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Striking with tied hands: Strategies of labor interest representation in post-communist Romania and Ukraine

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Chapter 1: Theorizing Transformation from a Labor Perspective

1.1. Introduction

Why is there so little protest? This became the main question puzzling scholars of Eastern European transformations who studied the response of publics to the dramatic worsening of living standards after the fall of communism. At a first glance, confronted with an unprecedented economic crisis, Eastern Europeans did little to mitigate the market reforms that cost millions of jobs and brought steep increases of consumer prices. Among social scientists the expectation was that there would be significant public protest, particularly due to the public's increasing capacity to influence market reforms following the introduction of democracy (Offe 1991; Elster 1993). The puzzle is even more evident when looking at industrial workers, highly unionized at the beginning of transformation, and with varying levels of experience in using collective action to support their demands (see the case of the trade union Solidarity in Poland or the strike waves in Russia and Ukraine in the Soviet Union's last years of existence; see Crowley 1995). Market reforms continued with apparently little opposition on the part of workers.

At the end of the transformation's first decade, scholars began speaking of "labor weakness" as the dominant feature of capital-labor and state-labor relations in the region. (Throughout the dissertation I use the terms "organized labor" and "labor" interchangeably, and by "labor" I mean both workers and trade unions.) Some authors portray unions in Eastern Europe as weak without exception (Crowley 2004; Crowley/ Ost 2001; Kubicek 2004). Others argue for a definition of labor weakness that allows for variation (Meardi 2007) and discover exceptions from the labor weakness finding (Stanojevic 2003 and Grdsic 2009 for post-Yugoslav countries, Woolfson/ Beck 2004 for Lithuania) and significant differences in labor weakness between post-Soviet countries (Borisov/ Clarke 2006).

This study follows the latter approach of arguing in favor of the relevance of variation in labor weakness outcomes and in favor of uncovering such variation by focusing on trade unions at the plant-level. Furthermore, it argues that such variation represents a puzzle worth exploring. Generally speaking it could be that labor failed to meet the expectation of co-determining post-communist transformation. But there are many exceptions. Differences in the labor weakness outcome can be observed across post-communist countries and also within countries, and this study sets out to explore such differences. Both in the better-off countries and in those countries facing the biggest deterioration of living standards there were pockets of contention arising around market reform, particularly around privatization and price liberalization. What can such contention tell us? And what can we learn from the few cases in which trade unions could emerge successfully from such contention, effectively defending worker interests and rights? It is true that the wider trade union structures could almost nowhere translate such contention into widespread mobilization and consequent influence over governments. But studying the few successful instances of labor interest representation can tell us more about what caused the strength or weakness of labor. Studying variation in labor weakness outcomes can help us understand when and how workers effectively defend their interests in parts of the economy and at plants that are subject to thorough restructuring and privatization.

This dissertation explores differences between these few "successful" cases and the majority of "unsuccessful" cases in terms of workers' (and unions') strategies. The main research question that the study sets out to answer is: **What specific strategies can succeed in protecting the rights and living standards of workers (given the difficulties brought about by post-communist transformation)?** The dissertation studies labor strategy at the plant level in two post-communist countries, Romania and Ukraine, which differ considerably in terms of how labor responded to the deterioration of workers' living standards. Ukraine is a country that is a typical case for the relation between post-communist

political economy and labor weakness as it is interpreted in the literature: it features all transformation-specific factors - such as the partial market reform and the ensuing transformation recession - that overburdened Eastern European workers and unions (Mandel 1998, 2004; Kubicek 2004). It also features the labor-weakness outcome, such as declining union membership, a low number of strikes and relatively low influence over labor-relevant legislation (Crowley 1995; Kubicek 2004; Pańków/Kopatko 2001). Romania, while also heavily affected by the transformation recession and undergoing all stages of market reforms, has seen much more active labor organizations using industrial action to co-shape market reforms in crucial areas, such as price reform, privatization, and labor regulation (Keil/ Keil 2002; Bush 2004; Crowley 2004; Pasti 2006; Trif 2008).

Before presenting the situation of labor in these two countries in regional perspective in Chapter 2, in this chapter I discuss what we know from the literature about how post-communist transformation affected labor across post-communist Europe. The chapter presents the past and present situation of post-communist labor, focusing on three issues: labor's difficulty in post-communist countries to mobilize workers, pose threats to employers, and break out of isolation. I will start by introducing in the next section the main contributions of the literature on Eastern European labor to understanding the path(s) followed by workers and their organizations since the fall of communism.

1.2. Post-communist Labor: A Theoretical Approach

The quiescence of workers in transformation: How governments and employers avoided labor protests

At the beginning of transformation scholars generally expected that the fate of reforms might depend on and be endangered by labor (Przeworski 1991, Sachs/ Lipton 1990). However, by the end of the first decade there was sobering recognition that labor had failed to shape transformation. In response, a series of studies turned to researching those groups that did shape the transformation, the political, intellectual and managerial elites to come to power after 1989 (Bruszt/ Stark 1998; Eyal/ Szelenyi/ Townsley 1998). More recently, other scholars focused on the question of how political elites managed transformation so as to avoid widespread labor opposition to the key components of reforms. These studies emphasized how political elites deployed ideological discourses to disarm the working class (Crowley/ Ost 2001), 'divided and pacified' the workers (Greskovits 1998; Vanhuyse 2007), or more generally isolated the political decision-making process from civil society influences, despite the widely shared understanding that post-communist countries underwent a transition to democracy (Kubicek 2004). Notwithstanding their vital contribution of actually including labor in studies of the development of capitalism, these latter studies share the feature of focusing on national-level politics and ignoring developments at the plant-level, despite repeatedly noting the de-centralized character of labor organizations. Furthermore, with one exception (Meardi 2007), the predominant view was that trade unions were passive policy takers that most often chose not to oppose government reforms at all, or, when they opposed it, did so by channeling workers' "anger" into nationalistic standpoints (Ost 2005) or against "non-labor actors" such as the state administration (Lane 2007).

While admitting that organized labor had at most a reactive stance during transformation, I argue below that there was considerable opposition to reform and particularly to privatization. Such opposition and contention provoked by privatization failed, in most post-communist countries, to take over the entire spectrum of labor organizations. Yet the study of the forms and outcomes of such opposition gives us a different perspective on labor, as an actor characterized not by passivity and an ideology of apathy, but by internal conflict, a decentralized structure leading to the isolation of trade unions, and varying levels of difficulty finding bargaining power in a private economy. Recasting the

fate of labor in these terms offers what I believe to be a better picture of how most post-communist countries kept on the path of reform throughout transformation.¹ Below I offer an overview of the reasons formulated in the literature for post-communist labor's weakness. I will draw attention to some of the problematic aspects of these explanations before introducing my own theory, reformulating labor weakness explanations in terms of three structural difficulties for labor: mobilizing workers, posing threats to employers, and breaking out of political isolation.

1.2.1. Reasons for Labor Weakness

There are several perspectives in the literature on how 'elites' – governments and employers - avoided the risk of widespread contention around transformation. Some scholars argue that governments avoided mass unemployment and its political implications through two broad sets of labor market measures that either limited unemployment or prevented a fast escalation of unemployment into open anti-government protests. In Central Eastern Europe (Poland, Hungary, and the Czech Republic, CEE), governments were successful in offering workers an increase in unemployment benefits and early retirement schemes (Greskovits 1998; Vanhuysse 2007). These defused the potential for contention around reforms at least for the transformation's first decade. In the countries of the Commonwealth of Independent States (CIS), such as most notably Russia and Ukraine, governments avoided unemployment by cutting unemployment benefits and by keeping minimum wages so low as to keep workers tied to their workplaces and dependent on the social benefits – the 'social wage' – they were receiving from their enterprises (Boeri/ Terrell 2002; Gimpelson 2001; Mandel 2001, 1998; for Ukraine see Gimpelson 2003).

Another strand in the literature argues that rather than by relying on labor market interventions to pacify workers, elites first and foremost shaped the ideological space ahead of them by "destroying the ideological opposition" of subordinate groups (Lane 2007; see also Crowley/ Ost 2001, the latter argument to be more broadly discussed below).

A third part of the literature places labor actions and actors at the centre of analysis, exploring the difficulties posed by state and employers to labor. The conclusion here is that the power of the state to shape and enforce legislation and management's control over trade union funds and ranks are important "structural" limits to what labor can hope to achieve in post-communist countries (this part of the literature tends to focus exclusively on post-Soviet countries, most notably Russia, Ashwin/ Clarke 2003; Clarke 2004; Mandel 1998; for Ukraine and Belarus see Mandel 2004). Prevented by government regulation and sometimes also repression from taking a more militant stance centered around bread-and-butter issues such as wages and employment, post-Soviet trade unions took the less risky way of administering "social benefits", provided by employers and regulated by government. Such union-administered benefits offer workers access to "sanatoria, kindergartens, clubs, social insurance" (Kubicek 2004: 176) and even housing, medical treatment in plant facilities and medical insurance (Javeline 2003).

