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Labour
and
Society
Programme

**Trade union responses
to globalization
in Lithuania**

Roma Dovydeniene

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Trade union responses to globalization in Lithuania

Roma Dovydeniene

International Institute for Labour Studies Geneva

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Introduction

In 1990 Lithuania rejoined the international community as a sovereign state. The transition from a centrally directed political and economic structure to one based on market principles and democracy has been longer and more complex than many people anticipated ten years ago. Economic transition is being accomplished under the influence of globalization and European integration. The first imposes ready-made models and rules for adapting the national economy to world markets, while the second involves an institutional and political model which must be implemented as a condition for accession to the European Union. Transformation is a challenge. This study analyses the response of trade unions to economic and social changes in Lithuania. It illustrates how far unions have maintained their position with respect to the traditional demands of constituents, which focus on wages, working conditions, employment and social security, and such demands as human resource development, gender equality and legal assistance.

The study gives an overview of the situation since the establishment of a liberal economic regime and it describes trade union responses to the changing environment. It shows the development of unions, their membership and structure; interrelations and international cooperation; the role of unions in establishing a legal basis for labour rights; their tasks in the labour market; union activities in training and education; promotion of equal opportunities; development of industrial relations, collective bargaining and tripartism. Finally, the study presents public and political attitude towards trade unions in Lithuania.

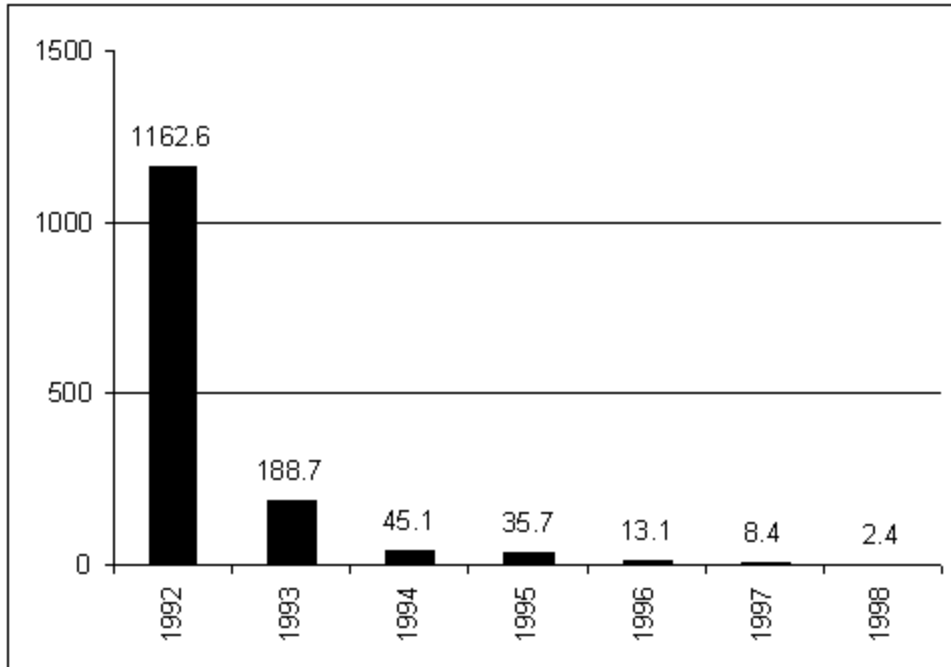
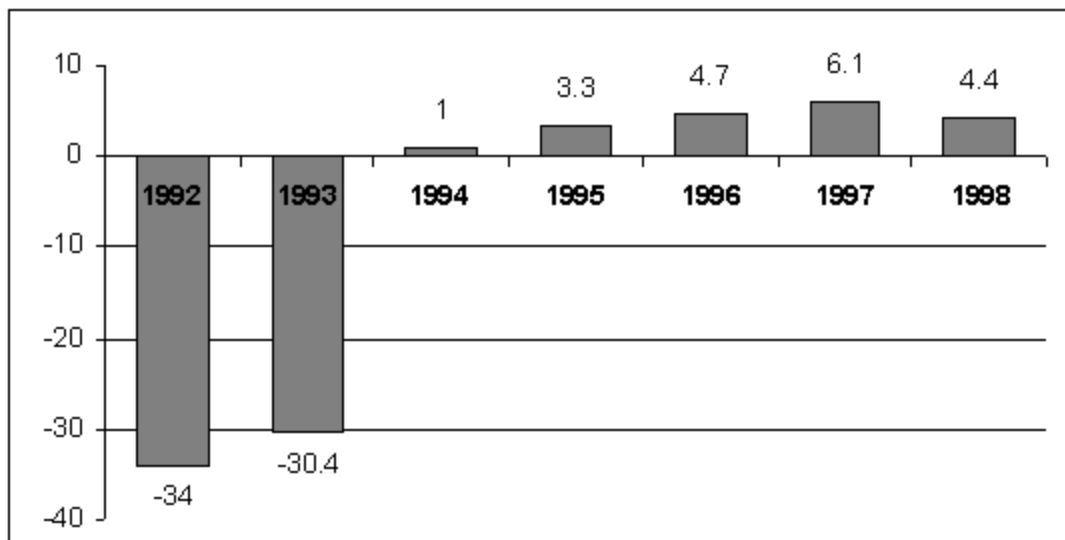
1. Overview of the situation since the establishment of a liberal economic regime

1.1 Social and economic conditions

Lithuania is the largest of the three Baltic countries with a population of 3.7 million and an area of 65,300 sq. km. Lithuania has borders with Latvia, Belarus, Poland and the Russian territory around Kaliningrad. The capital Vilnius has a population of 600,000. The country regained its independence on 11 March 1990 and since then the Government has been committed to a market economy.

Lithuania re-emerged as an independent state with a fragile economic structure; it was formerly entirely dependent on the Soviet economic system. The country was particularly reliant on the USSR for primary energy resources: oil and other energy constituted 60 per cent of its imports from the USSR at the beginning of the decade. On the export side, Lithuanian industry and agriculture were mostly oriented to USSR markets. This meant that industries were not internationally competitive and they have faced major obstacles in finding alternative markets.

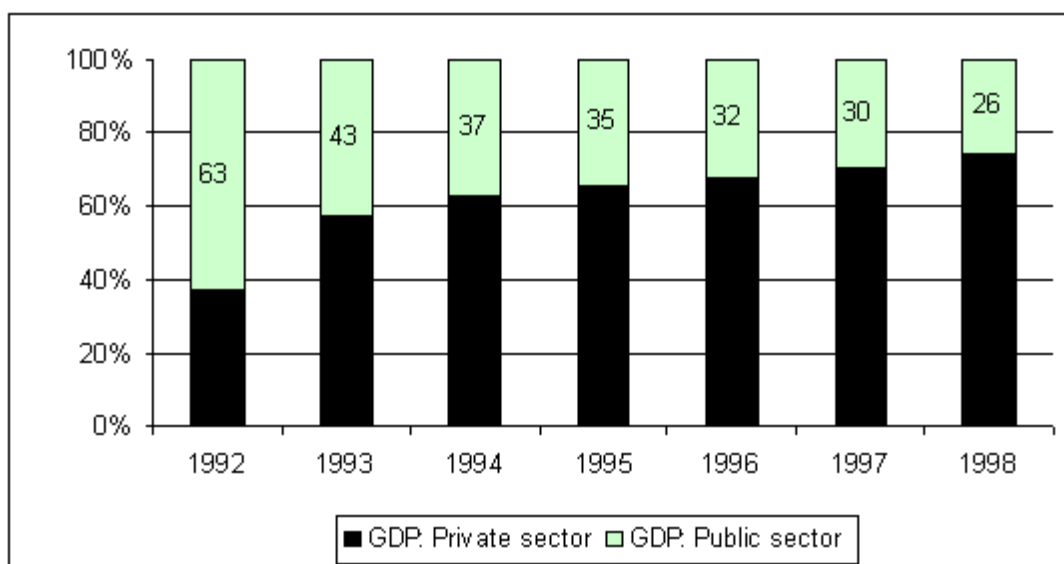
Lithuania had to deal with considerable difficulties during the short period when it was moving away from outdated traditions, lifestyle and modes of thought. The costs of transformation are reflected in the basic changes in Lithuania's GDP and the rate of inflation, as shown in figures 1 and 2.

Figure 1. Changes in the annual rate of inflation (in %)**Figure 2. Changes in GDP (in %)**

New economic foundations were laid in 1991-1993: the share of agriculture in the national economy declined, services expanded and private business became a prominent sector. Industrial production fell because of adjustment problems linked with Lithuania's reorientation towards Western markets; foreign trade had similar difficulties and its share of GDP wavered. Economic problems are reflected in the unstable structure of domestic savings and investment and their reduced share of GDP.

New open markets and their respective social and economic structures were created in Lithuania in 1993-1994. The country's economy stabilized and private property emerged as the leading form of ownership (figure 3). Lithuania became economically and politically open to Europe.

Figure 3. Share of private sector in GDP (in %)



The first stage of privatization was carried out between 1991 and mid-1995. During this stage, state assets were sold off into private ownership in accordance with the Law on the Initial Privatization of State Property and other laws of the Republic of Lithuania. Investment vouchers were distributed to citizens in 1991 and these were used to buy divested property. The sold-off capital amounted to 3.4 billion Lt, which accounted for 30 per cent of total state assets.

During the second stage, privatization is being carried out for cash. The list of objects to be privatized is drawn up annually and approved by the Government. The privatization process accelerated in 1997-1998. Sales of state property in 1998 were 17 times higher than in 1996/1997, amounting to 2.3 billion Lt (US\$ 5.75 million).

The growth of consumer- and cost prices started to decline in 1993. The previous upsurge in prices was brought about by the elimination of price controls in 1991 as well as by more expensive production inputs from Russia. In addition, Lithuania suffered from rouble-linked inflation, since Russian currency was used until October 1992. After the new currency, called the Litas, was introduced in 1993 Lithuania started to implement measures to stabilize the economy.

Economic stability is reflected in the structure of GDP, which shows that the basic macroeconomic proportions – private consumption, investment, separate industrial branches, etc. are relatively fixed (see tables 1-3 for the relevant data).

Table 1. Production structure (total value added, per cent)

	1993	1994	1995	1996	1997
Agriculture, forestry, fishery	14.2	10.7	11.7	12.2	12.7
Industry	34.2	27	26.1	25.8	24
Construction	5.1	7.2	7.1	7.1	7.3
Services	46.5	55.1	55	54.9	56

Table 2. Exports (US\$m)

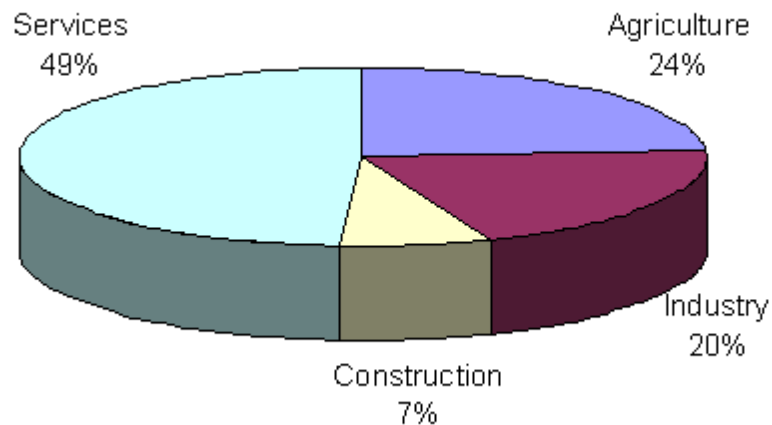
	1993	1994	1995	1996	1997
Exports	2024.7	2028.8	2705.7	3356.4	3862.5

Table 3. Foreign direct investment (US\$m)

	1993	1994	1995	1996	1997	1998 Jan.- Aug.
Foreign direct investment	149	319	352	572	1040	1750

During the seven years of reform a stable macroeconomic environment has been created with growth rates of more than 5 per cent. This is consistent with the Lithuanian goal of rapid integration into the EU.

