in a difficult political environment. Since 1990, there have been around twenty government coalitions, in most
cases dominated by the centre-right pursuing a neoliberal economic agenda emphasizing privatization and individualization (Lulle and Ungure 2019). Furthermore, similar to other new EU member states in which trade unions used to be part of the socialist trade union system, during the 1990s trade unions in Latvia transitioned from a mode of conduct in which the state was the dominant actor to a model of social partnership. Within this framework it can be challenging to find a balance between political participation for the improvement of workers’ situations and association with political parties, which, because of the historical context, can lead to public distrust and a further decrease in membership (Stacenko and Gude 2011: 170). This historical legacy coupled with the legislation restricting the freedom to bargain and to engage in industrial action means that the only option trade unions in Latvia have left to protect and represent their members’ interests is social dialogue, tripartite social dialogue in particular.

The tripartite NTSP is the main platform for social dialogue and includes representatives from LBAS, the Employers’ Confederation of Latvia (LDDK, Latvijas Darba devēju konfederācija), and the government. They engage in social dialogue on a range of issues, such as legislation and potential legal amendments regarding social security, the national budget, economic development, public health, general and vocational education, employment, professional classification, ratification of ILO conventions, and compliance of national legislation with EU legislation (LBAS 2011: 4). The NTSP’s sub-council for vocational education and employment can establish industrial expert councils (Likumi.lv 2016) at the request of employers, trade unions, professional organizations, ministries and coordinators of industry experts’ councils (Likumi.lv 2016). The purpose of sub-councils is to coordinate the actions of the actors involved in order to facilitate the development of human resources and vocational education corresponding to labour demand (Likumi.lv 1999: Section 12).

Trade unions can also exercise political influence through lobbying before the state presents an official opinion on any EU legislation to the Council of the EU because the official opinion must be coordinated with the social partners. The latter have a right to lobby not only national institutions but also EU institutions (Likumi.lv 2009a).

Together with the Ministry of Economics, LDDK, LPS and the Latvian Chamber of Commerce and Industry (LTRK, Latvijas Tirdzniecības un rūpniecības kamera), LBAS is the founder of the
Economic Council (Tautsaimniecības padome), which analyses and provides consultations on issues related to business policy with the aim of fostering national competitiveness, improving the business environment and promoting cross-cutting policies for the development of various forms of doing business (Ekonomikas ministrija 2020). The Economic Council collaborates with local and regional municipalities, researchers, employers and the government in seeking compromises and establishing common perspectives (Line 2016: 104). LBAS also participates in the Labour Market Forecasting Consulting Council of the Ministry of Economics, the Training Commission of the Ministry of Welfare, and the Cooperation Council of the Career Development Support System (LBAS 2016a: 16), which was created to ensure the circulation of information between different agents concerning guidance on education and training in order to develop, promote and advise on career development support services and promote vocational education and continuing education (Euroguidance n.d.).

Also, in 2017, LBAS and LDDK launched a European Social Fund project with the aim of establishing collective agreements in the timber industry, chemicals, construction, transport and logistics, and telecommunications (LBAS 2019a). It is expected that collective agreements include terms encouraging employers’ investments in employee skill improvement and lifelong learning, promoting gender equality and allowing the regular production of labour market forecasts to ensure timely adjustment of the labour supply to demand in terms of adequate education and skills and to adjust to the predictable disappearance of certain occupations and crafts (ibid.).

Typically, unions do not have an explicit working relationship with political parties, although there was an exceptional case regarding the trade union LABA, which is not an affiliate or an associate of LBAS and does not hide its links with the left-leaning alliance of political parties ‘Saskaņa’, previously ‘Saskaņas centrs’ (Latvijas TV raidijums ‘De facto’ 2013, Dragiļeva 2015, ‘De facto’ and Šnore 2017). Generally, LBAS as a trade union confederation attempts to conclude memorandums of cooperation with most political parties (DIENA 2010). Trade unions are also allowed to conclude agreements about issues relevant to their industry or profession/craft directly with political parties but this rarely happens (Zvirbulis 2017). Overall, LBAS and most of its affiliates and associates are cautious of becoming associated with any political party and for the most part retain political neutrality, remaining aloof from politics in
order to best serve their members’ interests (Šņore and ‘De facto’ 2015). The cautious union attitude towards involvement in politics is explained by the general public distrust in political parties stemming from the socialist past. This distrust has remained very high since the restoration of independence. In 2020, still only 6 per cent of the public expressed trust in political parties in a Eurobarometer survey (European Commission 2020: T31) and it has scarcely improved since then.

**Societal power**

Societal power seems to be the most untapped power resource for trade unions in Latvia. This is because information on labour rights and OSH is lacking in school curricula. This means that young people are not informed about employment relationships, including the role of trade unions (Romele 2017: 134). Trade unions are also poorly covered by public media (see Line 2016) and have not managed to seize the opportunities provided by social media. For example, LBAS runs accounts on Twitter and Facebook, but the number of followers is quite modest at around 2,000 followers on each platform in 2021.

