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

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Citation for published version (APA):

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Chapter 5: Struggles for the Plant

5.1. Introduction

In the previous chapter we have seen how workers and trade unions deal with issues such as wage arrears and bad working conditions, issues concerning the daily relationship between workers and the plant’s management and owners. Workers and trade unions presented in this chapter fight for the survival of plants and maintenance of jobs. In their case, employers attempted to close down plants (entirely or most of the plant) and sell assets rather than invest in production. Contention then takes workers out of their plants and into the streets, fighting employers and authorities with road blocks, occupations of plants and of state buildings, and mobilizing local communities in their support through hunger strikes and marches.

The chapter presents six contention episodes, two in Romania and four in Ukraine. These episodes share with the episodes in the previous chapter the intensity of contestation within the unions over the definition of the situation, although in the cases presented here it was easier to overcome such contestation. In most unions there was disagreement about how exactly to understand the situation their plant was in: Parts of the union council, and also of the workforce, argued in favour of giving employers one more chance to prove their interest in production before going over to radical actions such as road blocks or factory occupations. The rest of the council was much more inclined to take disruptive action against the employers from the very start of wage arrears crises (such crises preceded in all cases the owner’s public announcement that the plant would have to close).

One of the differences from the unions treated in the previous chapter is that unions could remove the uncertainty about owner intentions, usually by establishing that owners were not planning to produce at the plant but instead close it. On the one hand, this enabled unions to unite workers under the banner of fighting for the plant’s survival. On the other hand, it became clear that there was little that unions could threaten those employers with that were not interested in production. Instead, all unions followed the road of targeting the state and demanding re-nationalization. But targeting authorities proved a very difficult undertaking, requiring outside support difficult to find and keep over repeated episodes of contention, especially in the Ukrainian cases.

The table below presents a first overview of the contention episodes studied in this chapter. It offers the following details: the plant name (including its location and the time period of the episode of contention), the name of the private owner during contention episodes studied, the size of the workforce before and after privatization and also at the contention episode’s end. It also mentions whether the plant still exists and the union’s name and affiliation (at industry and national levels).

<table>
<thead>
<tr>
<th>Contention episode (Plant name, duration)</th>
<th>Owner and city/country of origin</th>
<th>Workforce size</th>
<th>Plant’s current status</th>
<th>Union name</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR, Reșița (Romania) 2000-2003</td>
<td>Noble Ventures (USA)</td>
<td>10,400 employees in 1990; 3,800 during peak of protests (2001); 1,700 after 2003 privatization</td>
<td>Working (presently owned by TMK, Russia)</td>
<td>Vatra, member of Metarom/Cartel Alfa</td>
</tr>
<tr>
<td>Socomet, Oțelu Roșu (Romania) 1999-2004</td>
<td>Gavazzi Steel (Italy)</td>
<td>3,050 at time of privatization (1999); 614 in September 2002</td>
<td>Closed; one shop survived un-unionized as a</td>
<td>Metasyd, member of Metarom/Cartel Alfa</td>
</tr>
</tbody>
</table>
The chapter is structured as follows: The first two stories present Romanian unions featuring one episode of contention each. They both start from a situation similar to the one in the case of KrAZ in 2003-2004 (previous chapter), where wage arrears led workers to protest. In contrast to KrAZ, the problem of wage arrears persisted. Furthermore, the plants in this chapter saw no investment after privatization and production plummeting to a full stop. Leaders of the first two unions interpreted wage arrears, lacking investments, and the fall in production as a sign that owners are not interested in production but in assets, and aim to close down the plant. In response, the first union demanded and achieved re-nationalization. The other also achieved state intervention, but instead of re-nationalizing and selling the plant again, the state bankrupted it and effectively closed it down. The case shows the dangers for labor representation of state intervention. State intervention can easily turn against the unions’ objectives, and we will see in detail how and why this happened by comparing the two cases.

The two Ukrainian unions experienced protracted and repeated episodes of contention, several employer attempts to close down the plant. In all four episodes of contention unions demanded re-nationalization and did not get it, but instead in two out of four cases they achieved at least that employers backed down from plant closure and returned wage arrears. The conditions under which Ukrainian unions had to act were more difficult than in the Romanian cases; not only were they isolated within their labor federations, but they also had to undergo internal reform to ensure autonomy from management. The last Ukrainian union presented here – the one at HMZ in Kherson – is the one in my sample suffering most from the burden of structural difficulties. This union had to face several employers attempting to close down the plant or sell parts of it, with no previous experience with conflict and with union leaders heavily indebted to the distributive, Soviet model of unionism.

The table below offers an overview of the six contention episodes discussed in this chapter in terms of employer intentions for production (observed versus declared) and union reactions. It presents the length of the episode of contention, the employer’s actions at the plant and declared intentions (in the Romanian cases the employers declared that they are interested in production, while the union claimed on the basis of growing wage arrears and no investment that the employers are asset-strippers), the union’s demands in response, and the episode’s outcome.

Table 5.2: Overview of cases (contention episodes) in Chapter 5

<table>
<thead>
<tr>
<th>Observed employer actions/ declared intentions</th>
<th>Dominant Union demands</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>VPZ, Vinnitsa (Ukraine) 2 contention episodes in 2002-2003 and 2007-2009</td>
<td>Ukrinterprodukt (2002-present, Donetsk)</td>
<td>9,000 during the last years of the Soviet Union; 2,700 in 2002-3; 1,100-900 in 2007-9</td>
</tr>
<tr>
<td>HMZ (also HK, NVP-HMZ), Kherson (Ukraine) 2 contention episodes in 2006-2007 and 2008-2009</td>
<td>UAM (1998-2004; Kyiv); Interpipe (2004-7; Kyiv); BTS (2007-9; Bila Tserkva)</td>
<td>12,000 during the last years of the Soviet Union; 2,400 in 2006-2007; 1,300 in 2007-9; 400 presently</td>
</tr>
</tbody>
</table>

The table offers an overview of the six contention episodes discussed in this chapter in terms of employer intentions for production (observed versus declared) and union reactions. It presents the length of the episode of contention, the employer’s actions at the plant and declared intentions (in the Romanian cases the employers declared that they are interested in production, while the union claimed on the basis of growing wage arrears and no investment that the employers are asset-strippers), the union’s demands in response, and the episode’s outcome.
5.2. Combinatul Siderurgic Reșița (CSR), Romania

5.2.1. Plant Background and Labor Representation

The Reșița Steel-Works (Combinatul Siderurgic Reșița, CSR) is one of Europe’s oldest remaining steel works, established under the Habsburg Empire in 1771. It is located in the isolated city of Reșița, population 84,000, 486 km west of Bucharest, close to the border with Serbia. Under communism, the steel works declined in importance in comparison to the similar plant in nearby Hunedoara. The decline seemed to be total when the post-communist government attempted to close down the plant in 1994. Union-led worker protests, however, blocked the attempt, instead convincing the government to invest in the plant’s modernization. Five years later, in June 2000, the government sold the plant to the American company Noble Ventures (NV). At that time, the officials and local stakeholders – including the union – welcomed privatization to a company expected to make vital investment at the plant. The privatization deal was brokered by top Romanian and United States (US) embassy officials and required in the privatization contract that owner NV pay for the CSR the price of 85 million Euro over a period of two and a half years (with December 2002 as a deadline for the fourth round). None of the parties could cancel the contract earlier than December 2002.

In 2000 owner NV failed to invest any money at the plant, and production went on by consuming existing stocks. Several - but initially not all - union leaders soon started accusing the owners that instead of paying suppliers and workers they took out of the plant the funds from selling production. Protests started in January 2001. As owners stopped paying wages the union-organized demonstrations soon escalated into more violent conflict, with workers on one occasion holding managers captive until they canceled an order to layoff all union leaders. Later that year the union virtually prohibited the employer from entering the plant, in order to stop NV from further selling existing stocks or taking cash out of the plant’s accounts. The union changed its demands from asking

<table>
<thead>
<tr>
<th>Year(s)</th>
<th>Event</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-2003 (Romania)</td>
<td>Wage arrears followed by no investment and no production/ investment</td>
<td>Initially split between asset-stripping and production</td>
</tr>
<tr>
<td>2000-2003 (Romania)</td>
<td>Wage arrears, followed by no production/ investment</td>
<td>Asset-stripping</td>
</tr>
<tr>
<td>2002-2003 (Ukraine)</td>
<td>Wage arrears, plant closure/ plant closure</td>
<td>Asset-stripping</td>
</tr>
<tr>
<td>2007-2009 (Ukraine)</td>
<td>Wage arrears, plant closure/ plant closure</td>
<td>Asset-stripping</td>
</tr>
<tr>
<td>2006-2007 (Ukraine)</td>
<td>Wage arrears, plant liquidation (judicial restructuring)/ plant liquidation</td>
<td>Split between asset-stripping and production</td>
</tr>
<tr>
<td>2008-2009 (Ukraine)</td>
<td>Wage arrears, plant closure/ plant closure</td>
<td>Split between asset-stripping and production</td>
</tr>
</tbody>
</table>

of employer intentions

CSR 2000-2003 (Romania) | Re-nationalization | Return of wage arrears |
Socomet 2000-2003 (Romania) | Re-nationalization | Return of wage arrears |
VPZ 2002-2003 (Ukraine) | Plant closure stopped; wage arrears returned; 40% layoffs |
VPZ 2007-2009 (Ukraine) | Plant closure; owner pays workers wage arrears and severance payments |
HMZ 2006-2007 (Ukraine) | Plant liquidation (judicial restructuring); no return of wage arrears; 40% layoffs |
HMZ 2008-2009 (Ukraine) | Plant closure stopped; wage arrears returned; 60% layoffs with state support for reconversion
for investment to be made and (since April-May 2001) wages to be paid, to pressuring the government to cancel the privation contract and grant workers financial aid (as they were not getting any wages at all).  

Initially the strategy of the NV managers was to convince the state that the union does not allow it to do its job at CSR. Around September 2001 NV changed strategy to trying to co-opt the Vatra union onto its side and together pressure the government for a 15m USD credit. The loan was supposed to come from a state-owned bank, the Romanian Commercial Bank (Banca Comercială Română, BCR). The NV also used another tool to force the government’s positive answer to the loan-question: a lawsuit against Romania before the International Centre for Settlement of Investment Disputes (ICSID) in Washington for failing to enforce the US-Romania bilateral treaty on investment. However, the BCR refused to grant the credit arguing that NV guaranteed the loan with plant assets that in case of bankruptcy would go to other creditors and not to the BCR (ICSID 2005).

After blocking the NV’s activity at the plant, the first months of union protests led to a protocol between union and government to start the judicial reorganization of the plant (practically canceling the privatization contract). Pressured by American authorities and risking bad press in the West (see below), the government in fact ignored the protocol and continued negotiating with NV. As a result, it granted the NV a re-organization of the CSR’s debts that should have allowed CSR to start producing again.

A more concrete result of union action was to push the government to grant financial aid to workers who had not received wages since early 2001. Initially the government resisted union demands to provide financial aid or to intervene in the situation at the plant; prime-minister Adrian Năstase for instance would refuse in April 2001 to intervene at the plant, arguing that the government rejects a “Bolshevik attitude of nationalizing or intervening” at private plants such as the CSR (Ziarul Financiar, April 6, 2001). Despite this initial resistance, the government did give in to union-led street protests and in June 2001 agreed to pay financial aid and intervene with management at the plant. It canceled the privatization only in January 2003 as agreed in the privatization contract. Basically the government bought its way in Reşiţa: It agreed to pay financial aid to workers long enough to reach the day when it could cancel the privatization in accordance with the privatization contract. One year later the plant went for one Euro and with writing-off all debts to Russian company TMK.

In 1990 the CSR had 10,400 employees, a figure that dropped to 8,000 in 1993 and had reached 4,800 at the moment of the privatization to NV (June 2000). The number would fall to 3,800 during the peak of the protests (summer 2001), with the workers that had somewhere to go leaving the plant in the face of wage arrears. Under the “judicial reorganization” procedure in 2003 – required to pay off the company’s debt - the number of employees further dropped to 1,700.

The NV, having paid only an initial USD 2m of the privatization price which it had taken in credit from a Swiss bank, went on with the ICSID lawsuit in Washington and lost the case in October 2005. Initially recommended by the US ambassador as “the aristocracy of US steel” (Apostol/Cotarce 2005), NV disappeared without a trace after the ICSID lawsuit, confirming suspicions that it had been.

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99 Later on, in an international lawsuit against Romania (ICSID 2005), NV lawyers argued that the union had de facto occupied the plant and intimidated the managers to leave it. In fact, however, NV behaved very strangely: It never really protested about what it called an “occupation” and never really filed any corresponding complaints with the local police (as the lawsuit proceedings would establish, ICSID 2005). It is true, on the other hand, that by June 2001 NV had lost control over the plant. In February 2001 it could still evacuate by force from its offices the two main union leaders by calling security guards. In June, however, it issued an order laying off some 50 people, of whom 22 were union leaders and shop stewards. Hundreds of workers kept the manager captive until the latter revoked the order. US managers left Reşiţa in September 2001 in response to worker pressure but would return in November 2001, brought back by a government promise to support the NV in finding credit and striking a deal with the union to return wage arrears in exchange for interrupting protests.
created only for the goal of taking over the CSR. The ICSID also stated in its judgment that NV did not have any funds to invest nor did it have any realistic prospects of attracting investment (ICSID 2005).

Labor representation is high at the CSR. The union here organized first protests in December 1994 against the government to obtain investment for upgrading production and switching from coal imports to production fueled with electric energy. It got the investment in machinery worth USD 35m and avoided the shut-down of the plant. At the end of protests against Noble Ventures, in January 2003, the union had achieved the following: It had acted as the only instance enforcing the privatization contract and signaling the new owner’s failure to invest the money it promised; it had stopped management from further taking money from the plant; it had forced the government to find a solution for the plant (re-privatization), one that kept the entire plant alive. Equally important, it obtained for its workers financial aid to compensate for wage arrear s. It also avoided a tricky governmental offer to send starving, unpaid workers into unemployment. Later evidence indicated that the offer might have been a trap to shut down the plant. Today the union signs a collective agreement with the present owner and has some of the highest wages in the country, well above branch-level agreements. Workers from other plants (such as the one in Oțelu Roșu, presented in the next contention episode) approached the Vatra union to organize unions at their plants, too.