Significant labour market problems have emerged during the process of economic restructuring. The official level of employment (ratio of employed to people of working age) fell from 66.7 per cent in 1991 to 58.1 per cent in 1996, and unemployment increased from 0.2 per cent to 8.3 per cent over the same period. Since 1996 there has been some improvement in the labour market and unemployment has declined to 7 per cent. The structure of employment is presented in figure 4.

Figure 4. Employment by sector (1996)

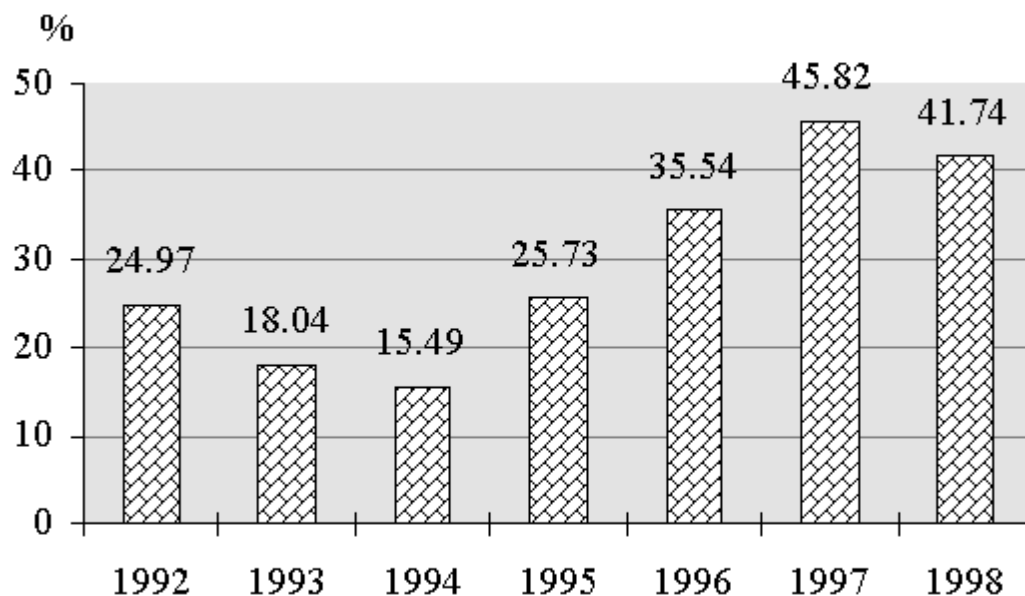
The official unemployment rate is not high compared with other countries, but regional and structural differences are pronounced. The level of unemployment is two to three times higher in the worst affected areas than in those which are least affected. A particularly high level is noted in areas where economic activity is concentrated in a single industry or a small range of firms.

Due to the decline of traditional activities and the privatization of state enterprises certain groups of workers are facing severe difficulties in adjusting. This includes older workers, women and the unskilled. The traditional high employment of women is decreasing, and they now account for 50 per cent of the workforce, down from 56 per cent.

During the Soviet period, under a planned economy, wages were the most important source of income and the main factor determining consumption. Wages were determined through a system applied to all companies; low salaries and insignificant wage differentials were characteristic of that system.

In 1991 the Law on Wages was adopted granting companies and organizations the right to regulate wages themselves depending on labour demand and supply, work load, quality and business success. However, the Law on Wages authorizes government to establish the minimum hourly wage and a minimum monthly salary. Wages cannot be lower than the minimum established by the Government. From 1991 to January 1998 the minimum monthly salary changed 34 times. Despite this the real value of the minimum salary fell dramatically. The ratio of the minimum monthly salary to the average salary was also inconsistent. For the first three years this ratio dropped and in 1994 the minimum monthly salary (MMS) made up only 15.5 per cent of the average labour salary (ALS). Later on, the growth rate of MMS increased.

Figure 5. Ratio of MMS to ALS (total economy, %)



(Data from the Statistics Department and the Ministry of Social Security).

In 1990 the Law on Citizens' Income Guarantees was passed. The Law was designed to guarantee a minimum standard of living to every citizen during the process of political and economic reform. In 1991 a minimum income was established for receipt of social benefits and this was expected to be linked to inflation. However, during a period when prices increased 13 times, the minimum income was increased only three times.

The standards set up in December 1998 were as follows:

Minimum income - 125 Lt.¹

Minimum wage - 430 Lt.

State supported income - 135 Lt.

Although the average monthly wage increased by 5 per cent between 1997 and 1998, income disparity expanded significantly. There are great wage differentials between occupations. For example, the salaries of bank staff are 4-5 times higher than those of health workers or teachers. People working in the electricity supply system make 6-7 times more than those in large agricultural companies. In addition, the salaries of government officials are 2-3 times higher than the average salary for the total economy. The income of the wealthiest group is ten times higher than the income of the poorest.

According to a poverty line of 50 per cent of average expenditure per household member (an indicator used in poverty studies by European Union countries) in 1997 Lithuania's poor made up 16.6 per cent of the total population. As many as 37.2 per cent of households with three or more children are living below the poverty line. There is a very clear problem of impoverished families with children.

1.2 Social security

Social security guarantees the necessary financial support and services to persons who, due to old age, disability, sickness, maternity/paternity, guardianship of close relatives or unemployment cannot provide for themselves or their family from wages or other income. The social security system is composed of two main parts: social insurance and social assistance. There are also special social benefits.

Social insurance is the largest and most important part of social security. Current laws provide for compulsory insurance for the majority of workers, including those who also receive special benefits (military officials, scientists, etc.). The aim is to apply the principle of universal social insurance so that nobody is deprived of the rights and responsibilities inherent in this system.

Everybody also has the right to social assistance but, unlike social insurance, this is provided irrespective of contributions to those considered to be in need of such assistance. Social assistance takes the form of cash benefits and social services. Special benefits are usually paid as a supplementary pension.

¹ Official exchange rates Litass (Lt) per 1 currency unit: US\$4, 4.6485 Euros (EUR)

Figure 6. Structure of social security system

Social insurance			Special benefits
Social security	Social assistance		
	Social assistance benefits in cash	Social services	
Pension insurance	Social pension	Social care institutions:	
Sickness and maternity insurance	Family benefits	Homes for senior citizens, the disabled, orphans and foster children	
Health insurance	Social benefits		
Unemployment insurance	Heating costs and other necessities	Day centres	
Work accident insurance		Night shelters	
		Home care	
		Home nursing	

2. The role of trade unions in a democratic society

2.1 The development of trade unions

During the years of Soviet occupation trade unions were the largest non-governmental organizations, representing 97 per cent of all employees. Union membership was more mandatory than freely chosen, due to the link between social insurance benefits and union membership. The unions also provided facilities for culture, sports and leisure activities, distributed goods and provided apartments that were difficult to obtain otherwise. Union leaders were elected by the managers and directors of the companies, therefore there were no serious labour conflicts or disputes. The conclusion of a collective agreement was formal and it was usually prepared by the company's administration. All trade unions were joined into 21 branch organizations and belonged to the Lithuanian Trade Union Council (LTUC). LTUC was affiliated to the Trade Union Council of the USSR, which was a member of WFTU.

The emergence of democratic and independent trade unions started with the independence movement "Sąjūdis", which spread to all spheres of public life: political, economic and social. A Sąjūdis group was established for trade union reconstruction, and three alternative approaches to trade union development were discussed:

- all unions that existed during the Soviet era should be closed down and new ones should be established;
- nothing should be changed within trade unions, as economic development will cause them to change by themselves;
- everything that is positive should remain (e.g. structure, members); democratic elections should be organized and unions should be reformed so as to operate in a market economy.

The Sąjūdis group raised the idea of a Trade Union Congress. Before the general Congress, unions had to convene congresses at branch level, adopt a new Statute strengthening the principle of free choice and organize democratic elections of representatives and chairpersons.

The Committee for Congress Preparation was formed by representatives of the Lithuanian Trade Union Council, the Sąjūdis group and the Lithuanian Workers Union, at that time registered as a political organization. The general Trade Union Congress took place on 11 April 1990.

During the Congress the unions split, as only seven branch organizations had fulfilled the requirements. After the Congress these branch organizations remained independent and chose not to join the national centre, which was renamed the Lithuanian Free Trade Union Confederation.

In 1991 the Trade Union Community was established; this was an amalgamation of unions representing workers, farmers, teachers, researchers and the blind and deaf.

On 11 February, 1991 the Coordination Centre of the Lithuanian Trade Unions was established. It was founded by unions representing local industry and services employees, those in the food industry, and radio and television employees. The Lithuanian Coordination Centre introduced a new concept for the establishment of a trade union structure. Based on Western unions' experience the authors of that concept suggested that all national trade union organizations should create structures reflecting the specific interests of blue-collar workers, white-collar workers and managers.

However, this idea was not very popular and specific unions represented people of the same profession. For example, the journalists' union, accountants' union, engineers and architects' unions registered as public organizations and did not carry out the functions characteristic of trade unions.

On 20 February 1992 the Trade Union Federation was established, replacing the Union Coordination Centre and uniting seven branches: the communication workers' union, metal workers' union, union of health care employees, trade union federation of public services, union of food industry employees, union of commercial and cooperative workers, and the union of creative workers of radio and television.

The Federation brought together occupational unions which were willing to implement new work methods and exert a stronger influence on legislation; it aimed for social partnership and negotiation with Government, the Supreme Council (Parliament at that time) and emerging employers' organizations. At its inaugural conference the Trade Union Federation adopted a resolution on collaboration with political parties, public organizations and movements, aiming for the development of a democratic Lithuanian State and supporting legal trade union demands.

At the end of 1990 the workers' union demanded a change in its Statute, from a political organization to a registered trade union. As an alternative and newly established union it was financially and morally supported by AFL-CIO in the United States. The Lithuanian Government also gave one-off financial support to the workers' union. This was opposed by other unions and caused doubts about the independence of the workers' union among the other national centres and branch organizations.

At the end of 1991 a Christian union - the Lithuanian Labour Federation - was established.

2.2 Trade union membership and structure

Despite the fact that trade unions are seeking an active and constructive role in society the Government has ignored them almost completely in the development process. In 1990-1991 the Seimas (Parliament) legally and almost completely nationalized union assets, leaving only about one-third of the property for indirect union management. This issue has not yet been solved and it seems unlikely that the property will be transferred to unions before the year 2006. In 1991 the Seimas adopted a resolution prohibiting the centralized deduction of union membership dues. Previously, employers used to deduct the dues and transfer the money to the union account. The

membership dues had to be paid in cash, with a signature on a special financial document. This strongly influenced the membership.