These studies' unit of analysis remains the national-level unions, despite recognizing that there has been a strong trend towards labor's de-centralization, with plant-level unions becoming more powerful than union centers to the extent that most of the national union funds depend on the ability of plant-level unions to extract money from plant owners (Kubicek 2004; Pollert 1999).

I group the reasons mentioned in the literature for post-communist labor's weakness (meaning what is discussed by all three of the strands of literature I just outlined) under the heading of "structural difficulties for labor", suggesting that the reasons for labor weakness lie in the structure of the new

¹ I use the term transformation rather than transition in order to capture the open-ended character of the societal changes triggered by the fall of communism in Central and Eastern Europe. I follow here Bönker/ Müller/ Pickel 2002: 2.

economy and polity. These difficulties boil down to the following three aspects: a) a difficulty for unions to mobilize workers; b) a difficulty for organized workers to pose threats to private owners; c) a difficulty for unions to break out of political isolation. I will discuss these three aspects in turn, but first I will give an overview of the two most wide-spread arguments about labor weakness, the “ideological legacy” argument and the “structural constraints” argument.

The ideological legacy of communism

The most ambitious explanation in the literature – as it aims to explain “labor weakness” throughout the entire post-communist region in terms of only one factor - stresses the role of the ideological legacy of communism (Crowley/ Ost 2001; Crowley 2004; Ost 2009). Labor weakness is understood in the following way:

This weakness consists of a low capacity to shape public policy or to win material benefits on behalf of their members, an inability (and an even more significant unwillingness) to organize the newly important private sphere, and a general decline of labor’s social and cultural standing. (Crowley/ Ost 2001: 214)

The argument of ideological legacies locates the causes of labor weakness at the level of cultural beliefs, ideas, and understandings. The argument is that in post-communist countries there is a “crisis of socialist ideas”. This crisis prevents unions from understanding “their new role” and “what a union’s job should be” (Crowley/ Ost 2001: 229). Behind the crisis are the “new elites [that] have led the struggle against communism with conceptual narratives that identified communism’s exaltation of the working class as part of the problem that needed to be redressed” (*Ibid.*: 229-230). Furthermore, part of the argument is also the idea that workers are skeptical about unions since they do not perceive unions as representing workers’ interests, but instead as subordinated to management or as relics of the communist regime, an image problem due to workers’ “experiences with communism” (*Ibid.*).

Studies of communism’s ideological legacy see the following factors as instances of “labor weakness”: declining trade union membership, “increasingly hierarchical management”, “toothless collective bargaining”, “redundant [collective] agreements”, “low and ineffectual strike action”, “ineffective or nonexistent political alliances”, “minimal union influence over public policy”, and “declining material outcomes for workers” (Crowley/ Ost 2001: 220).

One problem with arguments about ideological legacy as presented in Crowley/ Ost 2001 and Crowley 2004 is the following. Because of how authors constructed their argument and case selection, there is no variation in the dependent variable (labor weakness) nor in the independent one (ideological legacy of communism); important within-country evidence and country cases were left out that actually contradict the stipulated ideological legacy-labor weakness relationship. Taking into account such evidence would introduce variation in the dependent and independent variables and would give the legacy-argument explanatory leverage or help to refute its main causal claim.²

Just because organized labor is generally “weak” does not mean that at certain moments it did not try to change that situation including by mobilizing members via “socialist ideas”, something that contradicts the ideological legacy argument. In most countries (in all countries studied in Crowley/ Ost 2001) such mobilization attempts failed, but the proponents of the legacy argument do not engage with

² In other words, case selection does not test the main argument, as authors do not show any variation in outcome (they have nothing to explain) nor in the independent variable (“ideological legacy” is conceptualized as the same everywhere, so how can one determine its causal impact?), nor can they claim that they ensure variation in all other important explanatory factors, i.e. that they have a most-dissimilar systems research design. A more basic problem is that there is no engagement with alternative arguments – these are not even granted the status of intervening or mediating variables.

the question why these attempts failed. However, the authors of the legacy-argument have implicitly offered an answer in their discussion of their “crown case”, Poland (Ost 2001). In 1992-1993 Solidarity changed from its policy of endorsing governmental ‘shock therapy’ to leading protests from below against government to the point of ousting it from power. This kind of class-based mobilization and successful outcome is exactly what the authors claim cannot happen because of ideological legacies. They presented it as follows: “Solidarity had pushed an economic fight to the point of ousting a government of pure Solidarity pedigree. Perhaps if the Solidarity-affiliated parties had won the new elections, the union would have continued its new practice *of acting like a proper union*” (Ost 2001: 86; my emphasis).

First, the passage tells us what the authors believe Eastern European unions should do. Unions should be leading economic fights at least against government and generally be critical of a reform path that hurts their core constituency, workers. The passage also mentions an instance of unions doing exactly what the legacy argument claims they are unable to do: mobilize workers against pro-market reforms in defense of workers’ living standards and win a fight with government. To be sure, Solidarity later gave up such actions, but not because of a “crisis of socialist ideas”. The authors of the ideological legacy argument locate the explanation for this turn not at the level of ideology, but of electoral competition: The 1993 elections were won by the former Communists, the Alliance of the Democratic Left (*Sojusz Lewicy Demokratycznej*, SLD), Solidarity’s declared archenemy. The SLD initiated a number of labor-friendly reforms, exactly what Solidarity had been asking for in 1992-1993.³ Yet Solidarity decided to attack the SLD and lead a campaign against it. “Solidarity was guided not just by ideological enmity but by simple electoral logic” (Ost 2001:87), as it perceived itself to be the only political force able to prevent one third of the population’s vote being wasted due to the political fragmentation of the right. “So Solidarity turned from its budding class agenda back into the anticommunist movement it once was” (*Ibid.*).

The point is that in 1993 Solidarity *had a choice* whether to embrace a class agenda or the Catholic nationalist discourse it later adopted. There was no “crisis of socialist ideas”. The problem was rather with an organization – Solidarity - that could ignore the signals from below and opt for a political direction quite different from the one demanded by its members.⁴ While members demanded that Solidarity acts “like a proper union”, Solidarity opted instead for a political message of fighting former Communists from nationalist and Catholic positions, rather than from the position of workers.

Another case where the authors of the ideological legacy argument do not discuss the consequences of within-country variation for their thesis is Russia. They are silent about an episode similar to Solidarity’s short-lived turn towards a class agenda. Here too we see variation in the dependent variable of “labor weakness”: trade unions did try to take a more militant stance and lead increasing worker protests (while “labor weakness” in the ideological legacy account means that trade unions did not even try to take a more militant stance). There was no “crisis of socialist ideas” in Russia in 1993. Quite to the contrary, Parliament and unions voiced their critique of shock therapy. In response, government disbanded Parliament in 1993 in a display of power that cost some 170 lives. Government also threatened to disband the biggest of the unions, the Federation of Independent Trade

³ Around one-fourth of SLD members were at that time representatives of the All Poland Alliance of Trade Unions (*Ogólnopolskie Porozumienie Związków Zawodowych*, OPZZ), the trade union structure set-up by the communist government in 1984 in response to the rise of Solidarity.

⁴ David Ost’s chapter on “Labor and Union Identity in Poland” in the co-edited (Crowley/ Ost 2001) volume *Workers after Workers States* (Ost 2001) focuses exclusively on Solidarity; the alliance between the Social Democrats (SLD) and the other big Polish trade union, OPZZ, goes unstudied. Among other initiatives, the SLD dominated government smoothed transformation via a program that “raised public sector pay, increased retirement pensions, granted employees more free shares of their privatized firms, cracked down on employer violations of labor law, and energetically convened a tripartite commission headed by a respected former Solidarity underground activist that the SLD specially invited for the job” (Ost 2001: 87). Everything that the OPZZ did contradicts the thesis of communism’s ideological legacy, but the implications of the OPZZ’s actions for the idea of “ideological legacies” are not discussed.

Unions of Russia (*Federatsiya nezavisimyykh profsoyuzov Rossii*, FNPR), which had sided with Parliament. FNPR had demonstrated its power in 1993 when government decided to unilaterally break the General Tariff Agreement: In an unprecedented protest, the FNPR organized actions that involved some 1.5 million workers in only ten days. The FNPR gave up its militancy only after President Boris Yeltsin threatened to disband it and state authorities had made first steps in that direction by cutting off phone lines in the FNPR building (Tarasov 2006; Ashwin/ Clarke 2003).⁵ The crisis of socialist ideas did not prevent the FNPR from successfully mobilizing workers.