Table 5.3: Labor representation at the CSR in Reșița, Romania

<table>
<thead>
<tr>
<th>Episode of contention</th>
<th>Autonomy</th>
<th>Legitimacy</th>
<th>Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-2003</td>
<td>High</td>
<td>Input: High (Union represents workers in crucial areas, job protection and wage arrears, regularly consults workers) Output: High (Union “delivers the goods”)</td>
<td>High (Union achieves the plant’s renationalization)</td>
</tr>
</tbody>
</table>

5.2.2. Strategy

Restoring unity and the shared situational definition

The union at the CSR is the only one in my sample to take action against an employer before the first wage arrears surfaced. Crises of wage arrears preceded trade union action in all but one case in my sample. But this also meant that there was much opposition – especially within the union council – to the idea of starting protests against the employer only on the basis of the latter failing to respect privatization conditions on investment. In January 2001 there was significant conflict in the union over whether the union should start protests or give employers more time. At the heart of the disagreement were two different conceptions about the employer: The current trade union leader claimed as early as 2000 that the NV was interested in assets, not in production; the former leader, supported by many people in town (including the Cartel officers) and by the authorities, argued that the employer needed time to start production in Reșița, and that it was truly interested in it. He tried setting up a parallel union to show more support for the NV. However, the union council members countered this attempt by claiming that the pro-NV side disregarded workers; in the words of one of the union council members...

[100] The union in Reșița was a forerunner in actions aimed at obtaining government investment; five years later – in 1999 – the union at Siderurgica in Hunedoara (see Chapter 4) would start protests over the same issue.
members (a worker), “what hurt us most was that these people [those trying to set up the pro-NV union] portrayed themselves as VIPs, as more important members of the community than us, the workers” (R2 2007). This position had enough support in the union to allow the union council to expel the former union leader from the organization. Union Vatra then publicized its own version of the facts, that Noble Ventures are asset-strippers. They were initially met with skepticism by local Cartel officers, but the growing “evidence” - mainly the offensive attitude of management - broadened the support for Vatra. Later on, the originally-expelled union leader ended up sharing Vatra’s perspective (R4 2007).

Another problem proved to be attracting the support of the local community in town. Ever since the start of protests under the union leadership in January 2001, only around 500 workers took part in them (on one occasion participation reached 1,000, right after the announcement of the first wage arrears at the plant, in February 2001). Their actions – road blocks taking place on an almost daily basis – annoyed the local population and risked turning it against the union members. At this moment, union leaders decided to change tactics and initiated a first hunger strike, aimed at creating visibility among the population. In the words of one of the leaders: “Why a hunger strike? […] To show to the public opinion the truth about an arrogant and cynical employer, seeing in CSR only a global business […], treating people like lifeless tools; and about the authorities of the Romanian state, not doing anything to solve this crisis” (Vatra union council, press release early June 2001).

The hunger strike’s official demands were that the “Government take swift action in solving the crisis […], the production be re-launched, and wage arrears returned” (Ibid.).

On June 19, 25 union members initiated a hunger strike (12 were union council members), followed by another 23 members the next day. 17 more joined on June 21, and 40 more on June 22. On June 24, the list of people who were or had been on hunger strike reached 450 (the peak was reached that day, with 250 active participants). That day some 40 hunger strikers initiated a march through town, drawing the participation of 2,000 locals. Using buses of the local Transporter’s Union (also Cartel-affiliated), some 1,000 of these participants blocked for two hours the main route connecting Reşiţa to the county capital. The hunger strike stopped after nine days and after winning important concessions from the government in the form of financial aid to the unpaid workers and the start of a lawsuit to nullify the privatization agreement, as part of a procedure to obtain the plant’s judicial reorganization.

Consulting members

The shared definition of situation was briefly lost in late 2001. In a vote organized among union members, the members withdrew support for the union’s conflict-oriented approach. The union organized such votes, called “referendums”, on several occasions and aimed at establishing and keeping a shared situational definition (remember that the situational definition refers to employer intentions about the plant; it does not refer to demands, which remained partly unchanged throughout the episode of contention – return of wage arrears and preservation of the plant.) On three out of four

101 The local Cartel officer, himself a former CSR engineer, says he welcomed privatization to NV and was skeptical about the union’s sudden militancy and lack of understanding for the employer in January 2001. But when “the investor borrowed money from the union to pay workers their wages, we understood their intentions”, he says (R3 2007). The conflict-oriented wing of the union (led by the union leader) based its claim that the owner was an asset-stripper on the lack of any investment, plummeting production, and difficulty to pay wages on time. The conflict-oriented wing also claimed that the NV boss had come to Reşiţa two years prior to the privatization as an expert of the State Property Fund; his mission was to find an investor for the steel plant. 5-6 months before privatization, the State Property Fund allegedly ordered the steel plant not to purchase any raw materials or to sell any production without the “expert’s” permission (see union Vatra, Scrisoare deschisă adresată Parlamentului României [Open letter to the Romanian Parliament], March 2, 2002).

102 See also Apostol/ Cotarcea 2005: 211, a book written by participants in those protests.
occasions that I have knowledge of, the position dominant in the union council also won most support among members. On one occasion, however, the two positions diverged. Here is what happened:

Around September 2001 street pressure on the government made the latter accept union demands and initiate the judicial reorganization of the plant, de facto taking over the plant’s management and thus making sure that payments from plant customers would go to service the CSR’s debt (including to its employees). The *Financial Times* saw this intervention as “re-nationalization”, and US authorities criticized it, too. *The Economist* backed it, arguing that NV had failed to respect its privatization obligations.\(^{103}\) It was probably US pressure that moved the Romanian government to take up negotiations with the NV again. Isolated, the union, too, started negotiations, but this time NV demanded the evacuation of union offices from the plant, sending into unemployment all employees for a period of four months until credit would arrive, and the participation of the union in protests against the government. What is interesting about this episode is that the union rejected NV’s demands, but in a November 2001 referendum at the plant workers voted in favor of accepting all of NV’s demands (in exchange, the NV promised repayment of all wage arrears). Practically, despite the demands staying the same – return of wage arrears, workers and union council had different perspectives on the extent to which they could trust the employer: The union leaders wanted to continue protests and achieve re-nationalization; workers wanted to grant the NV one more chance (or maybe also believed that NV would quickly return at least part of the wage arrears, something that the union leaders doubted). In the quest for a shared situational definition, union leaders followed the wish of the workers’ majority and interrupted protests until a new vote took place in February 2002 (despite a minority of the workers criticizing the leaders for doing so). As the NV nevertheless failed to keep its promises, the union initiated protests again in February-March 2002, this time with the full support of workers in a corresponding “referendum”.\(^{104}\)

*The Quest for Threat Potential*

Quite differently than the unions in the previous chapter, union *Vatra* faced the challenge of how to trigger a governmental intervention to re-establish state control over the plant. The view that the government was both to blame and the solution for the plant’s problems emerged within the union together with the first protests, in January 2001. After all, it had been the government that had come up with the new owner and had privatized the plant. The problem was, however, that the union could initially hardly – to use Schelling’s (1984) terminology - *inflict any costs* on the government. The union’s insistence on road blocks disrupted only the traffic in Reşiţa, a small and isolated town, 40 km away from any major national route. It is true, on the one hand, that the union could increase the level of disruption it could cause by using a combination of mobilizing workers, the larger local community, and outside support. First, via the hunger strike the union increased participation in its actions such as road blocks, and secured some support from the local community. Second, by relying on outside support coming from other unions – such as Cartel Alfa’s transporters – it could transport protesters to locations where road blocks would place higher costs on the government – by disrupting traffic between the country’s two largest cities.

\(^{103}\) For an independent account of events in Reşiţa and a presentation of each side’s arguments (including those of the *Financial Times* and *The Economist*) see Radio Free Europe, July 5, 2001.

\(^{104}\) The union organized “referenda” on four occasions (according to the author’s knowledge): in January 2001 (for starting the protests), in August 2001 (for continuing protests; 2,340 out of 2,363 participating workers agreed to continue protests; the remaining 1,437 workers did not take part); in November 2001 (workers voted in favor of giving NV one more chance), and in early 2002 (majority in favor of protest; R1 2007; Apostol/Cotarcea 2005, Chapter 4).
However, I argue against the view that it was the road blocks that gave the union its threat potential vis-à-vis the government. The government never really looked like it had lost control over the situation when the union organized road blocks. Riot police would escort workers to the places where these organized road blocks, usually without interfering with the protesters and instead letting protests wear out. (Sometimes workers walked on foot a distance of 37 km to road block sites and would never hold out in the cold or in the sun in a roadblock for more than a couple of hours.) Riot police, however, showed that they could stop protesters when they wanted to. In one incident workers threatened to cut the town’s water supplies and marched in huge numbers (some 2,000 people) to take over the hydro station controlling the water supply. Riot police and special intervention troops, however, gave workers a fight and stopped them by force from entering the hydro station (Adevărul, March 13, 2002).\footnote{\vspace{1ex}The hydro station is part of the plant and controls both the plant’s energy supply and the city’s water supply. Workers wanted to occupy it because local city council members demanded that the plant hand over the hydro station to the city in exchange for debt relief (CSR owed money to the city). The union, however, opposed this, as it would have left the plant without one of its strategic assets that ensured CSR energetic independence. The union stopped the initiative by winning a vote in the city council over the issue; with Cartel officers and CSR union members also part of the city council, and with a group of workers storming the meeting of the city council and present in the room during the voting, the outcome of the vote corresponded to the union’s demand of leaving the hydro station with CSR (Apostol/ Cotarcea 2005).} 

I argue that it was how the union carried out hunger strikes that gave the union threat potential vis-à-vis the state, thus securing a source of temporary outside support. When it gave in to union demands in July 2001 and accepted to initiate the judicial re-organization, government acted only during the hunger strike. Also, in the protocol signed with the union, the government’s only demand to the union was to give up the hunger strike (Protocol, June 29, 2001). Apparently the government did not like the image of hundreds of workers, including women, on hunger strike in the middle of the town, easily broadcasted by media throughout the country. Every government concession was preceded by a hunger strike (there were three), not road blocks.
The second hunger strike started on September 11, 2001, involving 250. For the first time, workers also demanded that US managers leave the plant (which the two US citizens did). In response to the hunger strike, the government interfered decisively and – as part of the judicial reorganization - appointed a general manager to replace the US managers. The key win for the union, however, was not the appointment of the general manager, as the government soon proved that at the same time it was negotiating with the NV and in April 2002 US managers again had access to the plant. Instead, the agreement brought government support in the form of financial relief to the workers. Government accepted to provide some 1,200 workers with unemployment benefits (Protocol, September 20, 2001; in order to provide workers with unemployment benefits, the workers had to be laid-off; the corresponding decision was taken by the government-appointed general manager). This initial payment of financial aid would be followed by many others, totaling ROL 130 billion (some Eur 4,5 m) in aid to workers for the duration of protests (January 2001-March 2003). Extracting other payments also required significant protests, taking again the form of a hunger strike (the largest, involving 400 people at its peak of whom some 100 women in April 2002) and road blocks (targeting the main route between Romania’s two largest cities, Bucharest and Timișoara).

What also counted in bringing about state intervention is the Cartel Alfa’s support for plant-level union Vatra. Officers of the national union made sure that the demands of workers in Reșița would be communicated to government members in Bucharest; this way, while Vatra union leaders organized protests in Reșița, national Cartel officers would meet government members in Bucharest and negotiate. Cartel officers themselves were received by government officials only in the first hunger strike’s aftermath, in June 2001. The top leadership of the Cartel was in Reșița that day, assisting the plant-level union in negotiations. They were also in Reșița at the moment when union and government signed the protocol re-instating state-controlled management at the plant, in September 2001. Cartel Alfa also made sure that the plant-level union would have the busses it needed for organizing several of the road blocks. As we will see from the comparison with the Ukrainian cases, the national union in the Romanian cases assisted plant-level unions on numerous and crucial occasions; in the Ukrainian cases, it would prove unthinkable that FPU officers would ever go to Vinnitsa or Kherson, the places of conflict studied further on in this chapter.

5.2.3. Conclusion - What Is in a Hunger Strike

The 2000-2004 government would go down in history as the one that took the most decisive action against trade unions, with police responding to road blocks with a violence previously unseen (milder in Reșița but later on, in 2003, much more violent against protesters in Hunedoara or in the North-Eastern town of Roman). The fact that this particular government pledged allegiance to social-democracy did not matter much. Where unions relied exclusively on road-blocks in Romania in 2000-2004 they lost against that government (in Hunedoara and Roman). However, what was different from

106 Starting with March 2002 and ending by mid-April, protesters established in the centre of Reșița a permanent picket, renaming the area “The Kilometre Zero of Poverty and Democracy” (The Kilometre Zero is a place in the country’s capital, Bucharest, from where the measuring of road distances throughout the country starts; it was the place of anti-governmental protests in 1990 and protesters re-named it the “Kilometre Zero of Anti-Communism”). The workers’ slogans during the hunger strike of April and of other protests were: “The Benefits of post-1989 governments: genocide, corruption, unemployment, hunger, humiliation”; “We are sad, hungry and poor – in a country of heroes” (hint again at the 1989 revolution), “You do political tourism – we live in the stone age”, “We have no bread – you fight over meat”; “Rulers, parliamentarians, Ferentari mafia: your tricks won’t work in Banat” (Ferentari is a neighborhood in the capital Bucharest, popularly believed to have high crime rates, but also to be inhabited by Roma; the Banat is a Western region in Romania of which Reșița is a major town); see Adevărul, March 1, 2009, and Apostol/ Cotarcea 2005, Chapter 4.
those protests and threatening about the Vatra union’s actions was the extent to which leaders relied on creating visibility around their actions. Their actions aimed at mobilizing the public on the union’s side and against the government. This is where the hunger strikes played their role: Initially they were not aimed at somehow influencing government or employer, but at shocking the public, raise its interest in the union’s cause, and raise the credibility of the union’s version of things by underlining the union’s determination. Equally significant, the government could not use the police to stop such protests that also hurt its popularity. After the June 2001 hunger strike, the union leaders probably understood that the government was responsive to hunger strikes and organized two more, in September 2001 and April 2002.

Picture 7: “The Kilometer 0 of Poverty and Democracy”: Hunger strikers raising banners in the center of Reșița, Romania (April 2002; picture courtesy of Marian Apostol)

By carrying out hunger strikes in public and with such large participation, the union transformed hunger strikes into a source of threat potential in its relation to authorities. It exposed what it considered the authorities’ misdeed (irresponsible privatization) to the public; it did so by adding a new dimension to the original misdeed – starving workers, desperate enough about the conditions at their plant that they are ready to starve rather than accept management actions. Never and nowhere in post-communist Europe would workers make use of hunger strikes to such an extent and for such strategic goals such as provoking visibility and attracting participation in other union actions such as road blocks. Other hunger strikes in Eastern Europe would not be organized in public with the mass involvement of hundreds of workers, but within the plant, by isolated workers. They are actions of the last resort, born out of desperation, not strategy; or, if they are part of a strategy, then the strategy can be traced back to individual workers, not unions (Borisov 1999). Out of my sample, only unions in Reșița and Oțelu Roșu made strategic use of hunger strikes. (Union Metasyd in Oțelu Roșu took
inspiration from Vatra.) There is much to learn here about how the union organized the hunger strike: The last one lasted for sixty days in 2002 and involved at its peak moment 400 workers, of whom some 100 were women; the hunger strike was declared in the governor’s office and carried out in a place of maximum visibility in the town center; it soon reached even Western media, risking to affect the government’s image (depending on how the media interpreted the actions; R2 2007).