Another reason for the decrease in membership is the restructuring and privatization of companies. With the rapid change in enterprise structure the unions fell behind in adapting to the new situation and were slow to appoint representatives who could organize workers and keep up the membership.

The establishment of trade unions within new private enterprises became practically impossible. Employers strictly forbade their employees to join unions and threatened to dismiss anyone who showed initiative or took part in any union activity. Employees, threatened by unemployment, had little choice in the face of such exploitation. The Government implicitly approved the employers' attitude and actions. Publicly it did not say that unions were unnecessary, but described them as a relict of the past which would not be able to represent workers' interests in market conditions. In 1990-1991 there was a common belief that affiliation to the unions contradicted the idea of Lithuanian independence and that some union activities such as strikes, pickets and demonstrations might damage the vulnerable economy and ruin the developing capitalist industrial relations. The vast majority of Lithuanians believed that only the Seimas and Government knew the rate and scale of change to be implemented. They just waited for the state to start taking care of citizens' welfare.

As a consequence of this objective and subjective environment, union membership fell to 20-25 per cent of all employees. During the first years of independence membership declined dramatically in certain sectors of the economy. Branches where privatization started earlier suffered the most.

For example: in January 1991 the commercial workers union had 100,000 members, but in October of the same year it had only 40,000 members. Membership in the public service unions decreased from 150,000 to 50,000 within two years. The drop in occupational trade unions' membership started later; membership of unions with more than 100,000 members decreased during the next 3-4 years in the following way: agricultural workers 16,000; manufacturing workers 13,000; forest and timber workers 10,000.

According to data from the Ministry of Justice on 1 January 1999, there were 100 registered unions which had members from more than one district. Most of them are affiliates of the four national trade union centres: the Lithuanian Trade Union Centre (LPSC); the Lithuanian Trade Union Federation (LPSS); the Lithuanian Workers Union (LDS); the Lithuanian Labour Federation (LDF).

Representatives of all these national centres are members of the Tripartite Council and other tripartite institutions.

The Lithuanian Trade Union Centre (LPSC) joins together 13 branch unions and one regional union. The declared membership is 142,000. This number is questionable as the number on the list presented to the Special Fund Commission on Supporting Trade Unions (for the resolution of union property issues) was 80,000. In the 13 branch organizations, 10 shop stewards have continued from Soviet times, hardly changing their work methods and style. That is one of the obstacles to collaboration and mutual understanding between the national centres. The LPSC is seeking to join ICFTU. Six LPSC branch unions are members of international trade union secretariats.

The Lithuanian Trade Union Federation (LPSS) joins together 10 branch unions. Eight of them are members of international trade union secretariats (ITSSs). The Federation joins together 50,000 members. In 1994 the LPSS became an ICFTU member. The newly established unions most frequently choose this national centre or its branch organizations. During 1997-1998 the union of state workers and the union of theatre employees joined the LPSS. Union organizations are now being established by the police, customs, border protection service and cultural institutions.

LPSS branches have managed to unionize workers in multinational companies in Lithuania. At Craft Jacobs Suchard (USA), 381 employees out of 750 are union members and at Philip Morris 143 workers out of 311 belong to the union. Members from these companies belong to the trade union of food industry employees.

Seventy-nine employees out of 210 at McDonalds (USA) joined the union but, due to the company's negative attitude to unions and labour turnover there are now only 16 members. In Statoil (Norway) 120 employees out of 300 are unionized; they belong to the union of commercial and cooperative employees.

At the beginning the Lithuanian Workers Union (LDS) organized members on a geographical basis, but later on industrial federations emerged. The LDS declares that it brings together 78,000 members. That is doubtful, but it is not possible to check the figures as the LDS does not submit its membership list to the Special Fund Commission on Supporting Trade Unions. In 1994 the LDS became a member of ICFTU.

The Lithuanian Labour Federation (LDF) was a workers' organization in the 1920s and 1930s; it was resurrected by the Christian Democrat Party which has close ties with it. The LDF has 13,000 members. At the beginning the LDF established geographical structures, but its members have now started to organize on an occupational basis. Since 1996 the LDF has been a member of WCL.

In addition to branch organizations within these four national centres there are many independent trade unions active at the level of the company. These small unions operate more as welfare organizations: they do not influence employment policy or tripartite collaboration.

2.3 Relations between trade unions

All Lithuanian trade unions understand that only a united movement can properly represent employees and protect their rights and interests. However, at a practical level they were not able to reach an understanding or find a common language for a long time. The reason was conflict over trade union assets which had not been shared between the unions. Different national centres have different interests in these assets. The law suggested that property should be distributed in proportion to the size of union membership, but LDS and LDP refused to divulge this information.

The LPSS recommended that trade union property should not be distributed to the branch unions but should be used to establish insurance and other funds for members. Branch unions or associations should only be given work premises. This was rejected by the workers union and trade union centre. The workers union suggested selling union property and using the money to build flats and create new workplaces. Other unions did not support this idea.

Finally in April 1999, with the support of ICFTU, all four national centres signed a joint agreement concerning trade union property. It was agreed that ILO should be consulted on the control of union membership. It was also agreed that the remaining property should be sold and a Trade Union Fund established. This Fund would support all unions in the following activities: education, research, occupational safety and health, consultancies, employment benefits and other social issues.

Despite some disagreements trade unions have been searching for a consensus on different issues through tripartite institutions, presenting amendments to the law, participating in joint training and joint union institutions such as the Commission on Trade Union Rights' Violations; the Committee on Integration into EU; the Commission on Cooperation with EU; the Commission on Cooperation of Trade Unions; Special Fund Commission on Supporting Trade Unions.

Relations between trade unions are being improved by joint youth summer camps, joint conferences and regional events. Unions in other countries are also promoting the labour movement in Lithuania. In 1998 the Swedish LO/TCO and NFS suggested that Lithuanian trade union centres organize a joint round table on the power of a united labour movement. During these discussions the reasons for establishing different national federations, relations with employers and government, and the influence of globalization were analysed.

2.4. Trade union demands

During the first years of independence the main issue facing trade unions was to help members keep their jobs and preserve at least a minimal standard of living. They tried to ensure that economic reforms were carried out in a consistent way, paying due regard to the social consequences and human needs.

The Parliamentary elections of 1992 confirmed that neo-liberal reforms were not acceptable to the majority of the population. The right-wing Sąjûdis movement was replaced in Government by the leftist Democratic Labour Party which gained an absolute majority with 73 Parliamentary seats out of 141. This result had little to do with ideological issues: rather it was a clear message that voters would not tolerate a continuation of the economic “shock therapy” with its immense social costs, but wanted a slower and more controlled reform process.

The unions understood that market forces and economic structures were effective and dynamic, but that market forces themselves do not provide full employment or socially acceptable outcomes. They believed that health and social insurance, education, police, justice and security should remain under state control.

On 2 April 1993 European Trade Union Day was celebrated in Lithuania. The President of the Republic, Algirdas Brazauskas, was invited to a joint trade union meeting. The unions protested against the consequences of economic reform: unemployment, inflation, declining production levels and a catastrophic fall in living standards. They adopted a resolution which called upon the Seimas:

- to implement privatization on an economic and not an ideological basis;
- to adopt the law on pensions as a matter of urgency;
- to decentralize and demonopolize social insurance;
- to ratify Conventions of the International Labour Organization.

The resolution made the following demands on government:

- to consult unions on economic affairs;
- to present its economic action plan to the public;
- to approve increases in the minimum wage and adjust living standards;
- to prepare an employment programme and ensure its implementation;
- to regulate local and international accounts so that employees are paid on time;
- to set priorities for economy development.

Unions requested employers to:

- fix salaries at a level which ensured an adequate standard of living;
- pay salaries on time;
- maintain workplaces, prepare business plans and increase production;
- avoid artificial bankruptcy and save company property;
- create conditions for the establishment of unions at enterprises;
- convert collective contracts into the company’s Constitution;
- create decent working conditions and ensure occupational safety.

Most of the union requirements were ignored unless sufficient pressure could be exerted to alter the existing legislation.

Trade unions argued that the principles of social partnership should be strengthened in the new labour relations system. But the Lithuanian Government has selected a complex method for the regulation of labour relations. The Government considers that workers’ and employers’ organizations are weak and insignificant; therefore it controls implementation of the most

important workers' rights and guarantees, delegating very little authority to unions and employers' organizations.²

This complex model, which gives the state a preponderant role, is reflected in the new labour laws.

3. The role of unions in establishing a legal basis for labour rights

3.1 Labour legislation

The basic reform of labour relations started in 1990, and the *Law on Support to the Unemployed* was passed that year. The *Law on Trade Unions* was passed in 1991. This law provided the basis for union activities and rights in relation to employers, government and ruling bodies. In the same year the *Law on Collective Agreements* was passed, regulating dialogue between employers and trade unions.

The *Law on Employment Contracts* was also passed in 1991 and lays down the general procedure for concluding, amending or terminating an employment contract.

The constitutional provision that every person has the right to rest and leisure, as well as to annual paid holidays is specified in the *Law on Holidays* passed in 1991.

The *Law on Wages* (1991) regulates the wages of people who work under employment contracts in enterprises, institutions and organizations, regardless of their form of ownership.

The *Law on Regulation of Collective Disputes* was passed in 1992. Disputes between unions and employers have to be settled in accordance with the procedure established by this law.

Another very important Act is the *Law on Labour Protection* passed in 1993. This takes into consideration the Constitutional provision of the right of every person to acceptable, safe and healthy working conditions.

The *Law on the Social Integration of the Disabled* was passed in 1991. It aims at the implementation of the rights of disabled people as stipulated in international laws which concern their integration into the mainstream of national life.

The Lithuanian labour laws are comprehensive and leave little room for collective bargaining to develop. Despite their comprehensive nature the laws are often changed, their contents and intentions are not precise and sometimes they even contradict each other. The *Law on Employment Contracts* has been changed 11 times during the last 7 years. The laws are frequently amended in response to political pressure or the interests of specific groups.

3.2 The role of unions

Being unable to influence the reform of labour relations through bilateral or tripartite consultations (the first bilateral agreement with Government was signed in 1993, and the first tripartite agreement in 1995) trade unions had to try and establish a workable relationship with the most favourable political parties, so that the social and economic interests of employees could be heard and incorporated in law.

In 1991 the Trade Union Coordination Centre signed an agreement with the "centre fraction" of Parliament concerning bilateral collaboration. In 1992, after the Trade Union Federation was established, an agreement was signed with the Lithuanian Social Democrat Party.

The experience of seeking political support for normal union objectives resulted in other trade union centres starting to look for political partners. The Lithuanian Workers Union found some support from the Lithuanian Conservative Party, and the Trade Union Centre looked for sympathizers in the Lithuanian Democratic Labour Party (previously the Communist Party).

² Maculevicius and Tiazkijus, 1977.

Trade unions actively participate in discussions concerning the preparation of draft laws or amendments. They present their suggestions, participate in discussions at the Seimas' Committee meetings, and organize public debates with union members in order to explain the benefits and disadvantages of amendments.

The unions have had some success in this effort. In 1991, for example, during a debate on the Law on Labour Contracts, trade unions successfully argued for the inclusion of a clause requiring employers to apply to the elected body of the union for agreement to dismiss an employee-union member in case of redundancy. In 1994 this norm was expanded and union agreement was required even when employees were dismissed due to their own fault.