This is not to say that the FNPR was responsive to its members. Quite to the contrary, from an organization made up of communist bureaucrats and part of the four corners of Soviet power it mutated into an “economic corporation” (Tarasov 2006), more interested in keeping and expanding property than in leading worker protests. But it would be naïve to apply to the FNPR the ideological legacy argument and claim that the cause of labor weakness – and implicitly, of the FNPR’s low record in defending workers - is a crisis of socialist ideas or the problem that “union leaders do not understand their new role”. The FNPR leaders proved perfectly capable of understanding their new role, and rationally adapted to the space that government created for them and their businesses.

Crowley (2001) also argues that an example of the crisis of socialist ideas in Russia is the political parties’ refusal to embrace workers’ interests at a time (in the early 1990s) when workers’ interests were under attack:

For evidence that workers face continuing problems with the legacy of the Soviet regime’s appropriation of a socialist ideology and working class identity, consider the electoral strategies of Russia’s major political parties. In conditions of extensive wage arrears, illegal privatization, declining living standards, and even declining living expectancies, the most rational electoral strategy would seem to be an appeal to the large number of impoverished workers. Yet out of the large number of parties that have appeared, virtually none have directed their appeals specifically to labor as an aggrieved group. (Crowley 2001: 212)

It is, however, not true that political forces ignored the victims of President Boris Yeltsin’s reform program. First, prior to the 1993 referendum it was President Yeltsin who courted workers and citizens by pledging to stop reforms and placing the blame for the social costs of transformation on former prime-minister Yegor Gaidar (Hough 2001, pp. 127-201). Furthermore, parliamentary forces were so critical of market reforms and so close to stopping them that President Yeltsin ended the 1993 September-October stand-off with Parliament in a bloodbath, Moscow’s deadliest street fighting since 1917 (Hough 2001; Mandel 1998). In December 1993 the President imposed a Constitution that stripped Parliament of its powers to control the government, making parliamentary politics largely irrelevant. Parties did embrace workers grievances, but some of them faced repression for doing so (the Communists), while others simply ignored their electoral promises and pushed for the reforms to plunge workers into a situation where they would fight for survival rather than for political influence.

Ukraine is an example of a country where pro-market forces did not make use of violence to break opposition to market reforms. Quite differently than in the Russian case, in the 1994 elections most presidential candidates ran – according to Mandel (1994) - on left-wing political programs, promising to ease the pain of reforms and grant workers more privileges. This came in response to a year 1993 rich in worker protests and strikes against government’s pro-market reforms. The Socialist Party was the most vocal critic of reforms, but in the 1994 elections all other political forces took over this party’s discourse and promises. The winner, President Leonid Kuchma, later ignored his promises and plunged the country into reforms that continued the recession, transforming it into the longest and

⁵ As Tarasov shows in his detailed study of FNPR’s history, until late 1993 internal FNPR politics were quite unsurprisingly dominated by factional struggles; government’s actions in 1993 empowered the faction that argued that the FNPR would disappear if it did not give up its critical position towards government.

highest GDP fall in a non-war-hit transformation economy (Mandel 1994; for a different view on the presidential campaign in 1994 see Birch 1998, although she also confirms that candidate Kuchma promised a break with incumbent President Leonid Kravchuk's policies).⁶ The Ukrainian example shows again that arguments about a crisis of "socialist ideas" in countries such as Poland, Ukraine and Russia are simplistic. They blame the communist past for labor's misfortunes, without looking into the complex interactions and power relations between governments and potential carriers of socialist ideas (parties, unions) during the transformation years.

As the brief discussions of Poland, Russia, and Ukraine above show, the problem for post-communist labor is not just one of "a crisis of socialist ideas" that prevents unions from mobilizing members. Proponents of the legacy argument are partly right to locate the problem of labor weakness at the level of worker-union relations. Yet their claim that the main problem is "ideological legacy" is not valid, as they cannot explain cases where trade unions mobilized workers around a class agenda only to later give up that agenda (Russia, Poland); nor can they explain cases where mobilization took place but failed to have a decisive impact on governments (Romania). At the time the legacy argument came out (2001), it was still largely unclear what impact Romanian unions would have on governments. One could contrast the conclusion of the *volume's* Romania-chapter with Pasti (2006), where the author discusses the large impact unions had on the Labor Code adopted by the Social-Democratic (2000-2004) government, which almost completely bans contract (temporary) work. It can also be contrasted to the conclusions in Bush (2004: 435), claiming that "Romanian unions have affected the course of every government since 1989". This dissertation, too, studies several cases in Romania (and draws on data about many others) where unions could have significant influence over government actors to the point of achieving the re-nationalization of plants.

Summing up, the proponents of the ideological legacy argument do not construct their dependent variable (labor weakness) in such a way as to allow for variation. For instance, they could have differentiated between a country where unions lead workers in economic fights against government but fail to have a decisive impact (such as Romania) and countries where labor weakness begins already at the level of worker-union links (for instance, Ukrainian unions after the 1994 presidential elections). In this way, they could have actually tested their main causal claim. Alternatively, they could have included a country with no labor weakness, where unions successfully lead workers in protests against governmental reforms (there is only one, Slovenia, discussed in the next subsection). The legacy argument focuses primarily on trade unions' failure to mobilize workers on the assumption that unions relying on mobilized workers and armed with socialist ideas would have an impact on government policy. It is also argued that if unions have no effect on government policy then this is because they failed to mobilize workers, not because government opposition might have been too powerful. The legacy argument treats the level of interactions between trade unions and government as secondary.

The next section presents a different type of argument about labor weakness, linking labor weakness to the power of states and industrial employers. (I use "government(s)" and states interchangeably.) This does justice to the complexity of the context that labor faced throughout transformation by focusing not only on the relationship between unions and workers but also on the relationship between labor and the state, and labor and employers. Since this argument deals specifically with questions of labor autonomy towards state and employers, it serves well to introduce this dissertation's argument, to be made in Chapter 3, that the situation of organized labor in post-communist Europe should be studied not only in terms of outcomes ("labor weakness") but also in

⁶ Unfortunately, the chapter on Ukraine (Pańków/ Kopatko 2001) in *Workers after Workers' States* ignores these issues. It is nevertheless useful as it shows the extent to which workers reject the official trade union federation (Federation of Trade Unions of Ukraine, *Federatsiya profspilok Ukrainy*, FPU) as their representative, despite most workers being receptive to left-wing ideas.

terms of the process of labor representation and of the question whether and how organized labor achieves autonomy from management.

Structural approaches to labor weakness

The argument regarding communism's ideological legacies overemphasizes problems between trade unions and workers, while rejecting the claim that labor weakness might rather be an effect of labor's subordination to state and employer power. The rejection rests on the assumption that if there had been no problems between trade unions and workers, unions would have mobilized workers and countered state and employer power. This is at best a simplistic perspective ignoring that organized labor does not write constitutions and deploy armies, nor does it create employment. The framework-conditions within which labor operates are determined by other actors, the state and employers. Although there are many studies that focus on the way in which state politics and employer actions 'constrain' labor, only two authors actually use the term 'structural constraints' (Ashwin/ Clarke 2003; Clarke 2005). However, I group all this literature under the same heading of structural constraints, as this literature stresses the importance of factors outside of labor's immediate control. By structure I mean "constraints, possibilities, and threats that originate outside the mobilizing group, but affect its chances of mobilizing and/or realizing its collective interests" (Koopmans 1999: 96). The structuralist literature on post-communist labor focuses on political opportunities (without actually using this term), on the room for maneuver that governments, political parties, business, and labor leave for each other. None of the studies mentioned below aims to produce an explanation valid for the whole post-communist region (as does the legacy argument); some focus on post-Soviet countries, some on former Yugoslavia, and some on Central European countries.

One group of relevant authors – focusing on post-Soviet countries - see "structural constraints" as the main problem for organized labor. Clarke (2005: 4) and Clarke and Pringle (2007) point out that employers and state have a stake in organized labor's weak position and the power not to allow trade unions to shift to the role of furthering worker interests. Rather than focus on unions' ideological outlook, the structural-constraints perspective focuses on the fundamental relations of power between state and management, on one hand, and labor, on the other. With discretionary powers to shape strike and collective bargaining legislation as well as guarantee trade union property, governments in countries such as Russia and Ukraine were able to prevent trade unions from gaining political influence. In these post-Soviet countries the trade unions' basic function is still to distribute social benefits rather than to represent workers and act as "coalitions of labor suppliers" (Offe 1985). But the funds for the social benefits come from employers, something that gives employers considerable power over unions.