To mitigate the lack of public knowledge about unions, particularly among young people, in 2007 LBAS launched a competition ‘A Pro’ (‘Profs’) about labour rights and OSH targeted at vocational school pupils, running until 2013. In 2011 it was extended to include secondary school pupils under the name ‘Smart: a game for those who learn’ (Smārts: spēle tiem, kuri mācas). Training sessions on labour rights and OSH were held by LBAS at all education institutions that qualified for the semi-finals, and a training manual ‘Becoming an Employee’ was issued with the aim of providing pupils with the basic information necessary for entry into the labour market. After 2013, the contest was continued at secondary schools in Riga municipality and in 2015, 35 per cent of all secondary schools in Riga had become participants. This was interpreted by LBAS as a successful targeted information campaign (Romele 2017: 134, 135–136). These activities, however, do not seem to have translated into a substantial growth of union membership.

Preserving and acquiring societal power remains one of the biggest challenges for LBAS and unions in Latvia in general not only in terms of reaching young people – the new generation of workers and potential trade union members and officials – but also in terms of communication and cooperation with NGOs, which for the moment seems to be severely
lacking. Furthermore, even in a research context it is difficult to find reliable data on the basis of which to assess trade unions’ developments and achievements, as exemplified by the discussion above on the availability of statistics on collective bargaining. There is thus a dire need for open communication and engagement with the general public by the unions in order to accumulate the societal power necessary to maintain their representative function.

**Trade union policies towards the European Union**

While not all trade unions in Latvia have strong direct working relationships with international colleagues, some of the industrial unions, as well as LBAS, do. LBAS is the most active in terms of engagement with partners within the EU institutional framework.

LBAS became an ETUC member in 2003, one year before Latvia’s accession to the EU in 2004. Since then LBAS has participated in ETUC congresses and working structures. In addition, LBAS has occasionally participated in demonstrations, campaigns and other events organized by the ETUC, particularly those particularly relevant to Latvia in the context of the global financial crisis. This includes the EU-wide initiative ‘No to austerity measures, priority for jobs and growth’ in 2010 and the campaign ‘Enough is enough!’ in 2012. Despite the relevance of the issues highlighted by these initiatives, the degree of mobilization was low among trade union members (Romele 2017: 130).

Overall, in relation to the EU institutions, LBAS values them mainly as a source of knowledge, exchange of expertise and finance. In particular, LBAS appreciates the potential for training and learning provided by the ETUC and the ETUI related to legislative matters and political initiatives, especially with regard to employment protection issues (interview with LBAS representative 2021). ETUI’s training course ‘European training for young trade union leaders’ in particular has been highlighted by LBAS as a very useful resource, providing much needed knowledge and experience to local unions (ibid.). Some LBAS employees are now undergoing training to become future coaches, enabling them to pass on their knowledge and skills to other colleagues, internationally and locally (ibid.).

In relation to ETUFs, LBAS and industrial unions are most appreciative of the opportunity to access the texts of collective agreements...
concluded by others. This has improved the quality of collective agreements in Latvia (ibid.). Also, LBAS affiliates, the Forestry Workers Trade Union, the Latvian Building Sector Trade Union, the Communication Workers Trade Union and the Federation of Trade Unions in Civil Aviation have established good working relationships with the corresponding ETUFs. According to LBAS, support from the European Federation of Building and Woodworkers (EFBWW) and also from the ETUC for their demands for legislative changes regarding compensation for overtime work was crucial for achieving amendments and the conclusion of a collective agreement in the construction industry (ibid.).

Furthermore, in 2015/2016 LBAS started training for involvement in the European Semester and recalls first sensing a certain level of agency in the Semester in 2018/2019, when, after having highlighted the key challenges in the annual Semester report, LBAS received significant support from the European Commission representation in Latvia with regard to involving social partners in the preparation of the National Development Plan by the government. As a result of this LBAS received a draft plan for review in good time. Unfortunately, during the Covid-19 pandemic when the annual report for the European Semester was not prepared and instead a recovery resilience plan was drawn up, the government failed to involve the social partners in strategic planning and discussions. This left little time for the partners to review the plan (ibid.).

In parallel with cross-border relationships within the institutional structures of the EU, since 1999 Latvia has been a member of the Baltic Sea Trade Union Network (BASTUN). BASTUN deals with issues specific to the Baltic Sea region countries – the Baltic states (Latvia, Lithuania and Estonia), Poland, Germany, Russia, Norway, Sweden, Denmark and Finland. Historically, issues such as ‘flexicurity’, energy and climate policies, the impact of geopolitically relevant conflicts on trade unions, infringements of trade union rights, the potential for strengthening social dialogue and equal representation of all social partners, as well as labour migration (freedom of movement) with undesirable consequences, such as social dumping, have been analysed by BASTUN members (Ostrowski 2017: 18–19).