One of the outcomes of the hunger strike was that it brought about state intervention and secured temporary outside support in the form of financial aid to the workers. Yet state intervention can be tricky. Comparing the case of the Vatra union to the next helps to unravel an important moment in the episode of conflict at the CSR. Authorities have their own interests often linked to business clientele, and state intervention might only be a cover-up to siphon off funds and parts of the plant to that clientele. In comparison to the next union, the union in Reșița managed to avoid this risk. In August 2002 the union resisted a government offer to send workers into unemployment, something that the union in the next case of Oțelu Roșu accepted. Government in the Reșița case motivated its offer by saying that workers would have a steady income for one year, and promised to find solutions to hire workers back. Although from a starving worker’s perspective this offer had its advantages (the money would come without having to march in the streets), from the perspective of the trade union it meant losing its source of threat potential, the mobilized workers. Workers on unemployment aid would not be as motivated anymore to fight for the return of wage arrears and re-nationalization. The next case of a union fighting the government over very similar demands and in a very similar situation shows that the government proposal probably was a trap, and that state intervention comes with its own risks.107

### 5.3. Steel Plant Socomet in Oțelu Roșu, Romania

#### 5.3.1. Plant Background and Labor Representation

Steel plant Socomet is located in Oțelu Roșu, a small town of 12,000 inhabitants, 70 km east of Reșița. The plant went through a first privatization in 1992. The state kept 49% of shares and substantial rights in the company’s administrative council, rights that according to the union leader it used to block the new owner’s investment at the plant (OR1 2007). Consequently, the private company pulled out in 1994. It left the state as the only owner until April 1999, when the plant went to the company of Italian brothers Stefano and Marco Gavazzi. In late 1999 the plant got into serious trouble as it could not pay suppliers and workers anymore; also owners made only little of the promised investment. According to the union leader, the owners failed to implement their investment plan and blamed the authorities for failing to rearrange the timetable of debt deadlines (something authorities had accepted to do when they had signed the privatization contract). Electrica (supplying electricity) was the state company that was the toughest in forcing Gavazzi Steel (Socomet’s name after the 1999 privatization) to pay its debts, by unplugging it from the electric grid in late 2000; December 2000 was also the first month of wage arrears for Socomet workers (OR1 2007).

The conflict between union and owners started when owners announced that, following the government’s failure to re-schedule debts, they would close down the plant. On January 23, 2001, according to union sources (OR1 2007; Apostol/Cotarce 2005), some 2,000 workers (the plant had around 3,000 employees) protested the closure in the town’s center. During that meeting the plant’s board of directors and the owners met 180 km away in Timisoara. They decided to offer workers the

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107 I do not argue that the union in Reșița suspected the government’s offer of 2002 to be a trap, as it turned out to be in the case of Oțelu Roșu one year later. What the union leaders thought, however, was that sending the workers into unemployment would allow Noble Ventures to take over the plant (R1 2007).
return of wage arrears for December only if the union would accompany owners to negotiations for debt-rescheduling with the authorities. Remember that in nearby Reşiţa, union Vatra accepted in 2001 (after the events in Oţelu Roşu) – after a “referendum” among union members – a similar proposal coming from owners Nobel Ventures. Plant-level union Metasyd in Oţelu Roşu, however, rejected the offer. Union leaders found out about the offer while still in the meeting in the town’s center. Union leaders raised the issue in front of the workers and – with the “protesters’ assent” (Apostol/ Cotarcea 2005: 195) - decided to demand the canceling of the privatization agreement and to stop owners from entering the plant. They blamed Stefano Gavazzi’s management for creating company debt vis-à-vis suppliers on purpose, in an attempt to make quick money by not paying scrap metal suppliers. When owners returned to town, workers beat up and chased away Stefano Gavazzi. Like in Reşiţa, the union tried to convince the state to listen to its demands by making use of road blocks and hunger strikes with a maximum of 2,000 participating in one roadblock (more than two thirds of the workforce and many more than in any road block organized by Vatra).

Following the protests, authorities initiated a criminal investigation around Socomet’s management. A court ordered the Gavazzi brothers not to leave the country for thirty days, as it was checking to what extent the owner was guilty of bankrupting the plant. Despite the court order the brothers left the country for good in May 2002. The state started the liquidation procedure in that year in order to sell the plant for whatever price was required to pay the long list of suppliers. It also offered that a large part of workers could go into unemployment in order to obtain some money – this proposal came in August 2003 and most workers had lived without any wages since February that year. Despite the union’s initial resistance to this proposal, 1,756 people accepted the offer in September 2003 and went into unemployment for a period of one year. (During this time period the state had to find investors to re-launch some of the production.) Only 600 people stayed at the plant to guard equipment and perform maintenance work. One year later the state did not keep its promise and did not hire workers back. Judges decided to split up the enterprise into several units and sell them. Most production facilities (underrated by corrupt judges, according to the union leader and the press, Amos News Agency, February 13, 2006) were sold off as real estate; the last surviving shop, the electrical oven, went to Ductil Steel, a company based in Buzău, Romania, and owned by several Italian businessmen. The plant in Oţelu Roşu lost its status as an autonomous company and became an auxiliary facility of the company in Buzău. The union leader retired. Threatened with layoffs, union members were forced to walk out of the union; there is no collective agreement signed at Oţelu Roşu today; the one signed in Buzău includes an addenda referring to workers in Oţelu Roşu. In the meantime, the plants in Buzău and in Oţelu Roşu have gone to Russian steel company Mechel. The number of workers further dropped to some 400 today.

Despite its autonomy and attention to workers’ demands (input legitimacy), union Metasyd in Oţelu Roşu scored low on labor representation. The union's demise, failure to return wage arrears and defend jobs, in a situation where another union (Vatra) could achieve more, are all signs of low effectiveness. The union did manage to bring about state intervention at the plant, but this was more an effect of the union aligning its efforts with those of the Vatra union; as soon as the Vatra union’s demands were addressed, Metasyd would no longer keep up the pressure on the state, and state intervention followed a path unintended by union leaders. I will argue below that the failure in the trade union's effectiveness is not so much due to lacking threat potential (it enjoyed advantages that Vatra did not have), but – as of 2003 - due to the increasing divergences between workers and union leaders regarding how to calibrate threats.

Workers whom I spoke to during fieldwork contradicted their former union leader’s version of how bad things currently are at Socomet; while the union leader told me that wages in Oţelu Roşu are three times smaller than at another plant owned by the same company but with a union, workers said that they have a salary that corresponds with branch levels. They were also happy with management at the plant and working conditions, but unhappy with not having their own collective agreement and fearful of the arrival of a new owner (Russian Mechel), OR2 2007, OR3 2007.
Table 5.4: Labor representation at Socomet in Oțelu Roșu, Romania

<table>
<thead>
<tr>
<th>Episode of contention</th>
<th>Autonomy</th>
<th>Legitimacy</th>
<th>Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-2003</td>
<td>High</td>
<td>Input: High</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>(No social benefits to administer)</td>
<td>(Union takes up worker demands)</td>
<td>(Union fails to convince authorities to nationalize or in other ways save the plant, and also fails to obtain funds to support the plant’s unpaid workers)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Output: Low</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Union fails to deliver results that satisfy workers)</td>
<td></td>
</tr>
</tbody>
</table>

5.3.2. Strategy

The dangers of state intervention: a comparison of unions Vatra and Metasyd

This union’s story is relevant for my research as it apparently relied on the same strategic elements and faced similar contextual problems as the Vatra union. In the end, however, it lost everything, from most of the jobs to unionization, while Vatra could avoid the same fate. With so much in common in the two cases, the question arises why the outcomes of union actions were so different. This sub-section discusses the contexts of union action in the two cases, the union leaders’ actions in terms of what was similar and what was different, and the views of the union leaders about what was the main difference explaining Metasyd’s defeat. I also present my claim regarding the main difference explaining defeat: the Metasyd leaders’ lacking ability to calibrate threats, concretely, not taking worker protests out of the plant and into the streets to pressure authorities for the cancelation of the privatization contract.

The contexts for union action in the two cases were fairly similar. Both unions faced the same governments over the same issues (wages, work, cancelation of the privatization contract) at roughly the same time (2001-2003) and relied on the same support from the Cartel. The workers were in both cases ready to participate in conflict-oriented actions. In other words, both unions could overcome structural difficulties such as mobilizing workers and breaking out of isolation. The two unions – only 70 km away from each other – even coordinated their actions to increase the disruption they would achieve vis-à-vis the state. For instance, the unions organized the road block of the key road between Romania’s biggest cities jointly, in August 2002 (Ziua, August 24, 2002). Generally, both unions employed the same mix of plant occupations - to keep asset-stripping owners away - and street pressure for state aid. One difference, however, refers to the use of hunger strikes: Union Metasyd also organized one but failed to organize it publicly – as the 43 participants’ medical situation deteriorated, they were moved to a hospital. In Reșița, many hunger strikers refused to leave the central place and were treated by medical teams on the spot.

In both cases, the state responded to labor protests by offering to help workers by temporarily sending them into unemployment until it would have solved the property situation. Government argued that in unemployment workers would at least have a permanent source of income (unemployment benefit). The Vatra union refused. Metasyd refused, too, but a majority of its workers took the offer (1,700 did, 600 refused). What happened was that the unemployment offer of the government turned out not to be temporary. After one year the government refused to hire the workers back. It declared the plant bankrupt and sold assets to local business. Only one shop survived, where some 400 non-unionized employees still work today. The question is why did the members of the two unions respond
differently to the unemployment-offer? Put differently, in what situations were the two unions when making the choice over accepting the government’s unemployment offer?

First, let us have a look at how trade union leaders themselves explained the situation. Union leaders argued in interviews with me that people in Oțelu Roșu were “not as desperate” as in Reșița. Leaders also argued that workers in Oțelu Roșu did not participate as massively in protests as the ones in Reșița because of their rural background – they could go back to their land plots and make a living while workers in Reșița could not do so. But data on worker participation from the two plants in the same road blocks (the unions would organize them together until January 2003) shows the same or even higher participation of Oțelu Roșu workers than the Reșița group. In his book, one of the leaders making the not-as-desperate claim wrote in 2005 about the situation of Oțelu Roșu workers in 2002: “Three of the [43 hunger-] strike participants ended up in hospital […] One worker tries to commit suicide threatening to jump off the company’s headquarters. The people’s despair knows no limits. They do not find any more solutions to provide their families with food. They eat only water, bread, and boiled potatoes.” (Apostol/Cotarcea 2005: 278)

Calibrating threat potential: why Metasyd failed

In August 2003 a majority of the workers took the government’s offer and went into unemployment, thus leaving the union without threat potential and giving up their control over the plant. Why did they take the offer? One can use the comparison with Reșița to argue that workers took the offer out of acute financial distress, because the state offered them less state aid than in the case of Reșița. Why was this so? Metasyd leaders were less determined to go as far as the ones of Vatra did in their actions vis-à-vis the state, and also tried to dissuade their members from going as far. Evidence for this point is the drop in Metasyd protests after the CSR crisis was solved in January 2003: There were no more road blocks after the government gave in to the demands of the Reșița workers. The crucial detail at this moment of the story is that despite the apparent drop in protests – no more public road blocks to reach the ears of the media – there still was unrest at the plant in Oțelu Roșu. Workers continued protesting and took over the plant to block the attempts of now state-controlled management to allegedly asset-strip it. But the union was not taking these protests out of the plant anymore and – as a result – had little left to threaten with, and could also obtain little. In March 2003 workers were exhausted after a conflict that had lasted since 1999. 1,700 of them took the unemployment offer, despite the union’s advice not to do so.

I claim that the difference to Vatra lay in the way the union understood to calibrate its threats to the actor it had targeted. For instance, Vatra leaders believed the decision over the plant’s privatization contract to be in the state’s hands. Consequently, they addressed their threats to this actor and also

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109 See OR1 2007 and R3 2007. Actually, I came across the opposite argument when studying the union at the Ball Bearings Plant in Vinnitsa, Ukraine (part 3 in this chapter). The ball-bearing plant in Vinnitsa employed workers that tend to live in one neighborhood on the city’s outskirts and where they have enough room for land plots. This allowed them to keep land plots around their blocks and in their home villages, something that they could use during long periods of strike. I came across similar thinking also among workers in Târgoviște, Romania. The trade union leaders of these unions explained that the fact that workers could ensure subsistence would make them more independent of management and more ready to strike. It seems that whether one has a land plot or not is a bad predictor for one’s likelihood to stay involved in long periods of protests; leadership, the capacity of union leaders to keep workers united around one definition of situation, proves to be the “intervening variable” between workers’ use of land plots and protest involvement.

110 According to union leaders, see OR1 2007 and R3 2007.

111 These episodes are part of how state-hired administrators (like with the NV in Reșița, workers had chased foreign owners out and the state had appointed a consulting company to run the plant and find ways to repay creditors) describe the situation at the plant in their complaints to state organs, claiming that workers (led by their union) threw them out of the plant on May 15, 2003: “On May 15, following union mass actions at the plant, management, composed of [identity withheld by author] are taken out of the plant by the unions’ representatives, and from this day on, union actions take place on a daily basis”, Expert Consulting, Raport privind activitatea desfășurată de administratorul judiciar pe perioada Decembrie 2002 – Mai 2003 [Report concerning the activity of the judicial administrator, December 2002 – May 2003].
calibrated them to the state, by switching from threatening with strikes and factory occupations to hunger strikes (and carrying them out). In contrast, Metasyd leaders did not engage in the same efforts of calibrating threats. Although they, too, believed the state to be the answer to their problems, they did not target this actor, although they could have, given the protest propensity among workers in Oțelu Roșu. Instead, they limited their efforts to controlling and disrupting state actions at the plant, to the extent they believed the state to be engaging in asset-stripping. But they did not launch visible protest campaigns to threaten the government’s popularity as the Vatra union in Reșița did.

The evidence for my claim above about the cause for the rift between workers and union leaders over the unemployment offer mainly comes from studying the Metasyd leaders’ actions in comparison to the Vatra union’s actions. But the Metasyd union leadership's take on disruptive actions also offers further evidence. Despite investing much energy in all the stages of the protest, the union leaders of Metasyd were not ready to go as far in their protests as leaders of the Vatra union in Reșița. For instance, union leaders at Socomet told me that when Vatra leaders made a public statement that workers would block the railroad, they advised Vatra leaders not to do so as “railroads are considered strategic and police will shoot at will” (OR1 2007). Vatra union members in the end gave up the idea of blocking the railroad. However, the advice of the leaders in Oțelu Roșu was probably wrong, as police had no right whatsoever to open fire even under such circumstances and never did in the country's post-1989 history. The story shows that Metasyd union leaders did not want to go as far as Vatra leaders did and therefore limited the sources of threat potential.