The structural perspective seems better suited than the legacy argument to explaining labor's weakness almost two decades after the fall of communism, particularly in the post-Soviet context, where the enterprise (as opposed to the state) still provides workers with a social safety net.⁷ The employer's power over unions is significantly enhanced also by management's (i.e. general and line managers) and foremen's trade union membership, still very common in Russia and Ukraine. Managers and foremen thus enjoy the status of union members together with the workers whom they supervise during the production process.⁸ Clarke (2005: 5) distinguishes *directive* post-Soviet unions – distributing management-funded welfare programs and accepting managers among their ranks – from *representative* unions, set up by workers to represent them and their grievances in negotiations with

⁷ The unions' dependence on employer funds seems to apply only to the post-Soviet context (and not to East Central Europe). The unions' dependency on the state (Avdagic 2004) however affects most post-communist countries.

⁸ For an in-depth formulation of the structural constraints-perspective, see Ashwin/ Clarke 2003: 261, 263.

employers (“coming closest to the coalition of labor suppliers”-perspective). I will use the term *distributive* unions instead of *directive*, as I consider the term more appropriate given the post-Soviet context: It is not clear to what extent post-Soviet unions still play a role in directing production at newly privatized plants, but it is much more clear that they tend to limit their activities to distributing as social benefits the funds provided by management. The difference between the two models of unionism – the distributive and representative ones – lies therefore in who exactly is the actor guaranteeing the existence of a trade union: the employer in the case of the distributive union and workers in the case of the representative unions.⁹

But what was the role of governments and employers in post-communist countries other than the post-Soviet ones? Bohle and Greskovits (2004) for instance focus on “capital” and on production specificities that might place labor in a more influential position. The authors find that at least in East Central Europe the type of capitalism that emerged after communism is not conducive to “capital-labor accords” and therefore weakens organized labor. First, at least in the countries studied by the two authors, Slovakia and Hungary, multinational companies are interested in these countries more as production sites than as markets, and therefore have little incentives to raise wages and increase workers’ purchasing power. This happens because “capital” – dominated by multinational companies - in Eastern Europe has a labor-intensive, low-skills approach to production, making it more difficult for labor to pose threats to production, and therefore giving it only little bargaining power.

Vanhuyse (2007) takes issue with the ideological legacy argument in an analysis of Central European post-communist countries and develops an approach first advocated by Greskovits (1998). Vanhuyse points to the role of governments in explaining why workers were so silent and did not endanger marketization policies in three Central European post-communist countries (Czech Republic, Poland, Hungary). Governments used strategies to “divide and pacify” workers, providing them with the option of exiting the labor market (through unemployment benefits and early retirement schemes) rather than leaving them to protest over deteriorating pay and work conditions.¹⁰

Stanojevic (2003), too, specifically takes issue with the ideological legacy argument. He contributes a study of industrial relations in Slovenia, arguably the only Eastern European country where labor has succeeded both in winning the support of workers and in co-shaping market reforms in a way that would minimize the negative impact on workers (i.e. there is no ‘labor weakness’ in Slovenia). Stanojevic builds his argument in a critical dialogue with the legacy literature and especially with the author of the Serbia-chapter (Arandarenko 2001) in the collectively edited volume *Workers after Workers’ States* (Crowley/ Ost 2001). Arandarenko argues that labor had been weak during communism because it was rather weakened than strengthened by self-management (because management never really lost power at the workplace and because communist authorities greatly limited the extent to which workers could have influence). Consequently, Serbian nationalists in The League of Communists (the Yugoslav Communist Party) could organize support in favor of their nationalistic agenda unbothered by opposition, including from organized labor. Stanojevic turns the argument on its head by claiming that precisely because it had been strong during communism organized labor in Serbia became a target for nationalists, the hardliners in the League of Communists

⁹ In the words of Clarke: “[the] primary task [of directive, or distributive unions] was to create the social conditions and motivational structures which would contribute to the most rapid growth of production.” (Clarke 2005: 5) The distributive-representative distinction features heavily in this dissertation and represents the basis for the analysis in Chapter 7. Alternatively, one could call what I call distributive unions “company unions”, a term used in industrial relations and business studies (Nelson 1982; Sanford 1997). However I consider the term “distributive” to be more telling, as it refers precisely to what the respective trade unions’ main tasks are and because it stands in opposition to the notion of “representative” trade unions, i.e. unions that function as coalitions of labor suppliers.

¹⁰ Vanhuyse explicitly regards his approach as “agency”-based and opposes it to what he sees as structural approaches such as the legacy argument. I treat Vanhuyse’s argument under the “structural” heading since, from a labor perspective, and especially from a plant level one, government actions (Vanhuyse’s focus) are an element that emerges outside of organized labor’s efforts.

(2003: 296). He contrasts this with the Slovenian case, where strong labor did not meet the government's opposition; this was so because political power in Slovenia went to a moderate Communist faction, to so-called Social-Democrats, and not to hardliners that opposed any demands from below. Contrary to the response to worker demands of Serbian hardliners, the Slovenian Social-Democratic faction accepted organized labor demands and steered away from conflict with the unions once the first workers went on strike during the economic recession's first year, 1992. It accepted the workers demands of privatization to employees, wage raises, generous social transfers, and gradual reform.

Stanojevic explains the difference in outcome (labor being weak in Serbia and strong in Slovenia) in terms of the political composition of the government at the beginning of transformation. He calls this factor an "intervening variable" and writes (2003: 299):

Different political intervening variables froze, selected or rewrote the legacies everywhere. They stand between the strong and weak labor movements in "communism", on the one hand and actually existing trade unions under "post-communism" on the other.

This hints at the possibility of reconciling parts of the ideological legacy argument – specifically its focus on the relationship between unions and members - and the structural approach to explaining the weakness of labor representation in post-communist Europe. One of the key differences between the two is their focus: The legacy argument focuses more on the relationship between unions and members, while structural approaches look at the actors that unions interact with (government and employers) and that presumably have more power to shape political and economic contexts than labor.¹¹ Although rejecting the legacy argument in its specification of what the main cause of labor weakness is, I do share with the legacy literature its concern for the relationship between unions and union members. But rather than to limit it to a "crisis of socialist ideas", I argue that the union-members relationship is problematic because it is an aspect of the larger problem of democratization in post-communist countries, where institutions of interest representation – including trade unions – have seen little reform to make them more responsive to the demands of their constituencies. The problems of labor are not however, only a problem between unions and their members, but also one of relations between organized labor, on the one side, and governments and employers, on the other. This dissertation combines the two approaches – of the legacy argument and of the structural constraints argument - by advancing a conceptualization of labor weakness as structural difficulties for organized labor. This conceptualization will be presented in the next subsection.

1.2.2. Structural Difficulties for Labor

I am less interested in finding one explanation for labor weakness in every post-communist country (and very skeptical about such a mono-causal undertaking) than in understanding how unions can overcome the difficulties they face in their contexts. I group these difficulties under the heading of "structural difficulties for organized labor", suggesting that the reasons for labor weakness lie in the structure of the new economy and polity. These difficulties boil down to the following three aspects: a) a difficulty for unions to mobilize workers; b) a difficulty for organized workers to pose threats to

¹¹ See for instance the following quote from two of the authors I regard as representative for the structural constraints-perspective: "Trade unions around the world are only imperfect defenders of their members' interests, constrained by the powers of capital and the state that they confront and compromised by their collaboration with employers and the state in institutions of conciliation." (Ashwin/ Clarke 2003: 7)

private owners; c) a difficulty for unions to break out of political isolation. They sum up and expand on the causes for labor weakness identified in the literature; for instance, the first difficulty shares a focus on worker-union relations with the legacy argument, but expands the discussion about what is problematic about those relations. The difficulties for unions brought about by economic reforms are partly discussed in the literature on the structural explanations of labor weakness; the third set of difficulties is identified in the literature on unions' drive towards de-centralization and difficulty stabilizing alliances. I will discuss these three aspects in turn.

Unions' difficulty mobilizing workers

The ideological-legacy argument (Crowley/ Ost 2001) and the structural-conditions argument (Ashwin/ Clarke 2003) can be seen as cumulative: The merit of the former was that it showed that labor weakness is not a problem of worker apathy in general but a problem with the link between workers and their unions. The merit of the structural argument is to show that there is a problem with political responsiveness to union demands.

The trade unions' difficulty mobilizing workers became the focus of both the "ideological legacy" (Crowley/ Ost 2001) and the "structural conditions" arguments (Ashwin/ Clarke 2003). The best illustration for this difficulty is the trade unions' decreasing ability to mobilize people for strikes throughout transformation. The two arguments disagree on the reasons for this decreasing ability: The former claims that union leaders have problems with understanding that it is the private employers who are their new opponents, while the latter argues that it is states and employers that prevent trade unions from mobilizing workers for strikes.