In March 1994, through the initiative of trade unions, a new section was added to the Law on Collective Agreements. Trade union branches and national centres were granted the right to negotiate collective agreements with the Government, ministries and employers' organizations. However this did not bring a new quality to collective bargaining because the new section did not adequately specify bargaining procedures or the validity of agreements. After these amendments, collective agreements were concluded at certain companies but not in the whole branch of industry.

Another success came in 1994 when it was made clear that only a recognized trade union had the right to sign collective agreements on behalf of workers. Until that time employee delegates were able to represent workers in collective negotiations. At the same time the Law on the Regulation of Collective Disputes was amended, granting unions the exclusive right to initiate a collective dispute and participate in its solution.

In 1994 the Law on Trade unions was amended to provide more guarantees for the representatives of elected union bodies. Employers have to apply for union approval not only in the event of dismissal but also when they desire to transfer union officials to another job or take disciplinary action against them. This law recognized the union right to represent not only members but all employees in situations such as bargaining on collective contracts or settling collective disputes. Under the Resolution of 14 January 1999 the Constitutional Court admitted that unions can represent not only members but all employees.

At the initiative of the metal workers' union, supported by other unions, important amendments were introduced in 1996 to the Law on Labour Contracts and the Law on Labour Payment. Employees' and employers' obligations in the event of involuntary unemployment were amended in the Law. During times of economic crisis "involuntary unemployment" was very popular. Employers forced their workers to stay at companies, giving no work for weeks and sometimes even for months. Based on old legal norms, management was allowed to pay the minimum wage for idle time. Trade unions successfully argued that during "involuntary unemployment" an employer does not have the right to require an employee to stay at work for longer than one hour per day. If other work is not given, the employer must pay two-thirds of the average salary.

The Law on Labour Contract was amended in light of these arguments. Presently the law allows an employee to stop working if involuntary unemployment lasts for 30 consecutive days, or if it adds up to 60 days in a year, or if the salary is not paid for several months. In this event an employer must dismiss the employee and pay the compensation that would normally be available on dismissal.

Trade unions fought to make the procedure concerning unpaid leave more strict. Due to economic difficulties employers regularly used to put a worker on unpaid leave for several months, regardless of the fact that the person might have no income. The law now requires the written agreement of the employee before the employer can give unpaid leave.

At the insistence of trade unions, the *Law on Arrears Definition for Delayed Payments Related to Labour Relations* was adopted in 1996. Until that time there was no law in Lithuania regulating compensation for delayed payments that related to labour relations. The laws on Labour Contract and Labour Payment were frequently violated, when salaries were not paid on time. In addition, compensation for dismissal was often not paid on time. The period from the employees' application to court, to the court decision and actual compensation used to be more than four

months. Due to rapid inflation the income of the employee fell significantly as a result of these delays.

Union representatives take an active part in task forces drafting new legislation. At present union members are participating in the task force preparing a draft Law on Labour Disputes and a group revising the Law on General Agreements and Collective Agreements. Labour disputes concerning workers' rights are regulated by the Labour Code of 1972. The norms of this Code are out of date and do not correspond to the present social and economic situation in Lithuania. The draft law provides for the establishment of a reconciliation procedure, as well as for the establishment of tribunals. Such courts would radically change the way in which labour laws are applied and would facilitate dispute settlement; at present labour disputes are decided in the general courts, where the process takes several months. According to the new law a tribunal would comprise one professional judge, one union representative and one employer representative. The draft Law on Labour Disputes has been agreed by the social partners and discussed with the Government, which will submit it to Parliament.

The Draft Law on General Agreements and Collective Agreements was initiated by trade unions and employers organizations. The task force has prepared amendments to the law, and these will be discussed at the Tripartite Council. The draft sets conditions for the legal recognition of branch-level and national collective agreements, and stipulates procedures for their conclusion and application.

A new Labour Code is under preparation in Lithuania. A draft is being drawn up by a group of legal experts, and representatives of unions and employers are included in the observer group, which analyses the draft and provides comments. Trade unions have unanimously resisted a suggestion in the draft that elected Works Councils have the right to represent employees and sign collective agreements. In the opinion of the unions this amendment would prevent the further development of the labour movement, as well as depriving unions of the possibility of representing employees in collective bargaining.

However, the main guarantee for the protection of workers' rights is the inclusion of international labour standards in national laws.

4. Policy on international social standards

If they are ratified and implemented, ILO Conventions together with European Council and European Union legislation can raise the quality of labour standards. On 12 June 1995 Lithuania signed a European Association Agreement with the European Union and submitted an official application to become a member of the EU. Based on this agreement the Government is obliged to: grant equal protection to all employees; analyse ways of strengthening the labour movement; create a social security system and bring Lithuanian laws into line with EU requirements concerning the protection of workers, including occupational health and safety.

The White Paper concerning Preparation of the Associated Countries for Integration into the International Market of the Union provides a basis for the integration process. The White Paper describes how applicant countries should develop their legislation in order to achieve the necessary harmonization with EU law. For trade unions it is extremely important to influence the setting of priorities, to ensure that the social dimension is not at the bottom of the list.

The European Trade Union Confederation (ETUC) has strongly supported Lithuania and in 1995 the Committee on Trade Union Integration into the European Union was established. This Committee strives for the implementation of EU social policy and attempts to ensure that all components of government policy have a social dimension: investment, privatization, finance, industry restructuring, agriculture, education and vocational training policy should all be directed to promoting employment. Under EU policy, social partnership between trade unions and employers should be increased, bilateral negotiation should be improved and collective agreements

should be concluded; equal opportunities for men and women not only in the labour market but in all spheres of public life should be implemented.

Social policy and labour issues have been included in the national programme for the adoption of acquired rights, as medium-term priorities. Since 1997 the laws on occupational health and safety, as well as those on legal norms and equal opportunities have been refined. The draft Labour Code should guarantee implementation of EU directives concerning collective dismissal, enterprise relocation and other important matters. The social security systems for migrant workers are being coordinated.

Lithuania has ratified 34 international labour Conventions. Three to five Conventions are ratified every year. Trade unions have been very much concerned to ensure that the provisions of these Conventions are reflected in national laws. For example, in connection with the new Law on Bankruptcy, trade unions held meetings, organized demonstrations and used the mass media to fight for the inclusion of Convention No. 173 in the national legislation, particularly the clauses dealing with labour relations.

In June 1997 the new Law on Bankruptcy was adopted; it failed to include a provision that would give priority to employee claims over other debts incurred by the enterprise in the event of insolvency. In the new law creditors were granted priority and money owed to employees had to be paid afterwards.

In September 1997 trade unions achieved the creation of a Fund to meet the obligations of bankrupt companies to their employees. The goal of this Fund is to provide financial support for insolvent companies which are unable to pay salaries or provide benefits to employees for sickness or disability.

However the Fund is not a guarantee institution, and provides loans only when there are financial resources and the enterprise has property to mortgage. During the last meeting of the Fund in 1998, seven companies asked for a loan of 9 million Litas, and there were only 2 million Litas at the Fund's disposal at the time. Therefore unions are seeking to change the Fund into a Guarantee Fund, to provide financial support for all companies and to pay employees at least part of their wages.

In 1995, the ILO studied the new labour laws and concluded that basically they comply with the Conventions ratified by Lithuania. However, dispute settlement, liability, work guarantees and compensation, employers' organizations and tripartite mechanisms are not sufficiently developed in the present laws. There is also no adequate consultation system for workers' rights. The principal consultations are provided through the Ministry of Social Security and Labour and the State Labour Inspectorate.

People must become more involved in defending their own interests and rights; workers have to develop more solidarity among themselves, including an awareness of their rights and how to defend them. This can be achieved only by constant and consistent education and training. Unions have a vital role in educating workers and offering legal advice.

5. Education and training

Trade union activities in the sphere of education fall into two groups: vocational training and workers' education.

5.1 Vocational training

Vocational education is offered in vocational schools, high schools and adult training centres. A legal basis is provided in the Law on Vocational Training (1997) and the Law on Informal Adult Education (1998). Both laws provide a close link between vocational training institutions and the social partners.

According to the Law on Vocational Training the structure and management of this training system is based on cooperation with the social partners. The Vocational Training Council is an advisory institution which analyses strategic vocational training issues. The Council has an equal number of members representing the state, employers' and workers' organizations. Employers as well as trade unions can submit to the Council their requirements for vocational training programmes and qualifications: they can participate in testing and certification.

Organizations representing trade unions and employers, as well as other public bodies, political parties and religious groups, have the right to participate in informal adult education programmes and targeted projects. Informal adult education as a form of ongoing training is quite new, but it is spreading rapidly. Trade unions have always supported adult education and informal training related to the needs of the labour market. For a long time unions have been lobbying for paid study leave and for financial support from employers for training and education. The Law on Informal Education allows additional paid vacation only in the event that this is included in a collective agreement.

Since 1998 employers and trade unions have taken a more active role in formulating vocational training standards. Following the German example 14 expert groups corresponding to different economic sectors were established at the Ministry of Education for a tripartite discussion on vocational training standards. Trade unions are not very experienced in vocational training but their representatives take part in seminars and conferences, and are gaining expertise.

5.2 Workers' education

Workers' education has been receiving more attention since the very first days of independence. During the transition to a market economy it has been important to understand the changing goals of trade unions. They realize that to influence government policy and gain credibility in collective bargaining they need many members and also a high degree of awareness among members.

In the absence of a single centre for workers' education, separate union branches organize courses for shop stewards, union leaders and members in accordance with their individual resources.

The priorities for training are based on information derived from the actual situation, sociological surveys and data collected from local organizations and members.

Workers' education has made significant progress as a result of close cooperation with unions in Scandinavia and Western Europe. Union members were trained by their foreign counterparts at courses and seminars where they were taught active new training methods. As they had no professional trainers, unions trained their economists, financial specialists, lawyers and leaders for educational work.

The following subjects were the most important in the workers' education:

- transition to a market economy; impact of political and economic changes on employees and trade unions;
- role and tasks of trade unions during transition;
- trade union structure, goals and direction;
- union members, their rights and participation in decision making;
- attracting new members to trade unions. Organization of members' educational activities;
- role of shop stewards and preparation for workers' representation;
- financial resources of trade unions, their influence on the effectiveness of activities;
- international trade union movement and the role of international activities.

The major part of trade union training covered an analysis of legal relations in the labour market and explanations of newly adopted laws and social care. The most popular subjects were:

- conclusion of collective agreements at companies, their preparation, content and negotiation mechanism;

monitoring the implementation of collective agreements;
amendments and termination of agreements;
working time and free time;
payment of salaries and analysis of company finances;
occupational safety and the improvement of working conditions;
settlement of individual and collective labour disputes;
social guarantees in the event of unemployment;
social insurance pensions and social benefits.

The trade union newspaper “ Help Yourself” which was published from 1992 until the end of 1994, also served an educational role.

At national level the first education centre was established in 1992 at the workers’ union. The establishment of this centre was financed by AFL-CIO and FTUI (Free Trade Union Institute). The Free Trade Union Institute organized seminars on trade unions, democracy in a market economy, occupational safety, implementation of labour laws, privatization and social insurance.