Furthermore, often the Metasyd union would join in road blocks only after Vatra had begun organizing them, despite Metasyd also having enough militant workers to start such actions on its own (plus the fact that it had a tactical advantage: its town is only 17 km away from a European Highway, while Vatra workers usually had to get there by Cartel-sponsored busses or on foot, over a 37 km distance). And, as already mentioned, the end of protests in Reșița also brought a steep decline in protests in Oțelu Roșu, a decline to be traced back to leaders’ decisions and not to workers’ alleged (by the leaders) reduced protest propensity.

5.3.3. Conclusions

Summing up, Metasyd union leaders were less and less inclined to continue street protests after the end of protests in Reșița, despite the workers' readiness to participate. At the same time, they advised workers not to take the government's unemployment benefit offer. Starving workers, however, were left with no alternative between the state's offer, on the one hand, and ineffective protests within the plant, on the other. Union leaders distrusted the state's unemployment offer, and rightly so. For workers, however, it would be the only way to receive financial help; one side – the leaders – distrusted the state, the other one – the workers – overwhelmingly took the state's offer discarding the leaders' warnings.

Nevertheless, union Metasyd achieved two years of protests and a state intervention that at least brought unpaid workers some economic relief in the form of unemployment benefits and in the end – after two years – also obtained the return of wage arrears with the sale of Socomet's last remaining shop. As we move further East, we find unions and workers in a much more difficult situation. If Metasyd could count on the assistance from Cartel Alfa and the example of nearby Vatra members during the two years of conflict, the unions in the Ukrainian cases below find themselves in utter isolation. These plant-level unions - while organizing protests and demanding re-nationalization – would go against the dominant approach of the branch union ASMU and national union FPU of ignoring conflicts that they deemed too marginal and exceptional to support. They would also have to deal with an issue that the Romanian unions were spared – the organization's autonomy from
management. Throughout the years of conflict with employers, they would undergo tremendous radicalization, at the same time making impressive gains in terms of labor representation, winning the return of wage arrears and severance pay, and most importantly, delaying or stopping enterprise closure.

5.4. The Ball-Bearings Plant VPZ in Vinnitsa, Ukraine

5.4.1. Plant Background and Labor Representation

First episode of contention: 2002-2003 and ensuing struggle
The ASMU organization at the Vinnitsa ball-bearings plant (Vinnits’kyi Pidshipnikovyi Zavod, VPZ) saw more conflict with management than any other ASMU union. The committee leading the union at the time of my fieldwork (2007-2009) had emerged already in the wage arrears crisis years of 1998-99. Back then, with the plant still in state property, the union’s most important fight was against a director who kept revenues from selling production to himself, instead of paying workers their wages. The tactics the union used in those days – such as involving the kollektiv, the workers’ collective, in all serious decision-making and in all stages of the fight - proved to be effective also in the years to come. The VPZ is located in the regional capital city, Vinnitsa (about a two-hour drive west of Kyiv), population 365,000 at the time of fieldwork.

The privatization of VPZ started in 2001, when a first set of shares (28%) went to Ukrinterprodukt, a Donets’k-based company; in 2003 another 25% went to the same company. A unique case in my sample, the VPZ union influenced privatization, insisting that the new owner guarantee in the privatization contract the plant’s survival, that it would not cut the workforce, that it would create new jobs, and that it would not change the enterprise’s field of activity. A core demand was also the payment of wage arrears worth EUR 500,000. Two months after privatization it became evident that the owner did not plan to respect the privatization contract: Management had made no wage arrears payments and initiated a bankruptcy procedure. The bankruptcy procedure, coupled with the lack of any investment, convinced the union that the owner is an asset-stripper; in the corresponding episode of conflict (2002-2003), the union launched a series of protests demanding the plant’s renationalization and consisting of mass protests in the city. Although there was no renationalization, the union nevertheless convinced the owner to give up the bankruptcy procedure and re-launch production at the plant, and also to return the wage arrears.

The following years, 2004-2007, were marked by many other conflicts. Throughout these conflicts management gave in to union demands on several occasions, paid wages and arrears, raised the wage level, and signed a collective agreement. The union also resisted a backlash aiming to create a parallel union by using management’s control over union-member-foremen. Foremen refused to carry out management’s orders and asked the union for protection. Furthermore, in a unique case in Ukraine, the union won a lawsuit filed against it by the new Ukrinterprodukt-appointed manager, over whether managers are entitled to be union members or not.

\[112\] Ukrinterprodukt bought the VPZ through intermediary companies, but union leaders could trace these companies back to the company in Donets’k; at the time of fieldwork Ukrinterprodukt's control over VPZ was already official.

\[113\] See Mandel 2004 for a case-study of this first period of protests.
The liquidation of the VPZ, 2007-2009

The owner made a new attempt to shut down the plant and sell its assets in January 2008. At first, it looked like the union had enough support politically and among workers to stop the closure. But the intervention of authorities led events in another direction; while promising to do workers justice and renationalize the plant, state authorities failed to resolve the conflict. The union could only delay the closure for a long time (the plant was closed only in August 2009), and obtained the return of all wage arrears and severance payments from the owner. Here is how the events developed:

Wage arrears resurfaced in July 2007, when the plant stopped paying wages to the 1,100 workers. Like in 2002 the union turned to the authorities (mayor, regional governor) to solve the problem. Union leaders believed that legal work-conflicts are inefficient – they cost time and offer no guarantees that wage arrears will not reappear. Authorities helped bring the employer to the negotiation table, and in December union and management agreed on a plan for returning wage arrears; in early January 2008 the plant even briefly started producing again. But then the owner changed course again, sacked the general manager, and announced the plant’s closure (framing it as bankruptcy), with all workers to be fired on April 14, 2008.

In response the union used various tactics to fight the closure, from intimidating managers via demonstrations in front of the plant or threats that it would occupy it, to lobbying authorities. On several occasions throughout 2008, union members took control over company gates and legal documents to prevent asset-stripping. Lobbying authorities was done via pickets and demonstrations, enlisting also the help of a former union member who had become an important civil servant. He stopped the bankruptcy procedure by refusing to register it with local authorities, claiming that the employer had not respected legal procedures such as informing the union of its actions in time. (See interviews with VPZ union leaders V1 2007, V1 2008, V2 2007, V2 2008.)

This bought the union time to concentrate its actions in two directions: First, it lobbied the government to step up its efforts in court to try to re-take the plant into state property because Ukrinterprodukt had failed to respect privatization obligations. Union leaders had argued since January 2008 that their plant had been profitable until 3-4 months before, when the owner decided to liquidate it. They asked the government’s help to set-up a commission to prove their statements right. BYUT politicians in government and parliament promised the union their help, especially since the Ukrinterprodukt-owner is an MP of the Party of Regions, BYUT’s archrival. The agency supposed to co-sign the commission report and represent the government in court, the State Property Fund, was paralyzed by political conflict between the prime-minister and the president and initially refused to back the creation of the committee. But worker pressure via a picket in Kyiv and negotiations with Fund representatives soon led to the creation of the commission. In the words of one union leader: “We fought it out. All this [the commission] would have never come into existence without the people [the workers] taking it to the streets” (V1 2008). The commission found out that the plant had been “bankrupted on purpose” and demanded a criminal investigation into how the plant owner had handled privatization obligations. The Ministry of Interior and the General Prosecutor, however, postponed enacting the demand (transformed into an order of the prime-minister, see below; V2 2008; Profspilkovi Visti, September 12, 2008).

Second, the union continued its efforts to convince local authorities, such as the region’s governor, to sue the employer for the way it carried out the bankruptcy process. The increasing visibility in the media that the protesting workers created around the VPZ case made it profitable for politicians such as the governor to get involved in solving the crisis; after all, the VPZ workers’

\[114\] In Ukraine there are precedents of plant re-nationalizations; the most important one took place when the Tymoshenko government re-nationalized the country’s biggest steel works in Kryvyi Roh in 2005, taking it back from oligarchs Viktor Pinchuk and Rinat Akhmetov. The official reason was that the initial privatization was fraudulent. Later the Tymoshenko government sold the steel mills to Lakshmi Mittal in what would become Eastern Europe’s biggest privatization deal ever.
pickets were the only citizens that had demonstrated in front of his office in years. The mayor also got involved: His lawyers helped the union to file a lawsuit to temporarily stop the bankruptcy procedure and postpone the April 14 deadline. Eventually, in April 2008 the governor traveled to Donets’k, where he convinced the Ukrinterprodukt-owner not to close the plant.\textsuperscript{115}

In May 2008, the owner motivated his initial – January 2008 - decision to close down the plant by claiming that management had misinformed him about the plant’s prospects. The owner invited managers, union, and local authorities to work together on a plan to make the plant profitable. In summer 2008 management (and the owner) rejected the plan drawn up by union members as “not profitable” (V1 2009). Consequently, management announced again – for the third time since privatization – that it would close the plant. The involvement of the authorities in negotiations brought no results; management refused anything less than liquidation. One worker had commented earlier that this – the employer’s insistence on closing the plant - makes sense, to a certain extent: He claimed that the VPZ is worth Eur 20m as a ball-bearings plant, and Eur 500m as real-estate (V3 2007).

Ensuing protests and again a picket in Kyiv would also fail to bring any palpable results for the union, with the workers in despair after almost one year of protests that had not returned them wage arrears. Furthermore, the plant paid the workers only “idle pay” in the first half of 2008, i.e. the pay due to workers when the plant is idle for reasons that are not their fault, two thirds of the minimum branch-level wage. This is miserable pay (around 60 Euros a month), and although the workers would not have gotten even that if the union had not stopped the liquidation, it was still too little. As of May, 2008 workers would not even get that pay anymore.\textsuperscript{116} The union agreed to end protests and accept the liquidation after five months of unpaid wages that had brought workers to despair; but the union would sign the liquidation agreement only once workers had been promised arrears and layoff benefits amounting to 150% of the wage arrears.

The signing of the liquidation agreement would not put an end to the conflict. Enforcing the agreement proved as problematic as signing it. Most dramatically, the three sides (owner, union, governor) clashed over the issue of wage arrears and severance payments. According to the agreement, workers were supposed to receive these sums when they would leave the plant. This, however, did not happen. Furthermore, the guarantor of the agreement, the governor, refused to meet the workers again, and even accused them of “poisoning” the climate at the plant and provoking the death of the plant’s general manager (who died of a heart attack in January 2009). In response, in February 2009, some 400 workers walked again the nine kilometers between their plant and the city center. This time they did not picket the governor’s office but organized a road block in the city center that stopped traffic on the center’s main boulevard. The governor immediately received the union leaders and agreed to pressure the owner to enforce the agreement (Ukrains’ki novini, February 10, 2009; this episode is described in more detail below).

The table below shows what the Vinnitsa union achieved in terms of labor representation. The comparison between the two episodes of contention presents different outcomes in terms of

\textsuperscript{115} The governor presented his commitment and contribution to solving the crisis in February 2008 on the regional administration’s webpage, original address: www.vin.gov.ua/web/vinoda.nsf/web_alldocs/DocBLEYC (the webpage is available only in cache probably because after a deterioration of relationships between governor and union that page disappeared; retrieved November 24, 2008, copy in author’s archive).

\textsuperscript{116} In an article about the plight of VPZ workers, a local newspaper cited a woman participating in the protests and saying that because of the chronic lack of money, she and her entire family only eat potatoes, while her children receive clothes from their school colleagues (Gazeta.ua, October 30, 2008). Other workers told how difficult it is for 40-year old workers to find jobs in Vinnitsa; they work on other people’s land plots, but this again barely brings the income for entire families, and workers say that they cannot live this way any longer (Yednist’, September 2008; in the author’s archive). In October 2007 I asked workers how they can live under such conditions, at that time with wages unpaid for three and a half months. Two women explained that they pay only for urgent housing bills and very cheap food; the situation was most difficult in those families where both partners worked at the plant. But even when they were receiving wages their lives were far from luxurious; the average wage was some 110 euros a month.
effectiveness; in the second one, the union could not stop the plant’s liquidation, despite significant
gains for the workers in terms of wage arrears and severance payments. In this section I set out to
explore the puzzle posed by the difference in outcomes and union achievements between the two
contention episodes. I argue that the difference in effectiveness can be traced back to the union’s
isolation in the second contention episode and the state’s intervention that prolonged the episode of
contention while limiting the choices of the union.

Table 5.5: Labor representation at VPZ in Vinnitsa, Ukraine

<table>
<thead>
<tr>
<th>Episode of contention</th>
<th>Autonomy</th>
<th>Legitimacy</th>
<th>Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-2003</td>
<td>High</td>
<td>Input: High</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>(In a union that had seen union reform before privatization)</td>
<td>(Consults with workers and represents them in key areas, wage arrears, stopping plant closure)</td>
<td>(Blocked liquidation attempt)</td>
</tr>
<tr>
<td>2007-2009</td>
<td>High</td>
<td>Input: High</td>
<td>Partial</td>
</tr>
<tr>
<td></td>
<td>(Came about via fighting off attempts to control the union)</td>
<td>(Consults with workers and represents them in key areas, wage arrears, stopping plant closure)</td>
<td>(Union returns wage arrears and gains severance payments, but owner liquidates plant)</td>
</tr>
</tbody>
</table>

5.4.2. Strategy

The union at the VPZ is the only one in my sample not to witness problems in reaching a shared
situational definition among its members. The long periods of wage arrears, coupled with the activism
of union members, translated into a large, mobilized group of workers – of some 400 people – ready to
participate in any disruptive actions. This mobilized group of workers became the union’s primary
source of threat potential. Rather than reaching a shared definition of the situation, the problem for the
union in Vinnitsa was constituting and communicating threats vis-à-vis an owner who had little to no
interest in their plant and was located in a distant city, with his main operations equally far away (in the
Donets’k area, in the Eastern extreme of the country).

Comparing the two episodes of contention 2002-2003 and 2007-2009 raises the question of
what changed in the situation around the VPZ so that the union could not repeat also in the second
episode the achievement of stopping the plant’s closure. In both episodes the union could mobilize
workers for protests in the city and could also rely on local actors holding public office to hamper the
owners’ efforts to close down the plant. What differed was the state’s intervention; but before going
into the details and consequences of state intervention, the question arises of why is it that – contrary to
the situation at other plants – there was so little conflict over the definition of the situation within the
union.
Shared definition situation and the 2002-2003 conflict

The union at the Vinnitsa ball-bearings plant is unique among my Ukrainian cases as the union saw pre-privatization conflict leading to a deep reform of the union. The issue back then – in 1998 - was also wage arrears, and fieldwork by Canadian scholar David Mandel offers an in-depth account of developments in 1998 that Mandel refers to as a “revolution” (2004: 195). Up until 1998, the union in Vinnitsa had been typical of the organizations continuing their Soviet tasks of distributing benefits and monitoring production instead of defending workers against management. Ever since 1996, when the first wage arrears occurred, there had been a number of wildcat strikes at the plant, usually started by the skilled workers at the turning shop. Until 1998 the pattern of these wildcat strikes basically resembled the account by Ashwin and Clarke of similar instances in Russia, where management could isolate such shops by paying them off (which stimulated further militancy, Ashwin/Clarke 2003: 257). But in 1998 workers participating in such a wildcat strike preferred to walk through the plant and mobilize also the other workers, instead of negotiating with management only on behalf of the turning shop. Most of the plant’s workers gathered at the company’s gates, and held a meeting, also attended by the general manager and the ASMU regional president. The workers demanded that a worker be elected to the job of union leader (vacant at that time) and imposed this demand against the opposition of the ASMU regional president. Mandel notes that “it was almost unheard of for a worker to be plant [union] president” (Mandel 2004: 197). It is thanks to the commitment of this new union leader that the union could open up vis-à-vis the demands of workers and successfully solve pre-privatization crises of wage arrears by pressuring and striking against management.