The ideological legacy argument assumes that a problematic relationship between trade unions and their members is the cause of the low political responsiveness to union demands. Yet it could very well be that low responsiveness both of unions to workers and of governments to unions are instances of democracy's weak foothold in post-communism. Specifically, the problem lies in the relationship between the various institutions of interest representation (parliaments, political parties, *and* trade unions) and citizens. Trade union leaders themselves are hardly accountable to members, just as political parties are hardly accountable to citizens. Rather than being characterized only by weak labor, post-communist Europe is a locus of weak democratic representation of citizens more generally. The literature on labor weakness in that region is equaled in the pessimism of its conclusions only by the literature on the weak links between parties and citizens and the growing disillusionment of citizens with political parties.¹²

Why is this important? Organized labor's problem in mobilizing workers is not only one of discourse, of finding the "right language". Rather than learn the language of class, union leaders have to become more responsive to worker demands. The problem lies more with leaders' accountability and unions' responsiveness to members and is part of the larger problem concerning the responsiveness of post-communist political systems to demands of citizens.

One should look more deeply into the unity of interests between workers and unions in post-communist countries, which is often taken for granted – for instance by the legacy argument. The legacy argument blames union leaders for not representing members' interests without really asking

¹² This was generally expected: see Offe 1991, Elster 1993; but empirical confirmation came only in the 2000s: Wessels/Klingemann 2006, Segert 2008. One can take the case of Ukraine as an extreme example. According to Pańków/Kopatienko 2001:187, the only organizations that Ukrainian citizens trust less than unions are political parties; they enjoy the trust of only two percent of the population, as compared to four percent in the case of unions. However, the data in both the World Value Survey and the Post-Communist Publics Survey contradict these figures, showing much higher confidence rates in Ukrainian unions. The situation in Ukraine does not, however, characterize all post-communist countries; e.g. a majority of workers express trust in trade unions in the Czech Republic (Pollert 2001).

whether the unions have the internal democratic prerequisites to do so in the first place, and without asking about the match between members' interests and union interests. It is not just that trade unions exited communism with sizeable bureaucracies (formed from the ranks of party officials and not from workers' ranks) and interests sometimes contradicting those of member workers (Mandel 2001; Clarke/Fairbrother 1993 referring to the post-Soviet context). During transformation, too, there were few incentives for trade unions to re-construct themselves as organizations that would welcome workers' participation in decision-making. Only few studies of post-communist labor actually take this issue seriously. While structural approaches have a different focus, legacy-studies approach worker-union relations more from the angle of the ideologies that divide leaders and workers. They do not ask why it is that union leaders seemingly have difficulties in "understanding their new role" while workers allegedly do not. Indirect confirmation for this argument (that trade unions had few incentives to accept workers' participation in decision-making) comes from David Ost, who in a recent article (2009, see also Ost 2005) argued that unions in Eastern Europe were led by skilled workers and technical personnel, as planned by the party, while the bulk of the membership consisted of unskilled workers; after the fall of communism, skilled workers distrusted the unskilled and accepted the policies – restructuring and privatization – that would weaken the position of the unskilled. But ignoring the interests of unskilled trade union members was possible precisely because trade unions had seen only little democratization after the fall of communism (Korkut 2003), something that prohibited the unskilled from having a say about the unions' approach.

One notable exception to the general neglect of the issue of unions' responsiveness to workers is the study on the Russian labor movement by Mandel (2001; see also Korkut 2003). In his analysis Mandel notes that unions "[...] have choices, and the predominant choice is 'social partnership', a strategy based on subordination of union strategy to the aims of management at the enterprise and political levels. Other key aspects of union practice, especially the absence of democracy and solidarity, are closely bound up with that strategic choice." Under the condition of lacking internal democracy, the problem leading to unions not embracing a more militant stance towards both management and state is not a crisis of socialist ideas but a result of union leaders simply taking the easiest way forward:

"Partnership" is attractive to union leaders because it is a less risky, and certainly less onerous, strategy from their own point of view. From the vantage point of their own personal interests, "partnership" does work. In conditions of generalized poverty, unemployment and lawlessness, confronting management promises little personal reward but presents much risk. Managers have many ways of forcing union leaders out of their elected position and out of the plant. [...] On the other hand, a co-operative relationship with management offers considerable rewards. Except for the unlikely case of a spontaneous rank-and-file mobilization, management's support ensures the union leader's re-election. (Mandel 2001: 11)

The point is that the post-communist union leaders' reluctance to embrace "socialist ideas" has less to do with (the delegitimation of) an "ideology" and more with concrete interests of leaders that members have little power to shape. Especially in the post-Soviet context, trade union leaders can get away with risking member sanctions because their practice of cooperation with the employer gains workers social benefits that the state is unable (or unwilling) to provide. Members on the other hand have to give up their expectation that the union also has a protection function against the employer.¹³

What about post-communist countries other than the post-Soviet ones? One difference is that in none of the CEE-countries the plant continued to be the locus of welfare distribution in society. With the fall of communism unions had to part with some of their tasks, such as administering social

¹³ The post-Soviet countries considered here are especially Russia and Ukraine. The arguments might not apply to other post-Soviet cases, particularly the Baltic countries.

benefits. But this did not make them necessarily more welcoming of worker participation in union decision-making. In the absence of a continuous involvement of members in union decision-making, union leaders avoid workers demands and instead pursue their own personal or their organizations' strategic agendas. Because of the sporadic character of worker protests, leaders could so far also channel these protests to benefit their interests.

Although there are signs of unions returning to the provision of social benefits also in CEE countries (see Myant/ Smith 1999 for a study of the Czech Republic), other options were also available. Most notably, the region's most famous union relied on a right-wing, nationalist discourse blaming both the Left and the Liberals for the deterioration of living standards. As David Ost (2005) has shown in great detail, Solidarity channeled the anger of workers over falling living standards into an agenda aimed at furthering its political goal of fighting the Social-Democrats and Liberals in Parliament. Solidarity barely delivered on the economic demands of its members and could evade member pressure over falling standards by making use of a nationalistic discourse (Ost 2005).¹⁴ One could see a similar dynamic in Romania, where trade union leaders used the masses of workers striking over economic demands to gain access to political positions (Kideckel 2001; Pasti 2006). One trade union confederation, which would become the country's most militant one, Cartel Alfa, explicitly steered against such developments and established a rule prohibiting its officers from joining political parties.

Summing up, it is generally accepted that involving workers more in the union and even mobilizing them would give unions more power. So why do unions not mobilize workers? The difficulty mobilizing is partly due to the low responsiveness of unions to workers: Unions can either survive as organizations without relying on mobilization (post-Soviet context) or, on the few occasions that workers mobilize themselves, unions can channel such mobilization to further the leaders' personal or political goals (post-communist context), rather than advance worker demands. Under such conditions, workers find it futile to mobilize over issues of falling living standards under the leadership of trade unions.

Second, the difficulty mobilizing is partly due to the situation in which many workers find themselves. During transformation, workers were in an extremely weak bargaining position, brought about by the economies' restructuring and the huge shock of economies shifting from labor shortage to labor surplus (Crowley/ Ost 2001; Ashwin/ Clarke 2003). In CEE countries, early retirement schemes, social transfers, and a growing informal economy offered workers individual exit-options (Greskovits 1998; Boeri 2000; Vanhuyse 2007). Further aggravating the unions' positions are the often recurring economic crises, such as the transformation recession, the 1998 echoes of the Asian financial crises in several Eastern European countries (most notably in Russia), or the finance-induced crisis that started in 2008. As Streeck (1984) writes,

Under crisis conditions the rule of the market asserts itself not just over the behaviour of firms but also over workers' definitions of the interests – with their interests in the economic survival of 'their' employer becoming so intense that they escape union control (Streeck, 1984: 297).¹⁵

¹⁴ This led to a split in Solidarity in 1992 and the emergence of Solidarity '80, which organized workers around class issues. Similarly to Solidarity, it too claimed to fight "communists", but came closer to a more classical anti-capitalist discourse by leading its fights at the workplace against former communists turned capitalists - believing that the managers that had run the enterprises during communism had become the owners of the same enterprises during transformation. Meanwhile Solidarity limited its fights to protesting "red" influence in politics. (Ost 2005: 75-76)

¹⁵ This argument should be nuanced to include intervening variables such as the framing by union leaders and workers of the reasons why crises occur or the actual material effects of crises (as seen in the empirical part of this dissertation, some crises have the effect of mobilizing workers against employers). I am, however, leaving this argument as formulated by Streeck, as I consider it a useful counterbalance to the expectation in the studies on the legacy of communism that the worsening of living conditions almost automatically leads to workers' readiness to engage in collective action.