In 1994 some printing equipment was purchased for the Lithuanian Worker’s Union, which then established the Trade Union Training Centre and Research Institute, organizing regular seminars and producing training materials. Since 1992 the workers’ union has been publishing a newspaper called “The Lithuanian Worker”.

Until 1996 the Lithuanian Trade Union Federation implemented training activities at branch level, and held several joint seminars with ILO and the Danish LO. Information bulletins were published at branch level, together with educational material on the role and training of shop stewards, how to establish a trade union, and a trade union manual.

The Trade Union Youth Centre, established in 1995, took an active part in the educational activities of the Federation.

In 1996 joint training projects involving the Trade Union Federation, the workers’ union and the Swedish LO/TCO started. At seminars and courses training is given in traditional subjects such as collective bargaining, social partnership, and training-of-trainers, and also in new issues such as integration to the EU, project management techniques, lobbying, and labour rights’ protection in courts. Courses are also arranged for journalists.

In 1996-1997 the Federation and the workers’ union, together with colleagues from Latvia, Estonia and Saint Petersburg, participated in a project known as SODICOB “Concerning the role of trade unions in politics and society”. As a result of the project it was noted that:

“the role of trade unions is insufficient, it has to grow, but education has to remain the priority for activities. Education aims to provide more information for employees, so that they better understand their rights and duties and aim to develop their skills”.

Seminars and discussions on legal issues attracted major public interest. The Federation organized these in seven Lithuanian cities. The seminars were targeted to the unemployed and to workers, but management representatives and employers attended them as well.

In 1998 the Trade Union Federation devoted all its efforts to involving employees in a union campaign called “The union belongs to you”. With financing from the Swedish LO/TCO, the leaders of the Federation organized radio programmes on the most important labour and union issues during the campaign. Open days were arranged and advice was given on establishing a trade union and registering statutes. Discussions were held on the possibility of introducing national structures.

In 1998 a bulletin called “The Trade Union Voice” was first published.

At the beginning of 1999 the Education Fund was established. This fund is to be used for basic training for union leaders; for vocational and informal education; for public information and education on integration into the European Union; for the production of training materials; for

information campaigns concerning the trade union position on social policy; for tripartite partnership; and for national and international projects.

At the Lithuanian Trade Union Centre education was mostly organized at branch level. At national level it has become more active during the last year with the establishment of the Education Centre. The Education Centre organizes workers' education at regional and national level, and deals with legal and social issues. Speakers from the State Labour Inspectorate, social insurance and other institutions are invited to these seminars. Since 1994 the Trade Union Centre has been publishing a newspaper called "The Lithuanian Trade Unions".

In 1998 the Youth Federation Centre was established, working for international cooperation and participation in national and international projects.

Public education in legal rights and human rights promotes democratic change and encourages the participation of all citizens in the process.

Before the changes in Lithuania, as well as in Central and Eastern Europe, women had achieved a formal equality with men in many areas of economic and social life. In reality, however, women encountered many of the same problems in society and at work as they do in other parts of the world. During the transition to a market economy the gap between employment opportunities for men and women has grown wider. Most trade unions in Lithuania have large numbers of women workers in their industries. Therefore strengthening women's opportunities in the labour market is an important part of their activities. Trade unions started the active promotion of equal opportunity in employment in the late 1990s.

6. Promotion of equal opportunity

The Lithuanian Constitution declares equal rights for every person regardless of gender, race, nationality, language, origin, social condition, religion, beliefs or attitudes. All laws regulating labour relations, wages, professional and vocational training, and social security prohibit gender discrimination. In two cases specific rights for women are defined by legal act. The first deals with conditions for the state retirement pension for women (based on the Law on State Social Insurance Retirement Pensions - 1994); the retirement age is gradually increasing to 60 for women and to 62½ for men. The second makes special provisions for pregnant women or women with small children. Although the principle of equality is enshrined in the law, the provisions are not properly implemented. Traditional culture and stereotyped beliefs still mean that women have to take care of the children and the household, and that men have to earn the family income. In addition, there is no specific institution responsible for ensuring that equal rights are respected.

The most frequent cases of discrimination concern different pay for the same work. Income disparities are mostly horizontal rather than vertical (more men are employed in well-paid jobs and in senior positions, while women are engaged in social work, education and medicine), but average pay for women is 20-30 per cent lower than for men.

Table 4. Average monthly gross earnings by gender (in Lit)

	1996		1997	
	April	October	April	October
Total	612	680	799	924
Men	709	800	920	1067
Women	534	581	685	788

Source: Department of Statistics.

In all sectors of the economy and nearly all occupations women earn less than men. In 1997, women earned an average 74 per cent of men's salaries. Female legislators, top executives and managers earn 80 per cent of their male counterparts' salaries.

Even in sectors where women make up the majority of employees, their salaries are lower than men's:

hotels and restaurants – women employees make up 73 per cent of the workforce and their salaries correspond to 76 per cent of men's salaries;

education – women employees make up 76 per cent of the workforce and their salaries correspond to 81 per cent of men's;

health and social work – women employees make up 84 per cent of the workforce and their salaries correspond to 86 per cent of men's.

In 1998 the number of unemployed women was 2-3 per cent higher than unemployed men. Women are frequently forced to work part time or on short-term contracts. Women, being traditionally responsible for the family, accept unfavourable labour conditions and low salaries in order to keep their jobs. There is no doubt that their conditions of employment are less favourable than conditions for male workers.

Women make up 70 per cent of all union members in Lithuania. The majority of women are members of the following unions: education union – 75 per cent; manufacturing workers' federation – 80 per cent; cultural employees' union – 90 per cent; communication workers' union – 75 per cent; health and social care employees – 80 per cent; public service – 73 per cent; food industry union – 70 per cent; commercial employees' union – 89 per cent; workers' union – 75 per cent.

Women also make up a higher percentage of elected shop stewards. For example, 97 per cent of shop stewards in the commercial employees' unions are women.

Only one of the four national centres (the workers' union) is chaired by a woman. The Trade Union Centre is the most male-dominated. Of 13 branch unions only two are chaired by women. Female participation is highest in the Trade Union Federation; of the ten industrial unions making up the Federation, six are chaired by women.

Trade unions have always supported the active participation of women in public, economic and political life. This attitude is reflected in the fact that the number of women leaders elected to representative bodies is significantly higher at branch level and at local organization level.

Trade unions support women's employment, equal rights in the labour market, in training and in pay. They also support equality in the labour movement.

For some time unions did not see the need for separate structures to deal with women's questions. The Lithuanian Worker's Union was the first to establish a Women's Federation. Two years ago a Women's Centre was established at the Lithuanian Trade Union Federation. The "Phare" micro-project funded by the EU on "The role of employed women in democratic society" stimulated the creation of this Centre. During the first year of project implementation special attention was paid to women's psychology. For the majority of participants this helped them to know themselves, to conquer their fear and submissiveness.

After an active women's movement was started, even more women were attracted to trade union activities. In 1998 women's committees were established in all branches of the Federation. The most popular topics for discussion were:

- women's employment;
- women's economic rights and independence;
- equal rights in the labour market and in business;
- coordinating work, family, and public duties;
- discrimination at work;
- abuse of women in the family;
- sexual harassment at work.

Conferences and seminars were convened during the project period in all branch trade unions. Women were widely informed about union activities in favour of women all over the world and about labour laws. Every women's committee issued an information bulletin describing the work of its organization and the situation of women.

Early in 1999 a Women's Federation was established at the Lithuanian Trade Union Centre. Women's Councils are now being established at branch organizations.

Lithuania has ratified ILO Conventions No. 111 on Discrimination in Employment and Occupation and No. 100 on Equal Pay for Work of Equal Value. In 1993 Lithuania ratified the UN Convention on the Elimination of All Forms of Discrimination against Women.

In 1998 a special state programme to accelerate the progress of women (Action Plan 1998-2000 on Women's Progress in Lithuania) was adopted by the Government. The programme foresees active and practical legal measures to promote gender equality.

Trade unions are also aiming to promote equality between men and women at work by means of collective agreements. Relevant issues include:

- equal pay for work of equal value;
- the same criteria for men and women in quality assessment;
- equal opportunities for promotion, training and re-training.

The *Law on Equal Opportunities for Men and Women*, which came into force on 1 March 1999, should promote these goals.

The first draft Law On Equal Opportunities for Men and Women was prepared in 1995. The second draft was prepared in the lead-up to the Beijing Conference on the initiative of the Lithuanian national committee. However, Lithuanian politicians paid little attention to these drafts, although they were discussed at seminars and conferences. At that time women made up only 7 per cent of all Seimas members.

After the 1996 elections the situation changed drastically. Twenty-five women (18 per cent) were elected to the Seimas. Through their initiative the Parliamentary Women's Group was established, which actively promoted adoption of the draft law. Seimas members, as well as representatives of women's organizations, referred to the conclusions of an EU Commission, which stated that the principle of non-discrimination was not always respected in Lithuanian law and that the country had to work hard to ensure the harmonization of its laws with EU requirements, specifically with regard to labour law and equal opportunities. These arguments were sufficiently important to ensure that equality was included in the legislative process.

On 1 December 1998 the *Law on Equal Opportunities for Men and Women* was passed in Lithuania, which was the first post-Soviet country to adopt such an Act. The 1998 Law aims to ensure the implementation of equal opportunities in the Lithuanian Constitution. It obliges state and managerial institutions, education and science institutions and employers to implement equal rights. It defines discriminatory advertisements, sexual harassment and conduct which violates equal treatment.

An Equal Opportunities Inspection Service is being established and application of the law will be supervised by the Equal Opportunities Inspector. The law defines procedures for registering complaints, conducting investigations and implementing the Inspector's decisions. Employers who fail to implement equal rights are liable to a fine.

7. Tripartism

With changes in the political, economic and social situation the nature of labour relations has also changed. Employers and workers and their organizations have been granted greater possibilities of collective bargaining. Tripartite cooperation is being strengthened in Lithuania and the principle of tripartism was accepted in 1994 when the Seimas ratified the relevant Conventions of the ILO.

In democratic societies social dialogue is executed at bilateral and trilateral levels. As already mentioned, bilateral partnerships in Lithuania used to be implemented through collective bargaining, and collective agreements were concluded at company level. The main obstacle to social partnership at a higher level was the fact that for a long time there were no employers' organizations, or they were very small. In addition Lithuania lacked a stable centralized negotiation mechanism, as well as a sound legal basis for collective bargaining. In addition, the social partners lacked knowledge and experience.

As a result it was not until 1995 that the first tripartite agreement was concluded between the Government, trade unions and employers. The agreement was signed by representatives of four national trade union centres: the Lithuanian Trade Union Centre (LPSC), the Lithuanian Trade Union Federation (LPSS), the Lithuanian Labour Union (LDS) and the Lithuanian Labour Federation (LDF). It was also signed by representatives of the most influential employers' organizations: the Lithuanian Industry Confederation (LPK) and the Lithuanian Business Confederation (LVK). On behalf of the Government, the agreement was signed by the Prime Minister of the Republic of Lithuania.

This agreement is a short document more like a declaration, stating that it has been agreed to solve social, economic and labour problems on a tripartite basis, to cooperate in implementing social, economic and labour policy, to establish a Tripartite Council and to sign an agreement every year.