The reform of the trade union took place during times when the ASMU leadership in Kyiv was still very supportive of plant-level organizations engaging in conflicts with the employers. The ASMU helped with training union council members and also directly intervened on the plant-union’s side during conflicts with managers by coming to Vinnitsa and helping to mobilize workers. By 2002 the union was so strong that it could influence privatization and dictate several conditions (mentioned above). The key to finding its strength, according to Mandel (2004), was the union’s constant reliance on mobilizing workers effectively for solving crises of wage arrears.

When in 2002 the plant’s new owner failed to live up to the responsibilities taken up in the privatization contract and announced that it would close down the plant, the union achieved unprecedented mobilization for Vinnitsa. 1,500 demonstrators, supported by the Communist Party and other left-wing organizations such as the Association of Soviet Veterans, marched through the city on October 2, 2002, and were met by the governor (until then refusing to speak with them), now promising to solve the crisis. Hundreds of workers picketed the tribunal organizing the bankruptcy trial and forced the access of their union leader to the hearings. When the judge asked the trade union leader what right he had to attend the hearings (“By what authority do you speak?”), the trade union leader said: “There, on the street. That’s my authority!” (Mandel 2004: 208).

Eventually, eight months after the employer had announced the closure of the plant, VPZ opened again. Only 850 workers were allowed back to work, later to increase to 1,100; the rest had to go, about two thirds of the workforce, to allow the return of debt to creditors. However, the union made sure that none of the protest participants would lose his or her job, thus keeping the most militant workers within the union. In the words of the leader: “But we have said: No one who was really active in the struggle will be laid off. Otherwise, it would be like reprisals. And after eight months of serious struggle, we have a large core of tested and tempered activists. Some are new people who were

117 Mandel describes the union in the following terms: “During Perestroika and in the first years after independence, the workers remained inactive. Management and union were unchanged. Except for the social benefits it helped administer, the union was irrelevant to the workers. If they had a problem, they went to management. Conflicts rarely took on a collective dimension, and when they did, they were confined to the given shop or even section. Copies of ASMU’s paper that arrived at the factory remained undistributed on the tables of the shop chairpersons.” (Mandel 2004: 195-196)
awakened by this fight. So when we hold new elections in the shops, we'll know whom to choose.” (In Mandel 2004: 209)

Isolation (ASMU’s growing unease with militant unions)

Comparing the two episodes of contention highlights the growing isolation of the VPZ union in the latter episode. This is important, since it shows that whatever the union could achieve it achieved with little permanent outside support. Isolation had several causes, some of them related to the choices of union leaders, some to the change over time in ASMU’s readiness to support militant plant-level unions such as the one in Vinnitsa. At the regional level, too, ASMU did little to nothing to mobilize workers at other plants in support of VPZ workers.

Mandel (2004) notes that for organizing the demonstration in October 2002, the union relied on the help of the local Communist Party; the Communist MP's from Vinnitsa also attended the demonstration. By contrast, in 2007-2009 the VPZ union decided to court the party of Prime-minister Yulia Tymoshenko, BYUT. This had several reasons: The union leader thought that the Prime-minister would be more effective in helping them out and that Ukrinterprodukt’s connections to the Party of Regions would attract the support of BYUT for the cause of the VPZ union (the BYUT and the Party of Regions are the two main opponents in Ukrainian politics). Also, the union leader told me that a large majority of workers supported the BYUT; in the electoral district of the DPZ-18 Mikrorayon, where most workers live, nearly 90% voted for the BYUT in the elections on September 30, 2007 (V1 2007).

The problem, however, was that help coming from BYUT was ineffective, mostly because the government could hardly implement any of its decisions. Prime-minister Tymoshenko via Deputy Prime-minister Oleksander Turchynov stated her support for the Vinnitsa workers more than once; most importantly they created a governmental commission to study whether the owner had respected its obligations, as stipulated in the VPZ privatization contract. Based on that commission’s report, the government ordered inquiries into the legality of the VPZ privatization in May 2008 (as the owner failed to keep privatization requirements by deciding to close down the plant). In fact, the ministries – Justice and Internal Affairs - never responded to the Prime-minister's order (Profspilkovi Visti, September 12, 2008). The State Property Fund, too – back then paralyzed by a conflict between Prime-minister and President over who should control the Fund – failed to react to the Prime-minister’s decisions. Here is how union leaders in Vinnitsa explained the problem of the government’s failure to implement its decisions:

The problem is that while [political] leaders at the top come and go, civil servants at lower levels stay on their jobs. They, apparently, think this way: While Tymoshenko [the Prime-minister in 2008] goes, Yanukovich [leader of the Party of Regions] might come, and the company is from Donets’k [Ukrinterprodukt’s owner is a Party of Regions MP]… And therefore they [the civil servants] hide the Prime-minister’s orders under their robes, they postpone, they consciously write faulty court decisions. They are afraid that the regionaly [members of the Party of Regions] will come and ask: “Why did you offend us? You’re free to go!” That’s the whole problem.118

VPZ union leaders nowadays think that they expected too much from government intervention, and that waiting for the government to solve the crisis greatly limited their actions. They called union members back from disruptive actions – such as the often mentioned proposal of blocking the international railroad – while nowadays they believe that such disruption could have been more effective in convincing government to fight more for implementing its decisions. But the union was already negotiating with government – i.e. it had already gained a place at the negotiation table – and

118 In Kanal 33, October 22, 2008.
the union president believed that pursuing disruptive actions while at the same time negotiating would have undermined the union's credibility (V1 2008).

Instead of disruptive actions, the union could have used more pickets in front of the government or ministries to create visibility around their demands and remind politicians about these issues. One such picket, organized in Kyiv in February 2008 by the VPZ union, proved important for gaining access to the negotiation table with government and the State Property Fund. The government's decision to establish a commission for the study of the VPZ privatization came shortly after that picket. But it is striking – and speaking volumes about the union's isolation - that the picket was the work of the VPZ union, not ASMU. It is the VPZ union that collected the funds from VPZ employees for transporting some 100 workers to Kyiv – quite an achievement if one thinks that VPZ workers had not been receiving wages for five months already at that time. The ASMU did not help on this occasion in any other way than contacting the State Property Fund and the government. The ASMU acted only when VPZ workers came to Kyiv, but afterwards did not contact government or relevant ministries anymore, nor did ASMU extend any help to the VPZ union to organize other pickets in Kyiv.

This is used to be very different in the militant days of the ASMU, when the ASMU leader often travelled to unions in distress to assist them – and did assist the VPZ leaders during the 1998-1999 conflict with management over wage arrears. In contrast, the ASMU nowadays ignores plant-level struggles and its central leader has never visited plants in distress such as the one in Vinnitsa or the one in Kherson (presented in the next section). Furthermore, the ASMU did little to support VPZ also at the regional level. For instance, after visiting Vinnitsa in summer 2008 and organizing training seminars with Vinnitsa unions, David Mandel was surprised to find that other ASMU and FPU union members were not aware of the attempt to close down the ball-bearings plant and the union's opposition to that attempt (personal communication, 2009). This also shows that the ASMU and the FPU regional officers did not see it as part of their tasks to support the VPZ union by brokering alliances with other plant-level unions. At least locally, this probably happened not so much out of lacking sympathy with the cause of the VPZ union, but out of the ASMU's (and the wider's FPU) unease with mobilizing workers. ASMU and FPU regional leaders did extend help in the form of legal counselling to the VPZ union over how to fight the liquidation in court. Only in September 2008 would the ASMU assist the VPZ union and mobilize workers from other plants for a meeting in front of the plant.¹¹⁹

Finally, there is one instance that contradicts the general finding of the VPZ's isolation in Vinnitsa; it is the case of the deputy mayor, a former VPZ union member, who pressured the local prosecutor not to register the the VPZ owner's decision to liquidate the plant (V1 2008, V2 2008). This, together with the regional ASMU and FPU's help in fighting the liquidation in court, bought the VPZ union critical time and delayed the actual liquidation by one and a half years (the owner had declared it in January 2008, it only happened in August 2009). It also increased the amount of money due to workers, since postponing the liquidation meant that the employer still had to pay wages (in effect, wage arrears would be paid only upon the workers’ final departure from the plant).

Mobilized workers as threat potential: The heat of worker anger

But what exactly did the union achieve? The union delayed the liquidation and, most importantly, triggered the involvement of local authorities that repeatedly brought the employer (either management or even the owner in Donets'k) to the negotiation table. As said above, the government’s involvement was largely ineffective. But local authorities (governor and mayor) made a difference, by bringing management to the negotiation table and convincing it to pay back wage arrears (December 2007), by

¹¹⁹ For the meeting in front of the plant on September 8, 2008 ASMU did make sure that also workers from other plants attend – this way, some 1,000 of them could gather in front of the plant and block its entrance. However, this was too little, too late, as most VPZ workers were on the brink of starvation. See Yednist', September 2008 (in the author’s archive).
convincing the owner in Donets’k to postpone the liquidation (May 2008), and lastly, by guaranteeing that the owner respect the obligations to pay wage arrears and severance payments in exchange for the union agreeing to the liquidation plan (November 2008 and in February 2009 after worker protests).

As in the 2002-2003 episode of contention, convincing local authorities to intervene necessitated collective protests and mobilizing workers. In contrast to that episode, in the second episode of contention the union went further than just organizing demonstrations. In February 2009 it blocked the traffic in the city centre, in response to the governor’s actions. Specifically, the governor had refused to pressure the owner to pay the remainder of the wage arrears, although the governor had signed the liquidation plan guaranteeing that he would interfere if any of the two sides – owner, union – failed to keep its obligations as stipulated in that document. The governor also accused the union of “poisoning the climate at the plant”, something that supposedly led to the death (by heart attack) of the plant’s general manager in January 2009 (V1 2007). It shows that the governor was generally critical vis-à-vis the union and was at best a constrained source of outside support for the latter. On other occasions, too, important civil servants have shown more understanding for the owner than for the workers picketing the regional administration. Calling worker protests a “show”, the deputy governor said that “the owner does not deny that he owes [workers] the money, but the crisis forces him to postpone payment.”

The union achieved very high mobilization of its members, with at least half of the VPZ workers participating in the 2007-2009 demonstrations in Vinnitsa or the February 2009 roadblock. The key to such mobilization apparently was the union’s insistence on involving regular members in decision-making. This happened via so-called worker “conferences” that the union initiated and organized on plant premises. Such “conferences”, involving hundreds of workers, took place sometimes as often as every week. Union leaders would set the agenda, but workers could add other points; most importantly, all crucial issues (demands, means to achieve them) were decided at such conferences, via open voting. Union leaders admitted to having two objectives in organizing such conferences: first, regularly involving workers in union matters to ensure their participation in collective actions; second, the union organized such conferences to place other actors under pressure. The union would always invite management to attend and respond to the workers’ questions about wage arrears or the fate of the VPZ. The situation on such occasions often threatened to get out of hand, with workers placing managers under tremendous pressure. Members of the local administration – governor, prosecutors, mayoral representatives – also participated in such conferences. Again, the idea was to acquaint them with worker anger. Local authorities often refused to help the union when local civil servants met only with the union leaders. Worker conferences, however, always had the effect of pressuring local authorities to promise help. When authorities declined invitations to participate in worker conferences, the union organized demonstrations in the city centre. The picture below shows a worker conference in 2007 that got out of hand, with workers surrounding the manager and the representative of the governor. Wage arrears had reappeared in July 2007.

\[120\] On Mobus.com, November 07, 2008. The owner had stopped paying wages in Vinnitsa five months before any talk of the crisis.
“Vsyo delaet massa naroda,” “the masses do everything”, one trade union leader told me, hinting at the union’s tactics of inviting local authorities to attend worker conferences and thus pressure them to make commitments. Union leaders had found that “only this kind of action [leads to results]: Only when you run around, break stuff, yell, whistle will things start to run; if you do not, they [authorities] will just try to buy time” (V1 2007). Mass protests proved crucial for restoring communication with the owner of the plant. Located in distant Donets’k, the owner of Ukrinterprodukt never set foot into Vinnitsa. Furthermore, the owner changed the managerial team in Vinnitsa very often, on at least one occasion in the aftermath of an important deal struck with the union. For instance, the managerial team that accepted the return of wage arrears in December 2007 – after worker protests and the involvement of local authorities – had to leave office less than one month later (when the owner announced the liquidation, he also changed the management team). This – and the three previous changes in management – forced the union to start from zero every time, having to re-establish its threat potential vis-à-vis each new managerial team. The involvement of the local authorities – and specifically the governor’s involvement – restored communication with the owner. The owner – while ignoring the union – never ignored the local authorities, especially when the governor visited the Ukrinterprodukt owner Aleksandr Leshchinskii in Donets’k. And local authorities never ignored the mobilized workers.

The most telling example of how the union restored communication with the owner via the local authorities is the case of the roadblock on February 10, 2009. The four hundred workers blocked the traffic in the city center right in front of the regional administration building; workers formed a huge chain of people repeatedly crossing the four zebra crossings which formed a rectangle around the intersection, thus closing off traffic on the two streets meeting in front of the regional administration. These tactics – used in the recent past by Crimean Tatars in their confrontations with Ukrainian police
– took the authorities by surprise, as they required no authorization (the workers were not doing anything illegal, they were just crossing the streets) and did not offer any reason to the police to interfere. The disruption was nevertheless important, blocking traffic in the regional capital’s center and attracting media attention. The deputy governor invited the union leaders to negotiate. The roadblock stopped only when the deputy governor called the VPZ owner and obtained the promise that on the next day the mayor, governor, the owner, and the union would meet in Vinnitsa to solve the situation (news agency Ukrains’ki novini, February 10, 2009); after that meeting, there were no more violations of the liquidation agreement.