In other words, perceived economic crisis can lead workers to identify more strongly with the interests of employers by prioritizing the survival of the enterprise, i.e. its profitability for employers. This is a very important point in the analysis to follow in Chapters 3, 4, and 5 of how much it matters for union successes in defending workers rights and interests how workers and union define the situation their plant is in. Mobilization during contention can very much depend on the way workers themselves perceive and define their interests. But the economic changes of the 1990s did not affect only workers; the next subsection argues that economic changes had a crucial impact also on unions, by leading to a difficulty posing threats to the new, private owners.

Unions' difficulty posing threats to private owners

The literature on Eastern European labor pays little attention to the situation of organized labor on the ground in times of unprecedented economic reform aimed at liberalization, stabilization, and privatization. Price liberalization in the early 1990s took off with little concern for capitalizing enterprises (at least in the countries this dissertation focuses on, Romania and Ukraine; one could also add Russia to this group). Managers found themselves lacking the means to pay workers and suppliers. Restructuring, the shutdown of loss-making parts of enterprises or of entire plants, affected plants and economic sectors simultaneously; this dramatically weakened the bargaining power of labor, which went from a situation of labor shortage to one of labor surplus. (Restructuring cost one of the branch-level unions studied in this dissertation, machine-builders in Ukraine, 75% of their members in ten years.)

It was the third dimension of reform – privatization - that brought most changes from a trade union perspective. Privatization meant for labor that it would have to deal with a new type of actor, often an opponent, of whose intentions it knew little. During communism workers and unions were in a situation where they knew one certain thing about management: its main goal was to meet the production plan. After privatization, there was a shift from manager to private owner as the main decision-maker about the plant, although often the owner would not even be present at the plant anymore. Furthermore, labor could no longer be certain about management's (or the owner's) commitment to production. Rising prices of assets and low availability of investments meant that owners and their managers might earn more and faster from selling the plant's real estate and equipment than from reorganizing production with little capital in uncertain markets (where potential clients would face similar limitations). Third, privatization also often placed unions in situations where the privatized plant represented only one of several employer properties, thus decreasing a specific plant's importance for an employer.

The issue of the new, private owners' commitment to production emphasizes the idea that the single most certain quality of the environment in communism – interest in production – has disappeared. Labor can no longer take for granted that it faces an employer interested in production, and labor's most effective weapons, withholding productivity and disrupting production, can prove to be ineffective or even counterproductive when facing the private employer.

Arguably the most (in)famous and easy-to-observe unintended consequence of privatization in Eastern Europe was asset-stripping, as reformers pushed through privatization in disregard of the region's weak institutions (Hoff/ Stiglitz 2003; Campos/ Giovannoni 2003). Scholars usually attribute asset-stripping to lacking enforcement institutions (Hoff/ Stiglitz 2003), to insider privatization where former directors lacked the funds to launch production and therefore preferred to earn quick profits by selling assets (Brown/ Earle 2004), or to the emergence of a coalition of managers and politicians ex

ante interested in assets (Campos/ Giovannoni 2003).¹⁶ The existing literature stresses that employers' lacking commitment to production during transformation was no negligible accident, but a characteristic feature of some of these countries' economies. But rather than treat all cases of low or inexistent commitment to production as asset-stripping (as the literature above does), this study argues that commitment to production of the same employer can change depending on the characteristics of the political and economic environment. An employer initially interested in production might lose that interest as soon as resources crucial for production (ranging from investment capital to political connections) become less available. Thus, it is probably better to use the notion of an employer's changing commitment to production rather than a clear-cut distinction between "asset-strippers" and "value-builders" (the distinction was introduced by Hoff/ Stiglitz 2003).

From the perspective of organized labor, this feature – of changing employer commitment to production – translates into *uncertainty* over the employer's intentions at the plant. One of the early findings during fieldwork was that the strategies unions use operate differently – or combine differently – depending on how committed an employer is to production (without assuming that any employer not interested in production is an asset-stripper).

This discussion is very relevant, since employer intentions influence to a large extent what trade unions can achieve at a plant. There is a difference between asset-strippers and employers that are initially interested in production but after acquiring a plant lose their ability to invest in production, and that difference matters for labor strategy. Workers and unions can persuade the latter to sell the plant and thus allow the plant to survive, while it is more difficult to do the same in the case of an asset-stripper *ex ante* (i.e. since the moment of privatization) interested in making profits from selling assets and not from production and therefore planning strategies accordingly.

From an international perspective these can hardly be seen as new challenges to labor (Burawoy 1985; Hyman 1994). But in post-communist countries these challenges came about virtually over night, and all at the same time. They had the effect of creating an unprecedented difficulty for labor when it came to posing a threat to the employer. Strikes – or other means of disrupting production – would not help against employers uninterested in production or unsure about whether they would invest in production or not. Strikes *at only one plant* could also – in the cases where plants went to employers with multiple properties – actually trigger that employer's decision to give up production and close down the plant. This uncertainty over owner intentions and over the extent to which a union can deploy its 'natural' weapons puts labor in a very difficult position.

A further complication is the lack of reliability of and the long time taken by legal actions; taking the employer to court is most often an inconclusive strategy. There is a remarkable consensus in the literature that, in the post-communist context, it comes at the cost not only of delaying workers justice (if there is any in the end), but also of fragmenting collective interests (Mandel 2001; Ashwin/ Clarke 2003; Clarke 2005; Crowley/ Ost 2001.) Most importantly, as seen from the case studies in this dissertation, the few juridical victories of unions seem to have hardly any more general effects on employers' behavior. The wider issue here is the weak level of rule of law that characterizes the situation of democracy in post-communist countries to different degrees. "Rule of law" refers to a legal "system in which the laws are public knowledge, are clear in meaning, and apply equally to everyone" (Carothers 1998: 96). As to enforcement, "[the] central institutions of the legal system, including courts, prosecutors, and police, are reasonably fair, competent, and efficient. Judges are impartial and independent [...] Perhaps most important, the government is embedded in a comprehensive legal framework [...]" (Carothers 1998: 96).¹⁷ Because rule of law is what makes individual rights possible,

¹⁶ Campos and Giovannoni (2003) empirically measure asset-stripping in several countries, finding its highest values in Ukraine, followed in order by Russia, Romania, Slovakia and Poland.

¹⁷ See also Carothers' (1998) discussion of the importance of rule of law for democracy.

the absence of or a low level of rule of law is a significant structural condition weakening labor representation in Eastern Europe.

Furthermore, labor very often is in the position of not knowing to whom to address its threats; this is due to structurally withheld knowledge of the rules and practices governing the new economy that, especially in the post-Soviet context, allows owners to hide their identity. In Ukraine, for instance, only the General Prosecutor can launch an inquiry to find out the majority shareholder of an enterprise. Employers can also easily hide financial data from the unions and ignore court orders asking them to reveal such data. In one of the cases studied in this dissertation (the Ball Bearings Plant in Vinnitsa, Ukraine, see Chapter 5), management even ignored an inquiry of governmental organs.¹⁸

Is labor capable of acting at levels higher than the plant-level? Most often in Eastern Europe labor has returned to the plant level as the key locus of trade union decision-making, strategy planning, and power. In other words, further aggravating labor's capacity to respond to employers is a tendency towards isolation at the plant level and a difficulty breaking out of that isolation.

Labor's difficulty breaking out of political isolation

Kubicek (1999) shows in a discussion of post-Soviet countries (Russia and Ukraine) that in reaction to communist-era centralism and top-down decision-making in unions, workers and union leaders prefer a highly decentralized model of bargaining with employers, where only plant-level collective agreements have a binding character. Furthermore, plant-level unions are the ones that control most of organized labor's resources by keeping the biggest part of membership fees (in Romania and Ukraine around 70%) and refusing to redirect them into central all-branch strike funds. The Eastern European unions' new-found enthusiasm for plant-level prominence over other levels of collective bargaining bears many pitfalls for unions: Kubicek warns that plant-level bargaining enables management to deepen workforce divisions and weakens the capacity to find allies among organizations (such as most importantly all other unions) outside the plant.

Ost (2005) and Myant/ Smith (1999) report similar drives towards de-centralization in Poland and the Czech Republic. In both countries, at least at the end of the 1990s, the support for central organizations (national-level trade union federations) was minimal; only about 2-5% of membership fees went to the centre, figures very similar to the situation in Russia and Ukraine or in Romania. Most funds (between 60-70% of dues) stay at the plant-level and are spent on social benefits. Efforts to set up strike funds remain minimal. Solidarity is one of the few national unions directing any dues to a strike fund (some 5%), while the money that remains at the plant-level is all spent on other items.¹⁹

To some extent, the rejection of "centralism" came from below:

The inability to develop an independent labor programme was a legacy of the "Communist" past, which had discredited not so much socialist values – workers remained attached to its ideals of democracy, equality, and social justice – but the institutional arrangements necessary to realize them. After sixty years of bureaucratic "socialism", workers had a hard time believing that central planning of any kind could be democratic and efficient. This allergy to centralism played into the hands of the liberal forces, who presented the market as freedom. (Mandel 2001: 4)

¹⁸ See also Mandel (1998: 36): "Under privatization management has acquired a virtual monopoly over information concerning the enterprise's economic situation and dealings. This is a key source of power vis-à-vis the workers."