Many observers are sceptical about the impact of the new Tripartite Council. Decisions taken by the constituents are rarely reflected in legislation adopted by the Seimas or administrative decisions implemented by Government. There is an impression that the Government seeks political credit for playing the game of consultation but is not prepared to allow other parties any real influence over the decision-making process.

Between 1995 and 1998 the Tripartite Council met 24 times and discussed 170 issues. The topics most frequently on the agenda were:

- amendments to the Law on State Social Insurance;
- the establishment of a non-governmental pension fund;
- the consequences of illegal employment;
- the laws on bankruptcy, employment contract and labour payment.

On many occasions employers at the Tripartite Council tried to influence government decisions on the minimum wage. However, until 1999 suggestions from the social partners did not have a significant influence on government policy.

Trade unions and employers have submitted proposals for a new Law on General Agreements and Collective Agreements, aiming to establish salary levels and terms, especially the minimum wage.

The European Commission has positively influenced the work of the Tripartite Council, indicating shortcomings in the level of social dialogue and the influence of tripartite institutions in the labour market in its conclusions concerning Lithuania's readiness for joining the EU. This forced the Government to pay serious attention to union and employer suggestions and to allow the Tripartite Council a decisive vote on certain issues.

On 11 February 1999 a new general tripartite collaboration agreement was concluded. This agreement was signed by the Prime Minister, chairpersons of the trade union national centres, and the presidents of three employers' organizations. The group was supplemented by one more business confederation.

The parties agreed on:

exchanging information on labour, social and economic issues, holding consultations, preparing and coordinating draft legislation, and discussing the most serious problems at the Tripartite Council;
respecting the terms of tripartite agreements in their activities and accepting the decisions of the Tripartite Council.

The parties' obligations were laid down in the agreement. The Government undertook responsibility to:

inform the social partners about draft legislation on social and economic issues and submit draft laws for discussion at the Tripartite Council;
inform the Seimas of the conclusions of the Tripartite Council;
ensure that decisions on serious labour, social and economic issues are adopted after the Tripartite Council discussions.

Having signed this agreement trade unions and employers' organizations undertook not to initiate disputes or other actions on the understanding that government will respect its obligations. This agreement also provided that:

an annual tripartite agreement on the minimum hourly wage (monthly salary), on income tax and on other serious social and economic issues should be signed;
the structure of tripartite cooperation should be developed; a committee should be established at the Tripartite Council and that tripartite bodies in the provinces and municipalities should be expanded to increase the effectiveness of their activities;
the social partners should collaborate in preparation for EU membership, hold consultations and exchange information concerning their representation in international organizations;
trade unions and employers' organizations should work together in concluding collective agreements and contracts;
consultation should be strengthened and joint training activities should be promoted.

The Government has undertaken to publish tripartite agreements in the official journal called "The State News".

During the last two years, cooperation between trade unions and employers has become more active. Some amendments to draft laws, such as the Law on Labour Disputes, the Law on Collective Agreements, and the Law on Extra Payment for Hazardous Conditions were put forward by the joint employer/union Task Force.

The unions are constantly looking for ways to obtain information at company and national level. One possibility might be to establish cooperation committees which would collect information about the company's economic situation and short-term plans, orders implemented and the market situation, future changes, reorganization and reductions in the workforce. The role of cooperation committees would be to discuss, to influence labour relations and to inform employees of planned changes. Although employers' organizations did not support the above suggestion, positive changes have been achieved in the sphere of information.

At present the Government is amending the Law on Support of the Unemployed, granting unions the right to be informed of lay-offs beforehand and to consult with employers on protecting workers. Employers will have to inform trade unions or employees (in the absence of unions) of planned collective dismissals two months in advance. Labour exchanges and local government offices will also have to be informed in advance.

7.1 Tripartite bodies

The National Tripartite Council is composed of 15 members, five representatives of each partner. Government is represented by the Ministers of Social Security and Labour, Finance, Industry, Agriculture, and Justice. The Council analyses and makes suggestions on social, economic and labour issues. The chair is appointed for a four-month period and rotates among members of the Council.

In addition to the National Council there are a number of other tripartite bodies functioning at national level.

In 1991 the State Social Insurance Fund Council was established. It consists of 15 members (five representatives each of trade unions, employers and the state). All social insurance matters are within the competence of the Council, which is the longest serving tripartite institution and has decision-making power.

A Tripartite Committee of the Labour Exchange of the Republic was established in 1991, as well as Tripartite Committees for local labour exchanges in the cities and regions.

The social partners were not active on the Tripartite Committees for local labour exchanges during the early years because employers and trade union representatives were not ready for the role, as they lacked competence and knowledge. Activity was low and there was submissive approval of projects prepared by local labour exchanges. However, these Committees have made good progress in the last few years due to special training courses for representatives. The Government is making promising efforts to develop these activities, based on the experience of EU countries in solving employment and social problems on a tripartite basis.

In 1996 the Citizens Employment Council was formed at the Ministry of Social Security and Labour. The Council is the Employment Fund's management board, operating on a tripartite basis.

In 1995 an Expert Council was established at the Lithuanian Labour Market Training Service. This is a tripartite advisory and supervisory institution. Its task is to support the development of a labour market vocational training and consulting system, to improve its functioning and relations with labour market partners.

The Lithuanian Occupational Safety Committee was established in 1994. It consists of 15 members (five representatives each of employers, workers and Government).

In 1997 the Compulsory Health Insurance Fund Council was established. Two-thirds of the members represent the health system and there are also two trade union representatives.

In 1995 a permanent commission was established for tripartite consultation on labour standards implementation.

In 1997 the Council of the Fund to Fulfil Employees' Claims Related to Labour Relations of Bankrupt Enterprises and Enterprises under Bankruptcy was established.

8. The development of industrial relations and local trade unions

At present there are more than 100 laws regulating labour relations. As most issues are regulated by law the social partners at enterprise level have little freedom of action. The rights of the unions and employers in the formation of industrial relations are defined by the Law on Trade Unions, Law on Collective Agreements and Law on Collective Disputes. The Constitution provides that trade unions in Lithuania may be created freely and act independently. Their purpose is to protect employees' rights and interests in labour, economic and social matters.

The right to trade union membership is promoted for all workers who are not younger than 14 years of age and who are employed under a labour contract or on any other basis. The employer and the employer's attorney are not allowed to join trade union organizations at enterprise level.

Trade unions may be established on an occupational, enterprise, industry or regional level, or any other level defined by the trade union itself. Most unions are organized on an industry basis,

and include all workers in an industry regardless of qualifications or position. A trade union may be established in any enterprise, institution or organization by not less than 30 employees or one-fifth of the workforce, whichever is less. (However, there is a minimum requirement of three employees to form a union). A trade union is considered to be established when employees hold a constituent meeting, adopt statutes and elect representatives and a chairperson.

Unions must act in accordance with their statutes. They have a general duty to monitor management compliance with labour laws, health and safety issues, and agreed terms of payment. Employers must grant unions the necessary facilities and provide them with the information they need to carry on their functions.

Unions have the right to demand that the employer reverse decisions which are in breach of the economic and social rights of union members. If an employer fails to reverse a decision within ten days of the union demand, the union may take the issue to court.

8.1 Collective bargaining

Collective bargaining is still not very widespread in Lithuania.

A collective agreement is an agreement entered into by employers and employees on labour, working hours, salaries, occupational safety, job security and other social and economic matters. Collective agreements may improve upon the rights set out by law, but may not reduce them.

The legal right to collective bargaining, established in 1994, extends only to trade unions. If more than one union is operating within an enterprise, a joint mission of the unions is established. This body has the right to sign collective agreements. If the unions do not agree on the establishment of a joint mission, the dispute will be settled at a General Meeting (conference) of employees by means of a secret vote. The union with most votes has the right to conclude a collective agreement.

Collective agreements may be established in companies regardless of the form of ownership, number of employees or legal status. Agreements may not be made with state or local government officers.

Usually a collective agreement defines:

1. the terms for concluding, amending and terminating an employment contract. These are simply a matter of information as the procedures are regulated by law;
2. the conditions of payment (salaries, bonuses, extra payments, other benefits and compensation, application of salary indexes, compensation and benefit systems and forms, procedures for salary payment, and taxation);
3. working hours and leisure time;
4. obligations concerning occupational safety, provisions for compensation and benefits in the event that working conditions do not meet the standards set by laws and other legal documents;
5. skills acquisition, training, retraining and guarantees or privileges related to them.

The unions are not able to engage in meaningful collective bargaining if they do not have access to relevant information about the enterprise or industry. The Law on Trade Unions provides the right to monitor whether employers have met their obligations concerning workers' rights as specified by economic and social laws and collective contracts. The unions can set up inspections, legal support services and other institutions. Persons authorized by unions have the right to visit companies, enterprises and organizations where union members are employed and can analyse the documents concerning labour, economic and social conditions. However, because there are no sanctions for violating the regulation, this legal norm is ineffective. As the financial and economic documents of the company are frequently considered a commercial secret, this information is usually not accessible to unions.

The procedure for bargaining is laid down in the law. Negotiations must begin within ten days of a request from one of the parties, or such other period as is agreed. Where an existing agreement is coming to an end, negotiations on a new one begin two months before the termination date.

Before negotiations start, the parties are supposed to provide each other with proposals from employees and the necessary information concerning the economic, social and working conditions of the enterprise.

The parties prepare a draft agreement which is discussed at small group meetings of the employees (structural divisions) and then presented for the discussion at a General Meeting (conference). If the draft agreement is not approved, the parties amend and supplement it and are required to submit it again for discussion at a General Meeting within 15 days. If the draft is accepted, representatives of the social partners sign the collective agreement within three days.

Local collective agreements enter into force from the day they are signed. There is no requirement for such agreements to be registered in order to become valid. Collective agreements at national and branch level have to be registered at the Ministry of Justice within ten days of signing.

Collective agreements are valid until a new agreement is signed, but may not exceed a two-year span. Parties to the collective agreement report to employees on progress in implementation at least once in a half-year period.

Disagreements and disputes among the parties during negotiations, or at the conclusion and implementation of collective agreements are settled according to the procedure for collective disputes. Disputes between employees and employers concerning violations and improper implementation of the collective agreement are settled in the courts.

8.2 Individual disputes

Individual disputes are still resolved according to rules established in 1974, i.e., they are studied by the Labour Dispute Commissions established by companies. These Commissions usually consist of an equal number of employer and union representatives. If an agreement is not reached the dispute is discussed by the local trade union committee, whose decision is binding on the employer. In the event that the employer disagrees with a decision, the dispute can be brought to court.

Disputes concerning dismissal, removal from work or transfer to other positions are discussed in court. The Supreme Court has indicated that cases concerning payment (salaries, compensation, paid leave, etc.) can be brought to court. If there is no union in the company, individual disputes are settled in court.

At present a new draft law providing for the establishment of labour courts is in preparation. Labour courts (tribunals) will include professional lawyers and representatives of workers' and employers' organizations.

8.3 Collective disputes

Collective disputes concern disagreements between union and employer resulting from demands which have been duly submitted and registered, but have remained unsatisfied. Workers' demands must be considered by the employer within seven calendar days of their submission in writing. If the employer's decision does not meet the requirements, the matter has to be discussed according to a reconciliation procedure.

