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# **Public services and the European Semester 2017-2019**

## **Case Study: Latvia**



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# Latvia:

# essential context



- Independence re-established 1991
- Latvia joined the EU in 2004 and became a full member of the Eurozone in 2014
- Centre-right coalition governments have dominated post-soviet era
- Elections took place during the study, replacing one centre-right government by another
- Latvia's economy had grown rapidly in 2000's but crashed badly in the crisis (April 2010 Latvia had highest unemployment in the EU).



- Right wing policies post-1991 have encouraged growth, but have created substantial inequality. The ‘social safety net’ is poor.
- Education spending is above EU average – but healthcare is substantially below (with impact on health outcomes – poor outcomes generally, with major inequalities).



- Industrial relations infrastructure is limited
  - No tradition of free collective bargaining from pre1991
  - Antagonistic government relations post 1991
- Collective bargaining coverage and union density '*among the lowest in Europe*' (Lulle and Ungure , 2019).
- A single trade union confederation – LBAS.
- Social dialogue through a National Tripartite Cooperation Council – more social consultation than collective bargaining (Lulle and Ungure , 2019).
- Private sector density very low – but health (LVSADA) and education (LIZDA) unions relatively strong.



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**Latvia:**

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- Subject to financial assistance programme in 2011, no CSRs
- In 2012-13 focus on inadequacy of social safety net, weaknesses in vocational and higher education, and governance/system integrity (recurring theme)
- 2014-15 health care emerges as a significant issue/CSR
- 2015-16 health care didn't feature as a CSR (when Latvia requested deviation from medium term financial objectives to invest in health care)
- 2016-present – health care has featured in CSRs continuously



- 2017-18 European Pillar of Social Rights – some strong performances (typically ‘in work’ issues) but weak on social safety net, inequality and health care
- 2018-2019 – deterioration (3 ‘critical situations’ including unmet need for medical care)
- 2018-19 Country Report recognises that increases in healthcare investment were leading to ‘some improvements’ in outcomes but level of spending still inadequate





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# Latvia:

## Social dialogue and the 2018-19 European Semester



- Fact finding meetings
  - Open agenda – trade unions represented LBAS and LVSADA (LIZDA invited)
  - Followed up with written submissions (from all three)
  - LBAS involved in follow-up meeting (Feb 2019)
- Country Report
  - European Commission initiated meetings with social partners (LBAS, LVSADA and LIZDA involved)
  - LIZDA invited to discuss report at Parliamentary Committee



- National Reform Programme
  - Responsible Ministry formed a ‘working group’ to discuss NRP (included LBAS)
  - LIZDA and LVSADA also directed their input to the Stability Programme with concerns about investment levels
  - LBAS invited to formally comment on final draft
  - LVSADA invited to Parliamentary Committee to discuss NRP and SP.
- Country Specific Recommendations
  - LBAS, LVSADA and LIZDA all responded to the publication of draft CSRs, coordinated by LBAS



# Latvia: Public services and the European Semester

## Some observations

- Latvian public service trade unions spoke positively, but not uncritically, about their involvement in the European Semester.
- Unions operate as a ‘fluid triumvirate’ with the confederation, health and education unions.
- Various parties acknowledged that the emergence of healthcare as a significant issue in 2014, and thereafter, has been due to sustained input by LVSADA.
- Detailed representations have been made to the Commission at every available opportunity.
- LVSADA in particular has used European Semester reports/data to pressure government.
- Strong evidence of direct impact
  - Healthcare on the agenda
  - Amendments to the 2019 Country Report presentation
  - 2019 reflected social partner views (‘participation’)



- (Lack of) time is problematic (worse in 2019 than 2018)
- Increase in knowledge over time -> more effective interventions (dividend from past investment/projects)
- Limited capacity (borderline acute issue) – but given high relative priority
- Making effective use of European level support (ETUC, EPSU and ETUCE all cited frequently)
- Building alliances – co-ordinating with employers' organisation in health sector
- No sectoral dialogue horizontally (weakness), but substantial sectoral input vertically (strength)