¹⁹ The decentralized nature of the union movement is supported also by economic developments linked to transformation and globalization: The shrinking of companies and the break-up of large enterprises affect union solidarity and make plant-level agreements the best that unions can hope for (Kubicek 1999:96). Nevertheless the unions cornered themselves into their present situation by cutting down the support for national- and branch-level organizations.

Although supported by rank-and-file members, de-centralization was initiated by plant-level union leaders; after the fall of communism and of the Communist state's control, plant-level leaders could become – via de-centralization - the masters of the funds they collected at plant level; they could re-deploy these funds to ensure their re-election. The institutional structure of unions also gave them the voting power to pursue these actions.²⁰

There are also “structural factors” that favored the de-centralization of trade unions; privatization is the most important one, according to Kubicek (2004: 189), as “privatization brings with it a certain degree of de-centralization [of companies, my clarification]. Before, there was one owner in the whole economy; now there are several in each sector, and firms compete among each other.” (Kubicek 2004: 189)

My fieldwork supplements these observations by adding that there is little concern among plant-level union leaders that the solutions to some of their members' problems might be found at the branch or national level; investing in branch or national-level labor organizations is not a priority. Consequently, on the few occasions that plant-level unions do end up looking for support, there is hardly any to count on. National- and branch-level organizations are often too weak and understaffed to undertake solidarity campaigns. They also lack the experience and fear that branch-level militancy might upset employers at other plants where the situation is calm. Once unions have defined their approach to industrial relations as “social partnership”, plants where there is open conflict between union and management or owner might seem exceptional to national-level and other plant-level unions and the conflict an example of the local union leader's mismanagement of the situation.

Another dynamic could also be at work in explaining organized labor's isolation in post-communist Europe and its tendency towards de-centralization. As suggested by Pizzorno (2000: 22), post-communist countries (Pizzorno refers to Russia, but the argument can be generalized) undergo “a dramatic period of the dissolution of the previous forms of sociability (the extinction of the [Communist] party and of a whole system of associative activities).” What was lost at the national level in terms of networks of influence – once the unions ceased to be one of the four corners of Communist power - could be partly recreated at the local level. Here labor might try to compensate for a “deficit of sociability” (Pizzorno 2000: 21) by establishing networks of communication and exchange with authorities and private employers. Although the approach of developing local contacts could never replace in importance the relationship to central authorities that draft and enact all the legislation relevant for labor, it can help to solve local problems. For instance, in one of the cases studied in this dissertation, unions in Ukraine's Zaporizhia region worked to group employers together in an employer's association to create more visibility around the issue of enforcement of plant-level collective agreements, and to negotiate regional agreements.

The difficulty breaking out of the isolation of the plant-level is not only due to the lack of support between labor organizations; labor faces isolation also in relation to governments and political parties. Governments have been interested in breaking the power of trade unions, something that has happened most visibly in Russia in 1993 (after the dissolution of the Parliament), but also in Ukraine, following the public sector strikes of 1994 (Crowley 1995). There are few parties in post-communist countries that have a record of cooperation with unions and even fewer – and none in the two countries this dissertation studies - where the goal of cooperation is not recruiting politicians from among union leaders but delivering on workers' demands. Often enough the political systems in question are also plagued by instability (Ukraine is again the extreme example), and with political parties quickly shifting from government to opposition, it makes little sense to develop political alliances. Also, as one

²⁰ This is by no means a process that is reverting towards centralization. During fieldwork, both in Romania and in Ukraine, I found that plant-union leaders at least block centralizing drives (in Romania) and sometimes even go further in taking more of the central labor organs' power away (such as in the machine-builders' union in Ukraine).

of the cases studied during fieldwork, the Ball Bearings Plant in Vinnitsa, Ukraine (Chapter 5), shows, there is suspicion of civil servants refusing to implement union-friendly legislation because the next party-in-power might disapprove of it and purge the respective ministries (V1 2008).

Appealing to local authorities to enforce legislation and intervene on the workers' side is difficult for other reasons. Supporting employers (or simply not intervening) might be very beneficial for authorities when faced with the choice between taxes and/or rents offered by private owners and the possible popularity-hike among workers in case of successful intervention. It is up to the workers to raise the visibility of their cause by taking the protests outside of the plant and into the streets; this way they can make intervention more beneficial for authorities. In turn, this only shows how interrelated the three difficulties – mobilization, threatening, and breaking out of isolation – are. The unions' most important means for breaking out of isolation is a mobilized group of members; being able to pose a threat to the employer might require breaking out of isolation.

1.3. The Puzzle of Organized Labor's Continued Existence in Post-Communist Europe

The three sets of difficulties discussed above raise the question that actually leads this research. Why, despite its weakness, is there still organized labor in post-communist countries? This is to ask a similar question to the one raised by Alessandro Pizzorno in a study of Western European unions some 30 years ago (1978). Pizzorno's question was: why are unions still around given that they have lost their ability to pose economic threats to employers? The response was that unions had entered political exchange with governments, exchanging political stability and votes for legislation that increases the unions' workplace influence. In post-communist Europe it was the state that created the legal obligation for employers to negotiate with unions. The state also took up the role of initiating and concluding national- and branch-level negotiations over minimum wages, working conditions, and employment protection; national- and branch-level negotiations lead to agreements that have the status of law. But at the plant-level and on the shop floor employers might ignore legislation passed in the capital. In post-communist countries (and in non-Western settings more generally) this only creates enforcement problems for unions, so the political exchange perspective only partly answers the question why organized labor is still around.

A different perspective is one that claims that organized labor survives as it *accommodated* itself to existing power relations; based on the situation in post-Soviet countries, this perspective claims that unions have carved out for themselves a niche of managing social benefits at the plant level; members should not expect protection against management, but at least they get social benefits that the state is unable to provide (Ashwin/ Clarke 2003; Clarke/ Pringle 2007; Ilyin 2007; Mandel 2001; Petrova 2001). This perspective, however, does not offer an answer to what happens with unions outside of the post-Soviet context, where there are less or no social benefits to distribute; nor can it explain the leaps towards militancy that even social-benefits-specialized unions in post-Soviet countries undertake.

One could also argue that it is simply a matter of time until unions will disappear. Since "communist economies were over unionized" (Kubicek 2004: 187), with union membership figures reaching 110m or 40m at the beginning of transformation (as in the case of the FNPR in Russia or the FPU in Ukraine), it takes time until the membership figure actually reaches rock bottom. But in post-communist countries most of the decline in membership took place in the transformation recession's first years, most notably in the 1990s; it was industrial restructuring (basically, the closing down of large-scale enterprises) that made the biggest inroads into union membership figures. In the two

branch-level union federations studied in this dissertation, steel makers in Romania and machine-builders in Ukraine, the drop in membership then was about 75%. Ever since the 1990s membership has stabilized.

Fourth, to understand labor survival one can also think of labor having its strongholds, organizations that managed to overcome some of the difficulties mentioned above in their sectors; certain sectors of the economy might offer labor advantages that might make it easier to mobilize workers. One argument is that this happened where there was less exposure to restructuring or plants could regain some of the markets lost in the early 1990s; this gave labor the means to pose threats to production. Mandel (1998: 54) refers for instance to the mining and transport sectors (longshoremen, locomotive drivers, municipal public transport drivers).²¹ Organizations set up in these sectors later spread to new branches, so far only with limited successes.

More interesting are situations when workers effectively defend their interests in parts of the economy and at plants that are subject to thorough restructuring and privatization and labor fully faces the difficulties presented above. This study explores differences between these few “successful” cases and the majority of “unsuccessful” cases in terms of workers’ (and union’s) strategies. Therefore the study’s main research question is: What specific strategies can succeed in protecting the rights and living standards of workers (given the difficulties sketched above)? The goal is to find out more about and open new perspectives on what organized labor is up against, and also to learn about how labor strategy operates in such a challenging context.

The original contribution of this research lies in studying those cases where organized labor did make demands and achieved their realization in Eastern Europe and comparing these more and less successful cases with each other and with cases that have seen no successes in terms of labor representation (I explain the concept of labor representation in Chapter 3). The focus on successful cases of labor representation rests on the idea that more can be learned from cases of success and the conditions that made success possible than from cases of failure.²² This is even more clearly the case if such instances of a phenomenon (successful labor representation) run contrary to theoretical predictions or previous research findings (labor weakness), because the specification of the conditions making such instances possible can lead to the refining of theories, of what we know about the more general phenomenon (in this case the strength or weakness of organized labor).