The Reconciliation Committee consists of representatives of the parties, but no more than five for each party. If the Committee fails to agree on all or some of the demands the matter may be submitted to arbitration. A strike is permitted by law if a dispute has not been settled in accordance with the procedure set out above.

The decision to go on strike (or to issue a strike warning) rests exclusively with the trade union. A strike is called if the decision is approved by a secret ballot. Two-thirds of the employees have to approve the strike at enterprise level. At unit or branch level two-thirds of the employees of that unit and more than half the total number of employees have to approve.

The employer must be given written notice of the strike seven days in advance.

A so-called warning strike lasting no more than two hours may be held 24 hours after written notice is given. Lockouts are not recognized by law.

Workers in vital services, utilities, medical emergencies, national defence and national security are forbidden to strike. The demands of workers in these services are negotiated directly with Government.

During a strike employees maintain continuity of employment, length of service, maintenance of state social insurance and assurance of safety at work. Employees taking part in a strike do not work and do not receive pay. Trade unions are liable for any losses incurred by the company should a strike be declared unlawful.

Strikes are not very popular in Lithuania, primarily because there is no tradition of strikes since they were prohibited in Soviet times. In addition, the Law on Regulation of Collective Disputes creates barriers to the urgent and effective resolution of disputes.

Employers often refuse to establish a Reconciliation Committee (the first stage of dispute settlement). The only sanction for ignoring the collective dispute decision is strike action, but because of complicated procedures (employee vote, long warning period), strikes are ineffective. Therefore dispute settlement is not based on legal requirements. Since the law came into effect only a few legal strikes have been organized. Most strikes are spontaneous and occur when employees are not paid because of involuntary unemployment or a long period of unpaid leave.

Collective disputes as well as collective bargaining mainly take place at enterprise level. Collective agreements have been adopted at approximately 8-10 per cent of enterprises.³

9. Trade union strategy on employment

Recent labour market developments have been significantly influenced by the transition to a market economy. Since 1990 Lithuania has experienced a period of high inflation, declining production and falling living standards.

Until 1990 the official economy was directed to meet the needs of the Soviet Union and was totally dependent on Soviet raw materials and production markets. After the political reforms most markets and sources of raw materials diminished or disappeared. Due to a relatively small internal market and limited possibilities for participation in world markets, the operation of large enterprises producing for the former USSR became very problematic. Production levels declined and they were not operating to capacity. In 1995 the average capacity utilization level in industry was 44 per cent. Twenty per cent of companies were operating at less than 30 per cent.

In 1989 the highest ever employment rate was registered in Lithuania; 1,903,000 people were employed at that time. With the start of economic reform the employment rate decreased year by year.

Very significant changes took place in rural labour markets. With the implementation of land reform the structure of agricultural holdings and farming conditions changed drastically. Due to the low mobility of rural residents a very specific closed labour market was formed. The proportion of rural residents among the unemployed is 35 per cent.

The decline in production has inevitably led to a fall in employment in industry, construction and other sectors. However, the level of production declined more rapidly than the total number of workers, because many employees were transferred to part-time work, or were put on unpaid leave.

³ Maculevicius and Tiazkijus, 1977.

Mistakes in economic restructuring and privatization have not been avoided. Attempts to maintain some non-competitive enterprises only enhanced the atmosphere of delay and uncertainty, thus hindering the search for more efficient economic management.

In 1991-1995 the number of employees decreased by 250,000 in all economic branches. Only in 1996, when positive economic growth was restored, did the employment rate begin to rise again.

Some basic shifts in the labour market can be observed:

- from public- to private-sector employment;
- from production to the service sector;
- from the formal labour market to unemployment and the informal or "black" economy.

The loss of employment was concentrated in the public sector, and was only partly offset by an increase in the private sector. Uncertainty about taxation and state support for investment encouraged investment in the "shadow" economy, first of all. This set the conditions for unofficial employment and a "black" labour market to expand.

It has been calculated that approximately 300,000 people or almost one-fifth of the economically active population are employed illegally for a certain period. Informal employment is widespread in agriculture, construction, trade and car repairs.

The creation of a policy environment that will preserve existing jobs and generate new employment opportunities is one of the most important tasks of trade unions. In 1991-1992, with the start of the privatization process, trade unions argued for beneficial conditions and priority for employees when enterprises were privatized and vouchers were distributed. Trade unions at first resisted privatization of commercial enterprises because they were afraid that private persons, having illegally accumulated capital, would accumulate the power to privatize other state property. It was expected that privatization through employee share ownership would help to save jobs. However due to rapid and large-scale privatization (through vouchers) a large number of stock companies were established in a very short time (1991-1993). These stock companies were actually managed by the old (state) enterprise administration, although formally they were owned by small-scale shareholders, frequently employees of the company. Such privatization was not very effective, as the new owners did not have the financial resources to purchase modern equipment. Also the turnover of resources was insufficient and the actual restructuring of industry was implemented through declining living standards - salary increases were very small in comparison to the rapid rise in consumer prices.

Several stages can be traced in the development of the Lithuanian labour market. The first stage was a comparatively short period from the end of 1990 to the beginning of 1991. The labour market of that period had the following political goals:

- creating a legal basis for labour market regulation;
- ensuring that employment guarantees are provided for all citizens;
- changing negative attitudes towards the labour market and unemployment.

The second stage lasted for two years from the second half of 1991 to the first half of 1993. The main goals of this stage were:

- expanding the range of active labour market policy;
- completing the establishment of state institutions for labour market regulation;
- strengthening the activities of the state labour market.⁴

⁴ Perkumas, 1996.

The model for regulating the national labour market was established on the basis of the Lithuanian Labour Exchange and Training Service, which has a wide network of local divisions.

The Lithuanian Labour Exchange is a public organization, with 47 regional offices and about 100 offices in the bigger towns. The regional offices analyse labour demand and supply, study changes in the labour market, collect data on job vacancies and register job seekers. They place people in employment, grant and pay out unemployment benefits. In case of mismatch between labour demand and supply, local employment programmes are drawn up with the municipalities, and active labour market policies are implemented to assist vulnerable groups of workers.

The Lithuanian Labour Exchange has a modern information system. Its work is facilitated by independent job centres which offer information and counselling. The activities of the state labour exchange are supplemented by those of non-governmental employment agencies, which often concentrate on unusual occupations and highly qualified workers.

The vocational training system is quite well developed, and ensures that workers' skills correspond to employer demand. Since 1992 vocational training has been organized by the *Labour Market Training Department*, which has six regional offices. Fourteen training centres are in operation, including three for enterprises financed by foreign capital. These centres offer training and retraining for 120 occupations that are in demand on the labour market. A survey has revealed that about 75 per cent of the unemployed succeed in finding a steady job after retraining.

During the second stage of labour exchange development in Lithuania unions took an active role in the preparation of laws regulating labour relations.

Due to inefficient restructuring of large state enterprises in 1992 a significant increase in unemployment was expected. The trade unions requested Government to adopt measures such as restricting lay-offs as well as expansionary economic measures.

Having evaluated the financial resources of the Labour Exchange and the possibility of increased unemployment the Government issued the following resolutions:

during the first year after privatization new owners cannot cut the number of jobs at the enterprise by more than 30 per cent;
managers of state and state-stock companies cannot cut the number of non-administrative staff without the agreement of the founder, with the exception of employees violating labour laws. After some time this position was changed and a cut in the number of employees was allowed as long as it did not exceed 10 per cent of the average number on the payroll per quarter.

These measures resulted in an official unemployment rate of 1.5 per cent. At the same time the decrease in production was faster than the decline in employment: hidden unemployment and unofficial employment increased. Compulsory part-time employment or hidden unemployment and unofficial employment concern 15-20 per cent of the economically active population.

Trade unions are strictly against illegal work, as informal workers do not pay taxes or social insurance. Moreover, employers in the informal "black" economy do not guarantee safe working conditions and do not provide social guarantees in the event of job loss.

During the last few years strict measures to control clandestine employment have been introduced, but unions believe this is not the only way to stop informal work. Due to the inefficiency of the current taxation system most private companies are forced to engage illegal workers and use a double accounting system in order to survive. An improved taxation system rather than heavier fines would help to eliminate illegal labour.⁵

⁵ Petrauskas, 1997.

9.1 Labour market priorities

The main labour market priorities for the Government are: unemployment prevention, employment promotion and protection. Special attention is paid to active labour market policies designed to help people who have lost their jobs to find work and use their skills.

Active labour market policies are implemented through employment exchanges, vocational training, job creation and small enterprise promotion schemes.

A passive labour market policy is implemented through unemployment benefits which provide temporary and partial compensation to the unemployed. Eligibility for unemployment benefit, as well as the amount and duration, are defined by the Law on Support for the Unemployed (1996) which, together with its amendments, created new provisions for the unemployed. The right to unemployment benefit and the amount received are based on state social insurance records and the reason for unemployment. The minimum unemployment benefit is the same as state income support (135 Lt per month in 1998) and the maximum is twice the minimum subsistence level (250 Lt per month in 1998). On average, unemployment benefit is paid for six months. The number of recipients is steadily decreasing; in 1996 they accounted for 28.1 per cent of the total number of unemployed, in 1997 for 21 per cent and in 1998 for 19 per cent.

9.2 Financing labour market policies

Active labour market policies, as well as unemployment benefits and labour market institutions (labour exchanges and the Labour Market Training Department), are financed by the Employment Fund, which is managed by the Ministry of Social Security and Labour. The main source for this fund is the compulsory unemployment insurance contribution paid by employers.

However due to the unstable economic situation and illegal employment, not all expected payments are collected. This results in a deficit in the State Social Insurance Fund budget and at the same time a shortfall in the Employment Fund resources. As the priority of the Social Insurance Fund is retirement pensions, the necessary financial resources do not reach the Employment Fund. Very little is left for vocational training, retraining, supported employment, business promotion and job creation. The inadequacies of the Employment Fund increase unemployment and hinder economic restructuring.

9.3 The role of unions in the labour market

With the change of Government, priorities in the labour market have changed. However, trade unions have consistently criticized the state for failing to develop and implement a programme for industry restructuring and employment.

The further development of the internal labour market has to become a priority goal in preparation for entry into the EU. The trade unions aim at full employment whereas the government priority is freely chosen employment. Trade union demands include implementation of a national restructuring and economic development strategy aimed at employment promotion.

Unions believe that:

- workplace protection has to be strengthened in industry;
- economic policy measures have to be coordinated so that any negative impact on employment is avoided;
- it is necessary to introduce a tax system which encourages job creation;
- there has to be a balance between attracting foreign companies and encouraging local companies to create new jobs;

state investment programmes are needed to set up new companies in regions with high unemployment or in problematic sectors of the economy, where it is hard to attract private capital;

Government should promote small and medium-size business, and provide legal and financial assistance to help small enterprises to expand;

a rural employment programme should be prepared promoting rural tourism and non-traditional agriculture;

workers should be protected from mass dismissals due to economic restructuring, bankruptcy or downsizing;

education and vocational training have to be improved;

measures are needed to integrate the long-term unemployed into the labour market;

regional and local initiatives should be supported;

the public should be informed about the social consequences of economic reform and its impact on employment.

Trade unions also stress the need for a Law on Unemployment Insurance and the establishment of an independent insurance fund for the unemployed. This should be managed by the social partners. Trade unions have also suggested that Government should support active labour market measures through the state budget and not from the residue of the Employment Fund.