5.4.3. Conclusions

The union in Vinnitsa has shown that it could achieve significant gains vis-à-vis an employer with no interest in production. Over two episodes of contention, it managed to save some 1,000 jobs and postpone the plant’s closure – initially declared in 2002 – for seven years. It also pressured the owner to grant severance payments and pay back all wage arrears in exchange for accepting the liquidation, making the struggle of Vinnitsa workers a unique case in the history of independent Ukraine and probably also in the rest of post-Soviet space. Workers in Vinnitsa achieved these successes in a very difficult context. Constituting threats - in the sense of addressing threats – and also communicating them was very difficult. Located in a distant city, with its main operations in food processing, not machine-building, Ukrinterprodukt was a target too far for worker protests. Instead, the union leaders chose to address threats to local public office holders: to the mayor and the governor. The union fiercely debated how far to go in threatening these actors. The workers were ready to block the international railroads passing Vinnitsa, but union leaders argued that this was too strong a blow to local authorities. Union leaders paid attention to calibrate threats so as to control the amount of disruption caused. In Vinnitsa the union could use the full weight of its mobilized members to pressure the local authorities via worker conferences, demonstrations, and one road block.

However, loosing the battle over the fate of the factory was perceived as a defeat by workers and union leaders; in the end, their most important goal proved out of reach. Only the regional ASMU and FPU officers perceived the outcome as a partial success, emphasizing the large severance pay. My interview partners in Vinnitsa blamed the government for failing to keep its promise of a judicial inquiry into the actions of Ukrinterprodukt at the VPZ. The next case offers evidence that even less government involvement could have been crucial for saving the plant, at least temporarily. In the next case, the union occupies the plant demanding state intervention. Like in Vinnitsa, in Kherson, too, the plant belongs to a member of the Party of Regions (bitterly opposing the government), but in this case the government’s anti-owner declarations pressure the owner to keep the plant alive, for fear of otherwise losing the plant.

121 The regional ASMU officer argued that “now they pay the entire wage plus 4,5 thousand hryvnya severance payment. How could one not be happy over such a thing? The workers themselves call this fact ‘their victory.’” The local FPU head also emphasized as unprecedented the return of wage arrears coupled with severance payments; according to his knowledge, there are no similar cases not only in the wider Vinnitsa region but in entire Ukraine. A worker, however, had the following comment about their struggle’s outcome: “We shouldn’t be happy now, we should be crying. Because we lost the most important [thing] – the plant itself. You could shoot a film about the death of the ball-bearings plant. Here there was equipment that doesn’t exist even at the Kharkiv ball-bearings plant. They bought from us equipment. They were amazed how good our equipment was. Turks also bought equipment. You should have seen how they studied it! They took apart every nut and every bolt, greased it up, assembled it back together. They would have not taken it as scrap metal. They took it home, where it’d work further. And we’re left here to bite on our fists!” (20 Minut, July 14, 2009, author’s translation from Ukrainian).
The union at the harvester-plant in Kherson is a very important case also for other reasons. First and most important, in Kherson I could observe the change from a typical distributive union to a representative organization defending worker rights. In contrast to the VPZ union, in Kherson the reform of the union took place after privatization and therefore under even more difficult conditions, since the union had to deal with a new type of opponent – a private owner – and at the same time undergo reform. In other words, while the three previous unions could de-couple the fight for autonomy from the one for legitimacy and effectiveness, in Kherson the union had to fight on all three dimensions of labor representation at once. In contrast to the VPZ union or Vatra in Reşiţa, this union had no pre-privatization experience with conflicts. It was a union typical of the wider FPU-world and - approach to dealing with problems at the plant: avoiding them or, at most, writing letters of protest to officials. Yet over the three years of conflict with private owners, the union saw tremendous radicalization of worker protests and diversification of sources for threat potential. It shows how under harsh conditions of structural difficulties and wage arrears, imminent plant closure, and no previous experience with conflict, worker protests can lead to union autonomy, and how episodes of contention give rise to new leaders capable of finding sources of threat potential.

5.5. The Harvester Plant HMZ in Kherson, Ukraine

5.5.1. Plant Background and Labor Representation

The Interpipe years (2006-2007)
The Khersons'ki Kombainy (HK) plant used to be Ukraine’s biggest harvester-producing plant and the Soviet Union’s second biggest (it was the only producer of corn harvesters in the Soviet Union). It is located in the regional capital city of Kherson, population 312,000, some 700 km south of Kyiv. As argued in the background chapter, the HK was part of an industry that did not develop an influential lobby to influence privatization in the early 1990s. At the big car-plants in Zaporozhia, L’viv, or Kremenchuk influential general managers formed a lobby group in 1998 to negotiate with the state the protection of their plant’s markets and privatizations that would bring investments to their plants (K6 2008). The farm-machine branch was less influential. President Leonid Kuchma implemented a measure by which in 1998 some 37 (almost all) of the branch’s plants were transferred under the control of a state company called Ukragromashinvest State Holding Company (UAM). On paper, the idea behind the UAM was to find investors for these enterprises, but in fact the transfer had served the interests of political clientele: Around the year 2000 UAM illegally sold the shares of some of these plants (the HK was one of them) to companies registered in Canada (Katredes) and Britain (Interlink) under the name of a Ukrainian citizen – the former wife of one of the UAM managers. An inquiry started at the request of the State Property Fund by the General Prosecutor was soon closed down (Kommersant, April 5, 2006).

The 37 plants fell to varying degrees under the control of UAM-close offshore companies. In the case of the HK, the UAM managers could only sell 25% of the shares to Katredes. There was also another company interested in HK and also other UAM assets: With its solid connections to the Kuchma-regime, Interpipe (owned by oligarch Viktor Pinchuk) arrived in Kherson in 2004 and the same year tried a take-over of the entire UAM. The take-over, however, failed: The 2004 Orange Revolution brought an improvement in the political backing of UAM managers and their offshore companies, with the former UAM general manager a high-ranking member of the Nasha Ukraina political party, back then the main winner of the 2004 confrontation. For the HK plant in Kherson, this meant that the fight between Interpipe and the UAM-close group only intensified and that no
investment took place. Production went down from some 100 combines/year to zero. Wage arrears reached several months. (H1-H2 2007)

In summer 2006 Interpipe found a way to wrestle control over HK assets from the UAM. Being the main investor – but nevertheless not the owner, Interpipe filed a lawsuit for declaring the HK bankrupt, given the plant’s debt to Interpipe (the main investor), state ministries, and the workers. This meant that before bankruptcy the HK had to pay Interpipe back the money it had invested. Interpipe generously offered the HK to pay the sum in property rights. Using all its legal resources and despite UAM opposition, Interpipe divided the HK into two companies. All production facilities, 1,400 production workers, and the biggest part of the HK’s real estate were regrouped under a new company called Khersons’kyi Mashinobudivnyi Zavod (HMZ). 800 non-productive workers (engineering-technical personnel and retirees), all debts, some real estate, and the union were left under the old HK (Liquidation plan, Kherson 2006 – in the author’s archive; H2 2007).

By liquidating the old HK, Interpipe was getting rid of the UAM’s property claims, paying all debts by selling some of the real estate, and getting rid of one third of the workforce and of the union. Soon after establishing the HMZ Interpipe sold it to another company, the Bila Tserkva-based harvester-producing Belotserkovsel’mash (BTS).

The union was initially lost in these fights over plant property. It was a union with no previous history of labor unrest and a very typical case of post-Soviet unions in Russia and Ukraine specializing in distributing aid to workers rather than representing them vis-à-vis managers. Throughout the development of the wage arrears crisis in 2006 it did nothing else to address it than write letters of protest to authorities. Therefore, it is no surprise that the first worker protests took place outside of the union council.

In December 2006, after four months of no wages paid at the plant, worker Yuri Atanasov of the mechanical shop committed suicide by hanging himself right next to his workplace. The company owed Yuri Atanasov some Eur 700 (the equivalent of four months pay; H5 2008). The suicide triggered mass protests involving most workers and were led by a workers’ “initiative group” unhappy with the union’s lack of results in negotiations. The group called the conciliatory union leaders kabinetchiki, people better at moving around paper in offices than in mobilizing workers (H3 3007, H5 2008). Demanding payment of wage arrears and re-nationalization of the plant, workers took the protest to the streets. This meant that several high-ranking local officials – such as the governor of the Kherson region - came to meet the workers. Workers also ensured media access to the plant by chasing away security guards. For the first time they went on strike. They also “wrinkled up” the plant’s general manager, blocked the town’s main streets, and threatened to block the railway. Management immediately found the means to pay the workers some USD 40/each. For the protesters, it was the “first cash we saw in four months” (Fakty, December 27, 2007).

Another target for worker protests was the union. Workers forced the union leaders to stay in their office day-and-night and work out a plan to solve the crisis (H1 2007). And, more importantly, workers called for immediate elections and voted in a union council that brought a 50% change in union council membership. For the years to come, the union council would remain equally divided between an old, conciliatory wing, appointing the union leader, and a conflict-prone, militant wing calling for strikes and public protests. The new December 2006 union council made the following demands: stopping the liquidation process, return of the plant to state property, and payment of wage arrears. The conciliatory group still had the upper hand and decided to address the issue of wage arrears

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The article also gives details about the life of unpaid workers and offers some answers as to why they were still going to work even if they were unpaid. The literature on similar issues in Russia – for instance Burawoy 2001 – argues that workers still go to work because they are paid in-kind and because the shop floor is a place where workers exchange information or are offered opportunities by foremen to take up “side orders”. Something similar was happening also in Kherson. Workers went to the plant partly because the plant was organizing meals once a week, partly because they were pooling resources themselves to feed those workers that could not afford any food at all. See also interviews H2 2007, H3 2007.
by trying the legal way of initiating a judicial procedure called a work conflict. Union leaders believed that the work conflict procedure would spark the authorities’ interest in the situation at the plant. Regarding the demand of stopping the plant’s liquidation, the union continued as before the December protests, by writing letters to the President and Prime-minister in Kyiv and hoping for help (H1 2007, H2 2007).

The union could appease worker anger by convincing the Ministry of Industrial Policy to buy a few combines and grant workers some financial aid (H2 2007). This happened as the union’s vice-leader was a member of the Communist Party, like the Minister of Industrial Policy at that time. The Communist MP representing Kherson in the Ukrainian Parliament made sure that the two met and agreed on this limited measure of providing help to the plant; negotiations between the two (Ministry and Communists) had started before the December protests. This small success, however, assured the union leaders that the December protests were nothing but a dangerous detour. In the words of one of the union leaders:

He [Yuri Atanasov] hung himself because he was afraid that, without a family and with bad eyesight as his, he would be one of the first to get fired – so there are also more psychological reasons for the suicide. It [the suicide] caused us a lot of problems, we were very advanced in negotiations with the administration, there was a plan for paying the wage arrears, and the suicide ruined it all, it all went crazy. (H2 2007)

The letters sent to government and President stayed without responses. Similarly, despite winning the work conflict (the judicial procedure) and the state authorities (Ministry of Labor) confirming the obvious – that Interpipe should pay wages, nothing happened. Interpipe never returned the wage arrears, simply ignoring the Ministry of Labor’s statement. By that time (spring 2007) it was already clear also to union leaders that a strike did not make sense. They were also demoralized about having placed their bets on the work procedure: “Maybe we should have tried it ‘the other way’. Instead of writing letters to officials we should have tied ourselves to rail tracks. Maybe that would’ve been more effective.” (H2 2007)

By mid-2007 Interpipe management had bankrupted the HK and sent 800 people into unemployment. It did not return any wage arrears except for the 40 USD for each worker paid in December 2006. By mid-2007 Interpipe perfected the deal of selling the HMZ. The new owner, the harvester-producer Belotserkovsel’mash (BTS) promised investment and steady production.

The Bila Tserkva years (2007-2009)

New owner BTS from the distant city of Bila Tserkva was, however, less fast in making investment than in circumventing the union. Initially, it refused to recognize the union – claiming that it was registered with the HK, not the “new” plant HMZ, and instead signed a collective agreement with ten members of the administrative personnel. The agreement was binding for all of the 1,400 workers at the HMZ. The collective agreement omitted to include any guarantees to pay for what workers call the “social sphere” (dormitory reparations and medical assistance). The BTS refused to recognize the existence of a workers’ organization at the new plant (H1 2007, H1 2008).

The union based its response on tactics used in their battle for recognition by the workers in Vinnitsa. The union organized a workers’ conference in August 2007 at which workers demanded that the HK union represent their interests at the HMZ. The conference was a reunion of delegates; each shop elected its delegates and 100 delegates attended the conference. Then the union asked

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123  The union did so consciously, knowing about the actions of the Vinnitsa union in 2002-2003 from a brochure written about that case by David Mandel and published and distributed by an organization called the School of Worker Democracy (STD). The STD (now defunct in Ukraine, but still existing in Russia) was a small organization set up in Ukraine by a former ASMU president to train trade union activists. Most funds came from the Canadian Autoworkers’ Union.
workers to send requests to management’s accountant to redirect 1% of their wages to the union (which up to that moment the administration had refused to recognize). By the time I arrived in Kherson in September 2007, more than 800 workers had sent in such requests. Apparently management was overwhelmed. The union also threatened with a lawsuit and to disrupt the Machine-Constructors’ Day at the end of September. Following these actions, the BTS recognized the union. However, in fact the BTS would never sign a collective agreement with the union. In early 2008, the BTS had accepted to negotiate a collective agreement, but negotiations stopped when the BTS communicated in summer 2008 that it had failed to obtain a much needed bank credit to re-launch production. By November 2008, a wage arrears crisis was in the making, with two months of unpaid wages. At the end of that month, the BTS announced it would lay off all 1,400 remaining workers and close down the plant. The general manager left the plant and rumors among the workers claimed that the plant HMZ had been taken out of Ukraine’s registry of companies. What followed was Ukraine’s most dramatic worker protest in its last ten years of post-communist history.

On February 3, 2009, some 300 workers, led by the militant wing of the union council, stormed company premises and occupied the administrative building. They would hold out for six weeks, demanding the plant’s re-nationalization, a government plan to re-launch production, and the payment of wage arrears. All national television stations and two foreign ones (German and British) visited far-away Kherson to report about the occupation. In the context of the world economic crisis, media portrayal gave the occupation a prophetic aura announcing future labor unrest. Politicians from all parliamentary parties became interested in the plant and visited it to court HMZ workers. Government granted financial aid and enacted a leasing scheme for HMZ harvester buyers, at the same time forcing the BTS to sell the harvester at production costs (without a profit). Workers received their wage arrears for the first time since 2006.