One might ask why studying organized labor is important at all. In the literature there have been two major motivations for this research interest: First, there has been an interest in organized labor as part of wider civil society; as the constituents of civil society with the most members unions could play a key role in democratization, by mitigating problems such as “the overcentralization of authority and lack of checks on both political and economic power” particularly in countries such as Russia and Ukraine (Kubicek 2004:195; see also Kubicek 1999, 2002).

Organized labor is not just another part of civil society either. Public policy in the 1990s targeted workers in myriad ways, but workers had little say over it. Business, on the other hand, whether national or foreign, was much more influential. Governments passed market reforms without public consultation, in disregard of workers and working conditions. Without questioning the

²¹ Actually, the observation is partly not true for mining, with Poland, Romania, Ukraine and Russia plunging the mining sector into a period of extreme restructuring that cost the sector between 42% (Ukraine) and 92% (Romania) of the workforce (Haney/ Shkaratan 2003: 4). But it is true that militant labor emerged in the sector before the start of restructuring, especially in Russia, Ukraine, and Romania.

²² See Merton 1949 and Lipset/ Trouw/ Coleman 1956. In the words of Robert K. Merton: “In the world laboratory of the sociologist, as in the more secluded laboratories of the physicist and chemist, it is the successful experiment which is decisive and not the thousand-and-one failures which preceded it. More is learned from the single case of success than from multiple failures. A single success proves it can be done. Thereafter it is necessary only to learn what made it work. This, at least, is what I take to be the sociological sense of those revealing words of Thomas Love Peacock: ‘Whatever is, is possible.’” (Merton 1949: 194-195)

legitimacy of market reforms, politicians and other shapers of public opinion (such as Western academia, Przeworski 1991: 181-182) depicted organized labor as the key obstacle to market reform. The reforms' record of bringing about a rise in living standards is at best ambiguous (Wessels/Klingemann 2006) and at worst disastrous, especially in the post-Soviet area (Stuckler/ King/ McKee 2009). Furthermore the non-democratic character of reforms undermined public support for post-communist political regimes. Some authors therefore argue that the absence of class interests from the cleavages structuring post-communist politics leaves room for nationalist mobilization; in a Polanyian vein, the key question is who, with what discourse, and to what result captures the anger and frustration unleashed by market reform in post-communist publics. The answers to these questions might prove vital for the region's democratization (Ost 2005; Crowley/ Ost 2001; Vanhuysse 2007).²³

Second, apart from underlining the obvious political stake of the fate of labor, we should also see collective action and bargaining as the key means that allow workers to improve their working and living conditions and escape the sort of competition that leads to worsening working conditions. Wages and working conditions hardly improve without organized labor struggle, since workers can only rarely leave their plants for better working conditions elsewhere, due to the slackness of post-communist labor markets and constraints on migration. Therefore, worker struggles at and around their plants are key to both achieving union goals and protecting worker interests.

1.4. Dissertation Outline

Eastern European labor is no monolith sharing the same characteristics irrespective of time and space. Despite the claim that Eastern European labor is weaker, on average, than Western European labor, this does not mean that there is no variance among Eastern European countries. Stanojevic (2003) showed that there is variation in the labor weakness outcome, by arguing that, under the condition of a political elite much more open to negotiations with labor, Slovenian unions could have a say over mitigating market reforms in the interest of workers. Similarly to Stanojevic's analysis, this dissertation draws on the situation in another country, Romania, where labor was much more militant than in other countries of the region and also had a say in drafting labor codes and exerting minimal control over privatization. Chapter 2 intends to show exactly that: that Romania stands out in post-communist comparison in terms of the militancy of its unions. Furthermore, the dissertation finds cases of militant labor also in a country less known for its protest-prone trade unions, Ukraine.²⁴ The next chapter (Chapter 2) traces those cases of militant labor to particular economic sectors in Ukraine and discusses why one of those sectors – civil-machine-building – might have seen more industrial contention than other sectors. The argument is that rather than enjoying protection from the economic changes that affected the country in the 1990s, civil machine-building not only faced the full brunt of such changes but also was the site of an exceptional labor organization, characterized at least in the 1990s by readiness to engage in worker-initiated contention. The chapter also presents an overview of key developments for labor in Romania and Ukraine throughout transformation, in order to familiarize the reader with the political and economic context of labor representation in the two post-communist countries. In structuring the presentation of developments, the chapter follows Westergaard's (1970: 130) advice that the labor

²³ That consequences would turn out to be important was understood quite early, including by policy advisers. The World Bank declared in its 1996 World Development Report that “establishing a social consensus will be crucial for the long-term success of the transition”, because “cross-country analyses suggest that societies that are very unequal in terms of income or assets tend to be politically and socially less stable and to have lower rates of investment and growth.” Of course, the first part of this point features heavily in political science, with some of the biggest names in the field arguing that economic inequality can threaten democracy (Dahl 1985; for a review see Held 2006).

²⁴ A notable exception to the general quiescence of unions, also in Ukraine, is the miners' movement; see Mykhnenko 2002.

movement, its ability of “crystallization and cohesion of discontents” is best understood by “observing” “concrete political and industrial action”, rather than by approaching it exclusively via opinion polls and attitude surveys.

Chapter 3 presents the theoretical framework of this dissertation. The theory developed in Chapter 3 offers a set of answers to this study's overarching question, exploring why are there cases of unions successfully defending workers' interests even when faced with the structural difficulties of post-communism: What specific strategies can succeed in protecting the rights and living standards of workers (given the structural difficulties brought about by post-communist transformation)? The theory developed in Chapter 3 using game theoretical tools and insights from social movement theory is a theory of labor strategy, formulating the dissertation's main argument: Strategy matters even under the harshest conditions. Successful unions ensured a situational definition connecting the workers' and the union leaders' perceptions about employers and thus ensuring that workers would back the actions of the union. Furthermore, successful unions calibrated threats they addressed to employers to the production intentions of the employer and to the employer's organizational structure. They also ensured outside support, at least in the form of state intervention. These strategy elements (a shared situational definition within the plant regarding employer intentions, threats and disruptive actions adjusted to employer intentions, and outside support) proved crucial for defending worker rights and living standards. Chapter 3 also presents the research design, providing the rationale for the case selection of 18 contention episodes at 10 plants in the Romanian steel industry and Ukraine's civil machine-building sector.

Chapters 4 and 5 represent the dissertation's empirical core. Chapter 4 presents contention episodes in Romania and Ukraine centered around everyday problems at the newly privatized plant: problems of un-timely or low pay, layoffs, and work overload. In all the cases under study such issues led to contention at least in the form of workers expressing discontent or even taking action themselves; what is under study is how trade unions reacted to contention and whether and how their reactions furthered the resolution of worker demands. Chapter 5 shifts perspective to a different challenge: the preservation of entire plants, with factories coming under the threat of plant closure. The contention episodes in this chapter show dramatic forms of worker protests, from hunger strikes to roadblocks and factory occupations, and examines how and when such actions could be successful.

Chapter 6 takes a step back from the empirical analysis by returning to the theory laid out in Chapter 3, evaluating it in light of the evidence introduced in the empirical chapters. Whereas Chapter 6 emphasizes the findings drawn from comparison across episodes of contention, Chapter 7 compares the trade unionism models dominating labor in the two different countries. In Chapter 7 I turn to the question why so few trade unions could develop the strategic elements allowing them to save plants or improve pay and working conditions. If more unions would use the strategic elements, there would be less cases of asset-stripping than mentioned in the literature presented in this chapter, or plant closures would be accompanied by significant severance payments. I describe the obstacles to strategic action by comparing the strategies of unions in Romania and Ukraine. Obstacles emerge foremost from the extreme complications to successful labor action that post-Soviet unions face due to the distributive model of unionism (administering social benefits), obstacles that Romanian unions do not face. Chapter 7 then moves to specify – on the basis of the comparison between unionism models and what led to the divergence between Romania and Ukraine (in terms of obstacles to strategic action) - some implications for the entire post-communist region, situating Romania and Ukraine in their regional context. It shows that the problems plaguing labor in both countries are not specific to them but instead are part of a larger phenomenon of low union responsiveness to the demands of workers and low government and national unions' responsiveness to the struggles of plant-level unions.

Chapter 8 draws the study's conclusions in terms of the strategy elements that led to the success or failure of labor in protecting workers. It also discusses the possible ways of assisting post-

communist trade unions in overcoming their problems and in order to guide such assistance identifies two issues for further research on post-communist labor's strategic capacity.