10. *International cooperation*

Since the very start of independence Lithuanian trade unions have sought membership in international trade union structures. The experience of free trade unions will help Lithuanian unions bridge the gap which the world labour movement has overcome during the last hundred years.

The Danish and Norwegian LO and the Nordic Trade Union Council NFS were the first foreign unions to extend help. However, the most active work was done at branch level in the International Trade Union Secretariats.

The Lithuanian unions joined the following International Secretariats: PSI, FIET, IMF, PTI, IUF, ISETU/FISTAV, IFBWW, ICEM, ITGLWF. (The affiliation of the unions is given in the annex).

Through the International Trade Union Secretariats, Lithuanian unions were included in international projects and bilateral cooperation with similar unions in the Nordic countries and Western Europe.

In 1994 the Lithuanian Trade Union Federation (LPSS) and the Lithuanian Workers Union (LDS) were accepted by the International Confederation of Free Trade Unions (ICFTU). That was a very important event, making it possible for the national centres to participate in an international union movement; it also helped increase the authority of unions within the country.

In 1995 all four national centres started collaboration with the European Trade Union Confederation (ETUC), and in 1996 the Lithuanian Labour Federation (LDF) was accepted by the World Confederation of Labour (WCL).

Due to the ETUC the Committee for Lithuanian trade union integration into the European Union was established. The Committee aims to support national trade unions' integration with Europe, to form workers' opinion on integration consequences, to represent workers interests and influence the process of Lithuanian integration with the EU.

In 1998 the LPSS and LDS became associate members of the ETUC.

Lithuanian trade unions cooperate with unions in the Nordic countries and with the Nordic Trade Union Council (NFS). During recent years the Swedish LO/TCO has given more attention to the Trade Union Federation and to the Lithuanian Workers' Union. Education projects financed by LO/TCO have been conducted for 3 years.

The Lithuanian Trade Union Centre (LPSC) works closely with the Danish SID.

The Workers' Union has cooperated with AFL-CIO since 1992 and the Polish "Solidarnosc" has a good relationship with the LDS and LPSS. The Lithuanian Labour Federation collaborates with Belgian Christian Unions. Lithuanian unions also cooperate with the Danish LO, Finnish SAK and STKT, and the German DGB. Lithuanian trade unions participate in the work of the International Labour Organization (ILO). An especially close relationship has been established with the Budapest office.

In 1993 the Lithuanian, Latvian and Estonian unions established the Baltic Trade Union Council. The Council was also promoted by the Baltic Assembly, created for political reasons by the Parliaments of Lithuania, Latvia and Estonia.

The Baltic Trade Union Council meets several times a year, rotating between member countries. Discussions are held on the most important economic, social and labour issues. All four Lithuanian national centres are active in the work of the Council.

All the unions in the Baltic countries work closely together. In 1998 they agreed that in 1999 an official Confederation of the Baltic States should be established to represent workers at the annual meetings of ministers from these countries. The Lithuanian trade unions approved the proposal and expressed a wish to participate in the Confederation.

International trade unions support the integration of the Lithuanian trade unions into the European Union, emphasizing the social dimension.

International unions provide strong and active support for projects designed to build strong, free and democratic trade unions in Lithuania. Through meetings, projects and other forms of cooperation they promote the development of unions, with particular attention to ensuring a trade union presence in multinational companies and other private enterprises.

They assist Lithuanian trade unions in their contacts with institutions such as the European Union, the World Bank, the International Monetary Fund and the European Bank for Reconstruction and Development. They try to ensure that unions are included in development programmes and cooperation projects. International trade unions also initiate cooperation and solidarity between Lithuanian unions and other unions in Europe and the world.

11. Public opinion

After the restoration of independence the economic, social and political situation changed dramatically in Lithuania. Life became safer politically, but it did not become secure from an economic, personal or health standpoint.

Until the country regained its independence Lithuanian citizens were "locked" in an economically safe society, where salaries were fixed and the state social system was firmly established.

When the centralized state fell apart and the long-awaited freedom was gained, new problems emerged. Such problems are characteristic of a market economy, but most citizens knew about them only from Soviet propaganda. They included inequality, poverty and homelessness. Social problems reflected the psychological dependence of people unable to give up a lifestyle characterized by state guarantees of their personal welfare. Still others were used to the order imposed by Government. They did not see the difference between democracy and anarchy and did not respect laws and institutions. Criminal activity increased and antisocial behaviour spread.

In 1994 in-depth research on Lithuanian political culture was carried out by the Social Information Centre and the Institute of International Relations and Political Science at Vilnius University. The study was financed by the Frederic Naumann Fund.

This research showed how the majority of Lithuanian citizens rated the importance of the following issues: decline in the standard of living (77 per cent), criminality (75 per cent), unemployment (38 per cent), political conflict (16 per cent), moral decadence (14 per cent), environmental pollution (13 per cent), inflation (12 per cent). Younger people considered

unemployment as a major problem, while older people were worried about the deterioration in moral standards. People thought that the state should:

	Yes %	In between %	No %	Did not know
Ensure material welfare	72	22	4	2
Protect the economy against foreign competition	57	26	8	9
Regulate labour relations	44	32	17	7
Control moral norms	43	32	18	7
Control the media	16	26	48	10

Source: UNDP, 1997.

This indicates that during the first years of a market economy most people still expected the state to play a major role in stabilizing the economy and maintaining social standards. The decline in living standards and widening income gaps resulted in distrust of the Government.

Only 11 per cent of survey respondents thought the country was managed for the benefit of all citizens. Three-quarters thought the country was managed for the benefit of small groups. Similar opinions were found concerning local government.

Opinions on trade unions were also fairly negative. The divisions between the different national centres and the lack of tangible evidence that unions had a real influence on political decisions meant that the majority of respondents did not consider unions to be an effective way of influencing public policy.

As the economic and social situation developed and the nature of labour relations became more apparent, the influence and prestige of unions started growing. Workers and employers were given more opportunities to participate in shaping labour relations. Trade unions made proposals for the revision of labour legislation and they took the initiative in activating labour/management partnerships. Special attention was paid to labour contracts, collective contracts and dispute settlement.

Public opinion surveys indicated that unions gained wide support when their activities were seen as attempting to promote the general public interest. Demonstrations and pickets were not popular, but they were considered to be acceptable.

The Trade Union Federation organized a survey of its members in 1998 to determine whether members approved of union activities when the Government did not meet their demands. The main purposes of the survey were:

- to identify ways to increase union members' activity;
- to get a better understanding of the priorities for union demands;
- to collect ideas for cooperation with local organizations.

Research results showed that most respondents approved of meetings, demonstrations and picketing. Eighty two per cent of respondents fully approved, 15 per cent were undecided. Several respondents stated that there was not enough consultation with local bodies when organizing such action. However, the vast majority of union members were not ready for decisive action and thought that tripartism and negotiation were the most appropriate ways of promoting union objectives.

The general public also seemed to share the opinion that social, economic and labour problems as a whole should be solved by tripartite consultation and action. Moreover, most people thought that tripartite councils and committees should have more mandatory power.

The authority of trade unions has increased through educational activities. Realizing that only those members who are aware of their rights are in a position to defend their legal interests, the

unions pay careful attention to workers' education. A vast amount of union training is devoted to the analysis of legislation, and to explaining newly adopted labour laws. At training seminars and in the mass media unions explain the impact of political and economic changes and clarify the role of unions in a market economy.

The legal services provided by unions are very popular. Although the number of full-time employees in union branch organizations and in the centres has declined, the unions still manage to find lawyers to advise employees on labour law and to represent union members in court. The authority of trade unions has also been increased by their active participation in international organizations.

All the points above indicate that the role of unions in the development of civil society and the implementation of human rights is growing stronger.

Conclusions

This paper has examined the evolution of trade unions in Lithuania during the last decade of the 20th century. This has been a challenging period because of dramatic political changes at the start of the decade and the slow but steady progress towards a fully functioning market economy.

The ILO has recently launched a global virtual conference on Labour in the 21st Century. In his opening statement to the conference the Secretary-General of the ICFTU reminded people that trade unions do not exist in a vacuum. He argued that the success of a union is strongly influenced by the political, legal and economic environment that governments create. This has certainly been demonstrated in Lithuania where the environment for union activities has been severely constrained by government policies and also by the negative attitudes of employers over the last decade.

A top priority for the labour movement has been to influence the environment. Therefore unions have been active in suggesting changes in macroeconomic policy, employment policy, labour legislation, industry and tax policies, social security and European integration. The degree of success in influencing policy has been limited. Perhaps the greatest achievements have been to establish: legislation that promotes collective bargaining and a framework for dispute settlement; an institutional mechanism for social dialogue and annual framework agreements; legislation governing health and safety, social security, redundancy, gender equality and employment. In practice, however, there are serious problems with implementing legislation in all these fields due to the attitudes of employers, the absence of adequate labour inspection and the slow procedures of the Labour Court.

During the decade the labour movement has gone through profound internal reform and has emerged as truly democratic and accountable. However, until recently divisions and disputes between and within the unions have exacerbated image problems that were inherited from the Soviet period. Privatization and changes in the labour market caused union membership to decline drastically between 1990 and 1997. In 1998 and 1999 this decline was arrested and some very marginal increases in union membership were achieved. Collaboration and coordination between the different centres also improved in these two years. One of the great success stories is the extent of workers' education on a wide range of topics.

In conclusion therefore this has been a period of internal change and major adjustment to external forces. On any objective basis the political strength and influence of unions has declined. However the internal reforms should place the labour movement in a position to reestablish itself as a powerful force for social justice in the 21st century.

Annex. Trade unions in Lithuania

Lithuanian Trade Union Centre	Lithuanian Trade Union Federation	Lithuanian Workers Union	Lithuanian Labour Federation
1. Agricultural Workers Union (EFA/IUF)	1. Communication Workers (PTTI)	1. Motor-Transport Workers Federation	1. Theatre Union
2. Builders (IFEWW)	2. Metal Workers (IMF)	2. Trade Union of State Enterprise "Lithuanian Railways"	2. Journalists Society
3. Chemical (ICEM)	3. Health Care Workers (PSI)	3. Construction Workers Federation	3. Scientists Union
4. Association of Free Trade Union Organizations	4. Federation of Public Services (PSI)	4. Light Industry Federation	4. Teachers Union
5. Cultural Workers	5. Food Industry (IUF)	5. Women's Federation	5. Transport Workers Union
6. Educational Workers	6. Commercial and Cooperative Employees (FIET)	6. Federation for the Blind	6. Metal Industry
7. Power Supply Workers (ICEM)	7. Creative Workers of Radio and TV (ISETU/FISTAV)	7. Radio, Electronics and Metal Workers Federation	7. Agricultural Workers
8. Forestry Workers (ICEM/IFGWW)	8. State Workers (PSI)	8. Power Industry Workers Federation	8. Energy
9. Light Industry Workers (ITGLWF)	9. Medical Assistants	9. Health Service Workers Federation	9. Water Supply Workers
10. Marine Workers	10. Union of Opera and Ballet Theatre Employees	10. Food Industry Federation	10. Medical Workers
11. Railway Workers	11. Police Workers Union		11. Teachers (Catholics)
12. Road and Motor Transport			
13. Radio-Electronic Workers			

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