The owner struck back by hiring a security company to attack the few workers on guard at night and retake control of the plant. It received back to work (with production re-launched via governmental aid) only some 400 workers, vowing to fire the rest. BTS kept its promise in summer 2009, when it focused the layoff wave to include all the organizers of the occupation. The layoff prompted a radicalization of worker actions, with laid-off workers still led by the five radical union council members. They organized a two-month-long daily picket in front of the city council. In June 2009 Kherson witnessed a wave of road blocks targeting the main street in the city and, on July 23 and December 14, targeting the main bridge over the Dnepr River (a strategic bridge connecting Western and Central mainland Ukraine to Crimea and the East). These protests again sparked the interest of local politicians, who would rush in as quickly as possible to talk the workers out of the roadblocks (more information about how workers avoided police intervention and repression is provided in the section on strategy below). The actions had no effect on the employer; they remained too isolated to cost him anything, but they did cause enough media attention to keep the issue alive. The re-nationalization issue became a legal initiative in Parliament, put forward by the Communist Party of Ukraine (Komunistychna partiia Ukrainy, KPU). In the meantime the KPU had become increasingly involved in backing and even guiding – as fieldwork would show - the roadblocks in Kherson. Following the last roadblock on July 23, 2009 Ukraine’s Prime-minister declared in public that the government intends to re-nationalize the HMZ; this prompted the owner of the plant to declare that the plant is steadily developing production and that it is covered with orders until 2012.

By the end of 2009 the radical union council members and the workers had managed to stop the owner from closing the plant, convinced government to provide a solution for re-launching production and obtained the repayment of wage arrears. On the downside, all radical council members lost their jobs and therefore also access to the plant, with the owner refusing to take them back even when they held court orders confirming the firing’s illegality. The owner had in the meantime taken over the conciliatory wing of the union. It had also launched another reorganization of the plant, similar to the
one transforming the plant from the HK into the HMZ. In 2009 the same scheme was applied again, with the HMZ turning into a new company, abbreviated to NVP HMZ.\footnote{NVP stands for \textit{Naukovo-Birobniche Pidpriemstvo}, a research-industrial enterprise. This is a juridical term for a type of company that under Ukrainian corporate law can receive certain state-subsidies because it invests in research.}

The union at the harvester plant in Kherson went through tremendous change. It was largely incapable of action in a first episode of contention, but worker pressure led to a partial reform in the union. This reform – specifically, the change in the union council – made the union more capable of action, so that in a next episode of contention it could stop employer plans for shutting down the plant. However, the extreme character of union actions legitimated more aggressive employer actions against the workers, resulting in most union council members being fired. As a result, despite saving the plant and returning wage arrears, the union lost its place at the plant. The discussion in the next subsection aims to establish what caused the difference in labor representation summarized in the table below.

How did workers achieve autonomous and effective labor representation at the HMZ?

Table 5.6: Labor representation at HMZ in Kherson, Ukraine

<table>
<thead>
<tr>
<th>Episode of contention</th>
<th>Autonomy</th>
<th>Legitimacy</th>
<th>Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-2007</td>
<td>Partial</td>
<td>Input: High (After worker protests)</td>
<td>Low (No influence on employer or state)</td>
</tr>
<tr>
<td></td>
<td>(Came about via wage arrears crisis and worker unrest)</td>
<td>Output: Low (Union’s achievement fails to satisfy worker demands for return of wage arrears and maintaining jobs)</td>
<td></td>
</tr>
<tr>
<td>2008-2009</td>
<td>High</td>
<td>Input: High (Consults with workers and represents them in key areas, wage arrears, stopping plant closure)</td>
<td>Partial (Plant closure stopped, wage arrears returned, but more than 50% layoffs and repression against union leaders).</td>
</tr>
<tr>
<td></td>
<td>(Came about via wage arrears crisis and announced plant closure)</td>
<td>Output: High (Union achieves return of wage arrears and saves hundreds of jobs, both crucial issues for workers)</td>
<td></td>
</tr>
</tbody>
</table>

5.5.2. Strategy

Conflicting visions

December 2006 marked the start of intense disagreements within the union at HMZ over the situational definition, to end only in summer 2009 with the exclusion from the plant of one of the factions. The union council initially preferred a conciliatory approach vis-à-vis the employer, hoping that the latter was serious about production and would make investments as soon as the ownership conflict between business groups UAM and \textit{Interpipe} would be solved. In December 2006 – after the suicide of Yuri Atanasov and the ensuing worker protests – a second wing emerged in the union council, arguing that the employer is an asset stripper and asking for disruptive actions. I will refer to the members of this wing as “the radicals” - workers elected to the union council in the aftermath of Atanasov’s suicide. They had radical ideas for reforming the union, such as the ‘70-percent-workers’ demand: expelling administrative and auxiliary personnel from the council so that the council would consist of at least
70% production workers (H3 2007). They also supported solidarity strikes with the HK workers, and in November 2008 would take control over the union and organize the factory occupation.

Until November 2008, however, it was the conciliatory union wing to hold the upper hand, and union action was largely restricted to the union leader’s actions. These actions mainly consisted of several months of negotiating a collective agreement with the owner to take over HMZ in 2007, the company BTS. The previous owner had not yet completely left the picture: Interpipe still owed all former HK workers important sums as wage arrears. The union leader hoped that the work conflict would convince Interpipe to pay the due wages.

There was no dialogue between the two wings forming the union council as of December 2006. I attended several union council meetings, during which the conciliatory group would usually ignore the critique coming from the conflict-oriented wing. For instance, the conflict-oriented wing asked that the union organize a solidarity strike and refuse to work until Interpipe would pay the arrears to the laid-off HK workers. The conciliatory wing did not comment at all on the proposal during the meeting. Later on, several members of the conciliatory wing told me that the proposal was nonsensical, as Interpipe (the wage arrears debtor) was not connected to current HMZ-owner BTS, who would have been the target of the eventual strike (H1 2008, H2 2008). This disagreement showed that the two sides had diverging situational definitions. The radicals claimed that Interpipe and the BTS are connected, and that the owners of Interpipe and the BTS are members of the same business clan of oligarch Viktor Pinchuk, with no interest in developing the production of harvesters (H5 2008).

In early 2008, when this disagreement was driving the two sides in the union council further and further apart, HMZ workers supported the conciliatory wing. A strike would have meant less pay and an action against an employer that at least was paying wages. The radicals in the union council, however, did try to mobilize workers against the BTS. They distributed for instance the following anonymous leaflet at the plant:

Petrovtsy! [self-given name among HMZ workers, going back to the plant’s communist past] Recently there’s been some unexplainable stuff happening at the plant. Using the situation in the country, the “shell-gamers”125 rammmed in our shares and by some judge’s decision an “investor” showed up at our plant. [They] painted rainbow-like perspectives [for the plant]: In October [2007] there will be a first raise, by the year’s end a second one, while in fact they’re cutting down job rates, don’t invest, and steal from the plant. What’s next? They’re selling the empty shops. And where are we and our children going to work? Go to Poland and clean toilets or to the Koreans for a bucket of onions? This situation led to the necessity of establishing a real trade union, elect honest and brave workers, and get human working conditions and good pay! [Then there is an insertion of Ukraine’s law on vacations, article 12: At the employee’s request, the yearly vacation can be split up into periods of any duration on condition that its continuous basic part includes not less than 14 calendar days.]

Don’t let them fool you; If you have already signed a request then you have the right to take it back. With the money saved on heating one can pay not only for two weeks of idle labor but for much more. Or are we freezing to death only to raise the number of Mercedes cars in Bila-Tserkva?126

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125 This is the English translation of the Russian slang word for tricksters playing shell-game and called naperstochniki (in German there is a closer translation, Hütchenspieler; in Dutch the name of the game is dopjesspel or balletjes-balletjes); this is relevant for understanding how the radicals portray the owners. 

126 Translation by the author from the Russian original; original in the author’s archive. The anonymous authors were hinting in the last passage at the following situation: They were trying to undermine the workers’ support for the union-backed management decision to send workers on paid holidays for two weeks because of lacking orders and no production. The leaflet’s authors imply that management’s decision is only a cover-up for siphoning funds out of the plant, by paying wages but not paying heating costs at the plant. Allegedly the money saved on heating would go to the BTS owners’ hometown of Bila Tserkva. They advise the workers to reject taking their holidays as they have the right to do so, and stay at the plant thus pushing owners to pay for heating and diminishing the latter’s alleged returns. The authors also imply that
Later I found out that it had been a simple union member who had written the leaflet. The radical union council members had taken it up and distributed it (H5 2009). The existence of the leaflet shows that radical council members were taking the conflict out of the council and trying to attract workers to their side. This would prove crucial when employer behavior confirmed the definition of the situation circulated by the radical council members. When wage arrears surfaced again in September 2008 and when the BTS announced that it would close down the enterprise and lay everybody off, workers followed the radical union council members’ call to organize protests. Protests – in the form of demonstrations and, since February 3, 2009, the factory occupation – therefore required a combination of objective factors such as wage arrears and layoffs and union council members actively mobilizing workers.

The making of threat potential during the February-March 2009 factory occupation: calibrating threat potential to employer intentions

During the first episode of contention (against Interpipe, 2006-2007), the union had a difficult time in bringing about threat potential. December 2006 protests did get the workers the return of some 5% of the wage arrears, but the rest would never be returned. Also, the way Interpipe carried out the layoff of 800 people, by liquidating the old plant HK, was felt as a bitter defeat by all union council members. For instance, during one of the union council meetings I attended, with 20 shop stewards present, the union leader announced that management was pressuring him to accept a reduction in the sum of wage arrears to be paid to the laid-off. It also asked the union to draw up the lists of the people to be fired. Spirits ran high after this announcement. One shop steward protested by saying: “I cannot go back to my shop members and give them such news, there will be an outcry. The administration is humiliating the people twice: first by firing them, second by giving them less money”.

In response to all this, the union council’s only steps were to send letters of protest to high-ranking officials. All of these texts – such as the ones written to the President or the Prime-minister – never received any answer. Since writing such letters is a widely seen phenomenon and the first tool in the post-Soviet unions’ repertoire of contention, I reproduce here the text of one of these letters, sent January 30, 2008 to the President of Ukraine, one and a half years after the union council found out about the decision to close down the HK.

Dear Viktor Andriyovich [name and patronymic of 2004-10 President Viktor Yushchenko]!

We are forced to turn to You with the request to defend our rights regarding the fact that the enterprise HK is in bankruptcy procedures. Layoffs have taken place even though workers have not received their due wages. The debt exceeds 2 million hryvnias without deductions. Payments due to the Pension Fund are close to 9 million hryvnias, and to the union 200 thousand hryvnias.

The fate of the dormitories in which HK workers live also raises worries. The property administrator [a person appointed by court order to carry out bankruptcy procedures, identity withheld] does not make the arrangements for honoring the debt vis-a-vis former workers [despite having sold some of the dormitories]. Practically all objects of the social sphere have been sold, according to the bankruptcy plan, but the promises of returning the debt to workers have not been fulfilled.

The working collective of the enterprise went through great effort to solve the problematic questions of returning debt. These [the efforts] and the trade union’s the union has a choice, while union leaders told me that they did not do anything about the issue since “the employer also has his rights” (H2 2008).
commencement of a work conflict, and the filing of judicial complaints, have all failed to solve
the problem.
In the light of all that has been said above we urge You, dear Viktor Andriyovich, as the
guarantor of the Constitution of Ukraine, to defend our rights and social guarantees.
Respectfully,
The head of the trade union at HK

This letter, too, would never receive any answer. Worse, even local representatives of the state,
such as the President-appointed governor, told the union leaders: “Guys, you have to get over this [the
demise of the HK and the mass layoffs]. Just go and find yourselves new jobs” (H1 2007). Despite the
authorities' obvious lack of interest in HK issues, union leaders (the conciliatory wing) continued to
rely on protest letters and the work conflict procedure, avoiding mobilizing workers. The letter above
was one of the last ones in a series of similar texts sent to authorities over a period of one and a half
years – all were left unanswered, with only the State Property Fund responding to decline any
responsibility.
But things would get worse again. Around November 2008 the situation not only resembled the
crisis of 2006-2007 - with wage arrears mounting up - but promised to exceed that crisis. For the first
time, all workers faced the prospect of losing their jobs when in November 2008 the plant owner
announced that he would lay off everyone at the plant. Starting that month, the radical wing took the
upper hand in the union council, leading the workers in organizing two months of protests in the city,
usually in the form of demonstrations in front of the city council. The radical wing also established
contacts to Marxist groups in Kyiv. On February 2, 2009, the night before the occupation, the radical
wing promised the groups in Kyiv to organize something “big” in Kherson, if the Marxist groups
ensured media access. On February 3, radical wing members offered workers to enter the plant
premises by force and occupy them. The workers – who were gathering in front of the plant each
morning to exchange information - followed the call; several sources cited a woman worker supporting
the initiative by saying: “We are not occupying anything; they [management] are the occupiers, we are
taking back that which is ours” (H5 2009).
It is not clear to what extent Marxist groups in Kyiv (such as the Organization of Marxists, a
20-peole splinter-group from the Communist Party) could mobilize the media. What is, however,
certain is that all major Ukrainian TV stations, the Ukrainian news agency Unian, and several central
newspapers stormed in that week to report about the event. They created unprecedented visibility for a
labor protest in Ukraine and also triggered the interest of politicians. The governor who in 2007 had
urged the workers to find themselves new jobs was the first to rush to the plant and promise workers
that he could convince the government to find solutions for re-launching production.
But most importantly, the occupation of February-March 2009 was the first step taken by the
union to actually harm the employer in any way. By occupying plant property and taking under their
control plant documents, occupying workers were effectively disrupting the owner’s power to decide
over plant matters. A sign of this was that the plant’s general manager - who had not shown up at the
plant since several weeks before the occupation - returned to the plant to negotiate with the workers.
The occupation had effectively restored communication with the owner, who also came to Kherson to
talk to the workers one week after the occupation’s start.
Workers and owner agreed on jointly pressuring the state (local and national authorities) to buy
HMX harvesters and use the money to pay the wage arrears. The plant would not make a profit from
selling an initial number of harvesters. They also agreed to demand that the government support a
leasing plan for making HMX harvesters more affordable to Ukrainian farmers.\footnote{\textsuperscript{128} However, during the

\footnote{\textsuperscript{127} Translation by the author from the Ukrainian original; original in the author’s archive.\textsuperscript{128} The owner had prepared a surprise for the workers in front of the local council building. His colleagues from the Party of Regions had organized a small picket of people, holding flags of the Party of Regions and demanding the resignation of the}
Most importantly, one month after the occupation’s start – on March 10 2009 – workers started to receive the wage arrears. The money came from the government that had agreed to start payments for the leasing scheme as early as possible. The transferred funds covered the full value of the five months of wage arrears (since October 2008). The government also promised to buy 200 combines in 2009. According to what workers were telling me in a picket organized later in front of the city council, the government also warned the owner not to fire any workers. Workers credited Prime-minister Tymoshenko for having said “God forbid!” regarding the possibility that BTS might fire any more workers (H7 2009).

One can only speculate about what led the Government to agree to the leasing plan, but there is evidence that the Tymoshenko government acted in this case to position itself in the best possible light vis-à-vis its political opponents. As we will see in the next section, it addressed a key worker demand before the BTS owner and the Party of Regions – the only party that could effectively compete in elections with BYUT – could gain control over the workers and mobilize them against the government.