Latvia has adopted the EU directive on the establishment of EWCs and the Law on Informing and Consulting Employees of Community-scale Undertakings and Groups of Undertakings (Likumi.lv 2011) regulating the establishment and operation of EWCs. But while there
Elza Ungure

are transnational companies operating in Latvia, no parent companies known to LBAS are locally based and so their EWCs are also based in other countries (interview with LBAS representative 2021). Overall, because only one LBAS employee is directly responsible for EU issues, there are not enough resources for full involvement in these issues and the ability to reach out to EWCs and EU institutions is very limited (ibid.).

Conclusions

The developments described in this chapter attest that trade unions in Latvia have experienced several significant social, political and economic transformations impacting their practices, affecting their power and challenging their representative role.

To sum up these developments, first, what has been described as the ‘brutal free economy’ of the 1990s forced many employers into informal economic practices that effectively rendered unionization unviable. This is because employees feared loss of employment and employers feared loss of business. Second, the legislative framework in Latvia is quite restrictive and rigid, leaving little to be negotiated through collective bargaining and regulated by collective agreements. This disincentivized employees from engagement in bargaining, even where unions were present. The legislation also limits the potential for industrial action – traditionally a fundamental source of union power – leaving employees asking what kind of power unions actually have. During the 1990s, the economy underwent a tertiarization, shifting the main focus from manufacturing to services. This not only changed the structure of labour demand but also led to increased unemployment in industries that are traditional union strongholds. This in turn is an important explanation of the fall in union density.

Shortly after the initial hostility towards the transition to a market economy had subsided to some degree around the turn of the century, trade unions faced yet another challenge. As Latvia became part of the EU and the Schengen Area, masses of workers migrated abroad in search of better employment, further reducing union membership. The process continued throughout the global financial crisis, which was accompanied by strict austerity measures, fostering the intensification of informal practices, legislative changes limiting the potential for collective bargaining in the public sector, as well as a significant reduction in the size of the public sector and lay-offs of working pensioners, both major segments of union membership until then.
These developments might have forced trade unions to either perish or to adjust their practices to the new and ever-changing conditions. To have achieved adjustment, unions would have had to operationalize and optimize internal resources; mobilize members for collective goals; provide systematic training to young people in industrial relations and unionism; actively recruit the new generation of workers as members; and develop links with NGOs. In this context access to grants served only as short-term fixes and potentially delayed the accumulation of organizational power by keeping unions’ focus on themselves as one of the – in theory competing – social partners in negotiations with the state: that is, by prioritizing institutional power over organizational power.

More generously, it might be argued that grants may also have served to provide leeway for a more gradual shift towards union revitalization. Grants have allowed unions and LBAS to continue to operate under difficult and rapidly changing conditions, giving them time and opportunities for training and building experience within the EU institutional framework. They also enabled them to find and explore common ground with employers’ representatives over mutually unfavourable legislation on industrial relations. In some respects in recent years the establishment of common ground has evolved into a partnership protecting both employer and trade union interests vis-à-vis the state. This has generated mutual benefits in the form of the growing number of industrial and extended agreements, which allow for a more individualized regulation of industrial relations. These recent developments provide a sense of potential for a scenario of revitalization and escaping marginalization, as theorized by Visser (2019: 68–70) for the future of trade unions in Latvia. It seems unlikely, however, that complete revitalization would be possible without a significant shift in terms of increasing the unions’ associational and organizational power resources.

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**Abbreviations**

BASTUN Baltic Sea Trade Union Network  
CSP Centrālā statistikas pārvalde (Central Statistical Bureau of Latvia)  
ETUC European Trade Union Confederation  
ETUI European Trade Union Institute  
EU European Union  
EWCs European Works Councils  
FICIL Ārvalstu investoru padome Latvijā (Foreign Investors’ Council in Latvia)  
ILO International Labour Organization  
IMF International Monetary Fund  
LAKRS Latvijas Sabiedrisko pakalpojumu un Transporta darbinieku arodbiedrība ‘LAKRS’ (Latvian Trade Union of Public Service and Transport Workers ‘LAKRS’)  
LBAS Latvijas Brīvo arodbiedrību savienība (Free Trade Union Confederation of Latvia)  
LBNA Latvijas Būvniecības nozares arodbiedrība (Latvian Building Sector’s Trade Union)
LDDK  Latvijas Darba devēju konfederācija (Employers’ Confederation of Latvia)
LIZDA  Latvijas Izglītības un zinātnes darbinieku arodbiedrība (Trade Union of Education and Science Employees)
LPS   Latvijas Pašvaldību savienība (Latvian Association of Local and Regional Governments)
LTRK  Latvijas Tirdzniecības un rūpniecības kamera (Latvian Chamber of Commerce and Industry)
LVIPUFDA Latvijas Valsts iestāžu, pašvaldību, uzņēmumu un finanšu darbinieku arodbiedrība (Trade Union of Employees of State Institutions, Self-Governments and the Finance Sector)
LVSADA Latvijas Veselības un sociālās aprūpes darbinieku arodbiedrība (Latvian Trade Union of Health and Social Care Employees)
NTSP  Nacionālā trīspusējās sadarbības padome (National Tripartite Cooperation Council)
OSH   Occupational safety and health
USSR  Union of Soviet Socialist Republics
VET   Vocational education and training