The occupation’s aftermath: Struggling for threat potential

The union – and the radical faction in control of it in early 2009 – lost their source of threat potential as fast as it had gained it, in only one day. This happened when on March 16 a group of some 30 private security guards attacked the workers guarding the plant at night. The number of workers guarding the plant had also decreased, going from several dozen to around 20 in the night of the take-over. The BTS installed new gates and declared that it only needs 400 workers for production. It de-facto laid-off 72% of the workers. The 400 workers selected for work accepted to return to the HMZ, despite a meeting in front of the plant consisting of 600 laid-off asking their colleagues not to return to work.

Ever since BTS has been very supportive of the ASMU union – now cleared of radicals, all of them fired. The owner allowed the union to organize the new plant – the NVP HMZ, although only few workers joined. The union sparked little interest among workers probably also because there were only few social benefits left to administer, all the social sphere objects such as dormitories and medical clinic having been sold when Interpipe closed down the old HK (see the letter cited above). BTS and the union cooperated to organize a picket in front of the Government building in Kyiv, asking for a comprehensive leasing and subsidies plan. As one of the workers admitted, in order to convince workers to participate in the action, the BTS paid each worker some UAH 200 (around Eur 15 at the time), and thereby ensured the participation of some 100 workers in the Kyiv protest (it had also paid for transportation; H8 2009).

The group of radical workers that had led the occupation was increasingly divided about which way to go. Leader Tamara argued in favor of trying to reform the ASMU union and struggle for the people’s re-admission to work by using the ASMU structure. Leader Leonya, instead, demanded that the laid-off workers create a new organization to promote their rights. Tamara hoped that by continuing to work via ASMU structures, workers would have access to lawyers and could try to defend their interests in court. However, the plan of reforming the union (specifically by voting down the old union leader) failed repeatedly. Although the ASMU has been silent about the occupation and has tried to
ignore it, it moved quickly when its plant-level union leader proved to be in distress. Here is how one of the laid-off workers describes what happened when they tried to vote down their union leader:

Everything is as it used to be. We tried to get rid of our leader S.P., but couldn’t. This big daddy from the trade union’s TsK [ASMU Central Committee in Kyiv] practically stood in defense of our boss and did not want to recognize the legitimacy of our conference, insisting that many members of the union are working and cannot take part in the conference. To our proposal to go to the company gates at the shift’s end and ask for the workers’ opinion he said no, this hired gun. (H8 2009)

The result of the failure to take over the ASMU union was that laid-off workers were left with no judicial representation. ASMU and local FPU offices refused to get involved in the situation of the hundreds of laid-off HMZ workers. This increased support for the other radical leader’s – Leonya’s – approach, who set up an organization called Vlada Narodu (“Power to the People”). In June-July and then again in December 2009 a small group of 50-70 workers organized a number of road blocks in the city. The tactic was similar to the one used in Vinnitsa in February. The workers walked over the zebra crossing in front of the city council. Workers reaching one end of the crossing turned around and returned on the crossing, thus forming a circle of moving workers. This tactic prevented the police from intervening, as police officers had no legal grounds to fine or stop the workers. On July 23 some 70 workers – now wearing signs representing Vlada Narodu - organized the most disruptive such road-block, targeting the Antonovskii Bridge over the Dnepr. The picture below shows how such a roadblock took place in practice. One can see the row of workers forming a circle to occupy the zebra crossing.

Picture 9: Roadblock in Kherson, July 2, 2009 (taken by the author)
The same day the Ukrainian Government met in a special session, and decided to start preparations for taking the plant back into state property. The process would require a judicial inquiry into how the owner respected the privatization contract. While this points to the fact that the re-nationalization process would be arduous, it is nevertheless important that the Government for the first time stated its support for the idea of re-nationalizing the plant. In the words of Prime-minister Tymoshenko:

At the beginning of this year we bought for the leasing fund a lot of equipment from the Kherson Machine-Building Plant. We helped out once and thought that after this the private owners will continue this business and actually give the plant a second life. But the means were spent not as required, the people were laid-off, and the Kherson Machine-Building Plant simply needs to be taken back into state property from those members of the Party of Regions that own it. And now I have started such a process, via the State Property Fund: the return of this plant into state property. [...] Once this enterprise will be state property, the government can be held accountable for it. (Ukrainian news agency Unian, July 23, 2009; author’s translation from Ukrainian)

The emphasis in this passage on the HMZ owners’ membership of the Party of Regions can serve as possible evidence for the electoral logical behind Prime-minister Tymoshenko’s involvement in the HMZ crisis. More importantly, coming from a Prime-minister who in the past had been among the very few post-communist leaders to ever conduct a re-nationalization, the statement was probably credible. Specifically, in 2005 Tymoshenko had ordered the re-nationalization of a plant that had also been under the control of members of the Party of Regions: The steel plant in Kryyi Roh, later to go to Mittal Steel for the biggest sum ever paid in the history of privatizations in Eastern Europe.

Ever since, BTS has done its best to show that production is developing at the plant and that the plant has a future. This is quite the opposite from BTS’s stance in November 2008, when it invoked the “world crisis” as the reason for closing down the plant. In a press release BTS owner Oleksandr Oleinik claimed that “despite the raiding attacks of BYUT [the party of Prime-Minister Tymoshenko], the NVP HMZ is working and is developing” (BTS press release, October 14, 2009). He put forward a plan of assembling harvesters from Belarus for the Ukrainian market and claimed that the plan has a production target even for 2012, a year by which production would have to reach 1,500 harvesters.

Discussion: The Burden of Isolation
What the occupation brought about was more than just the payment of wage arrears – in itself a crucial fact for all workers. It brought about also the survival of the enterprise, or at least the postponement of its closure for one year and the preservation of 400 jobs. Triggering state involvement was crucial, and the state’s involvement was definitely facilitated by the ongoing conflict and – in the light of the January 2010 presidential elections – increasing animosity between the Prime minister’s party BYUT and the Party of Regions. But it is also the union’s and the workers’ achievement of turning the fate of the HMZ into something that actually mattered for the struggle between these two national political forces.

During the years of conflict at the HMZ the union went through tremendous change: If in December 2006 it took a suicide to launch protests at the plant, by 2009 union council members would organize an occupation, a sit-in, and several road blocks. New leaders emerged from the episodes of conflict, replacing the ones fired previously. At various moments during fieldwork, I could observe the change in the team of five workers whom I refer to as “the radicals” and who refer to themselves as the “initiative group”. Presently only one of those workers still works at the plant, with everybody else having been fired. The group, however, could reconstitute at least once in the past – between the two
episodes of contention, and they all participate in the organization that they set up outside the plant, *Vlada Narodu*.

The mobilized workers proved to be the union’s most important source of threat potential. What also proved crucial was thinking about what kinds of threats work out against an employer that has just made public its decision to close down the plant – calibrating threats by switching from strike to occupation. By organizing the occupation the union gave the government the possibility to interfere with the situation at the plant, something that gave weight to the union’s demands for re-nationalization.

It is equally relevant to note how outside support mattered for Kherson workers. In comparison with the Romanian unions, the Ukrainian unions studied had much less permanent sources of outside support – far less support from other trade unions, plant-, branch- or national-level. Temporary support – here in the sense of state involvement – was nevertheless present. It was due to the government’s involvement that workers received the wage arrears. But in order to have such support, it was crucial that workers calibrate threats to organizing a visible factory occupation, creating an incentive for the Tymoshenko-government to interfere with a plant linked to the competing political group, the Party of Regions.

Currently, the radical group of HMZ fights against its isolation and under the same name of *Vlada Narodu* has constituted a federation of various local organizations of veterans, retirees, and a break-away Stalinist faction of the Communist Party. But throughout the 2008-2009 episode of conflict the union was utterly isolated. This happened also because various left-wing organizations dropped support for the HMZ union as soon as they discovered that the union was courting other organizations for help. The ASMU, for instance, blames the radical group in the union for having courted the Independent Union of Miners (the NPGU), an organization regarded with deep mistrust by ASMU and FPU officers. 130 The Kyiv Marxists that had supported the union during the occupation abandoned it over the same issue (claiming that the NPGU is too close to Prime-minister Tymoshenko). But these contacts to other organizations were the result of workers’ actions: Especially after the layoffs workers attempted to find some organization to help with lawyers that could represent them in court. For instance, I attended a meeting between workers and representatives of the Independent Trade Union Forum, an organization accused by the FPU of copying its insignia in order to take over its property (personal communication with ASMU former president, A3 2009). Here is how a worker commented after I asked him why he accepted the help from the Forum, given the many allegations that the Forum is just a political project aiming to weaken the FPU, not represent any workers.

Russians have such a proverb: “From a nasty sheep try grabbing at least some wool”. Even if everything is as you say it is and they’re only after advertising for themselves, and that would be for us nevertheless of real help, first and foremost juridical [help] – then what’s the difference to us? If our union does not help us, wasting time, practically playing on the side of the plant’s owner, having as its final goal the destruction of the Ukrainian farm-machine sector, then who else to call [for help]? (H8 2009)

In the end the union would not join the NPGU, because most leaders believed that it would be better to continue working via the ASMU’s structures, if they could only vote down the union leader. The ASMU nevertheless reprimanded the radical leaders for their contacts to the NPGU and the Forum. Other contacts proved more enduring. The Communist Party promised support, and did support the workers with food during the occupation. Later on it tried to use the protests in its interests of bringing down the governor of Kherson. It convinced the workers to participate in a demonstration against the

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130 The mistrust dates back to the 1989-1993 strikes that established the NPG in Russia and Ukraine as an organization highly critical of post-Soviet unions such as the FPU (Boriso 1999).
governor in June 2009 without offering them any juridical help. Instead it initiated a law for the nationalization of HMZ in the Ukrainian Parliament. The law actually passed, in March 2010, at the Parliament’s first hearing. A majority of Party of Regions and BYUT MPs also voted for the law. It is unclear whether presently, with the Party of Regions controlling the government and the Presidency, it will feel any need to enact the law.

The disruptive actions organized by the workers seemed more important in bringing about the return of the wage arrears and the survival of the plant. They ensured the government’s attention to worker demands and, due to such attention, probably offered a serious incentive for the owner to abandon or at least postpone his plans of closing down the plant. The most important of the workers’ actions – the occupation – required that workers and council members find a shared definition of the situation and take common action. The section below summarizes how the unions presented in this chapter dealt with bringing about labor interest representation.

### 5.5.3. Conclusions

The union at the harvester plant in Kherson is the only one in my sample where I could observe how a distributive union becomes capable of successful labor representation when faced with employers that were not interested in producing at the plant. Basically, it took two episodes of contention to bring about labor representation in Kherson. The workers at the harvester plant in Kherson succeeded in the first episode of contention (2006-2007) in partially reforming the trade union at the plant, making it more open to taking over worker demands instead of distributing social benefits. In a second contention episode (2008-2009), the now autonomous trade union was capable of effectively acting against an employer that had decided to close the harvester plant and lay everybody off. The key to increasing the autonomy of the union in the first contention episode at the harvester plant was ensuring a shared situational definition among a large part of the workers. The key to stopping the plant’s closure and returning the wage arrears in the second contention episode was the factory occupation that triggered the state’s intervention (in the form of providing the plant with orders). In turn, organizing the factory occupation involved calibrating threats to employer intentions, something that could not have been achieved by a union that was not autonomous (i.e. it could not have been achieved without the first contention episode). Since the contention episodes in Kherson show how dimensions of labor interest representation are connected, I will return to these cases again in Chapters 6 and 7.

### 5.6. Conclusions

The table below sums up the strategic elements that I identified throughout the case studies presented in this chapter as important for effective labor representation. Having threat potential is a necessary condition for success. In every case where the union could have some threat potential, it relied on a mobilized workforce and therefore on a shared definition of the situation.

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131 The Communists involvement in one of the road blocks was very strong; basically, when workers blocked the city centre on July 2, 2009, it was a Communist Party member who led them to the road block site and back to the city council to attend a demonstration against the governor (personal observation).

132 See the website of the KPU’s Kharkiv chapter, http://kvpu.kh.ua/56-xersonskij-mashinostroitelnyj-zavod-v-gosudarstvennuyu-sobstvennost-.html (retrieved April 12, 2010).
Table 5.7: Labor representation and strategic elements: Overview of all episodes of contention in Chapter 5 (also mentioning the determining threat potential aspect; note that calibrating threats refers to taking protests out of the plant)

<table>
<thead>
<tr>
<th>Episode of contention</th>
<th>Labor Representation</th>
<th>Wage Arrears</th>
<th>Shared Definition</th>
<th>Threat potential (and determining aspect)</th>
<th>Outside support</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR 2001-3</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+ constituting threats</td>
<td>+</td>
</tr>
<tr>
<td>Socomet 2001-3</td>
<td>-</td>
<td>+</td>
<td>-</td>
<td>- calibrating threats</td>
<td>+</td>
</tr>
<tr>
<td>VPZ 2002-3</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+ calibrating threats</td>
<td>+</td>
</tr>
<tr>
<td>VPZ 2007-9</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>- enforcing threats</td>
<td>-</td>
</tr>
<tr>
<td>HMZ 2006-7</td>
<td>-</td>
<td>+</td>
<td>-</td>
<td>- constituting threats</td>
<td>-</td>
</tr>
<tr>
<td>HMZ 2008-9</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+ calibrating threats</td>
<td>+</td>
</tr>
</tbody>
</table>

The shared situational definition is, however, no sufficient condition for having threat potential and for successful labor representation, at least not in the Ukrainian cases. Especially the VPZ second case shows that there are serious limitations to what a union can achieve only by mobilizing workers and without having outside support. Furthermore, even where there was a shared situational definition, this was by no means an easy achievement for the union. Situational definitions are contested terrain, and particularly so in unions such as the one in Kherson, with no experience with conflicts and with a history of exclusively relying on distributing social benefits.

Outside support proved crucial for success. This is so because it takes the state (a possible source of outside support) to decide whether to tolerate a factory occupation, to pressure the employers into returning wage arrears or postponing plant closure, or to cancel a privatization contract. Triggering state intervention, distinguishing among various levels of state authorities and pressuring them, proved crucial for the success of unions. Unions in both countries could secure such support, but the problem was that support from state authorities was temporary. A union’s declining capacity to pose visible threats to the state would go hand in hand with diminishing state interest in a plant's fate. The extent to which unions had permanent outside support varied widely between the two countries. Romanian unions could successfully establish temporary outside support among state authorities. But they also had more permanent sources of support: wider branch- and national level trade union organizations, to help with solidarity funds and contacts to government officials in the country’s capital city. The two Ukrainian unions also triggered state involvement, but did so in utter isolation, with no wider trade union structures to support them over long episodes of contention, going hand in hand with equally long periods of wage arrears and hardship for union members. In the end, the absence of what I call permanent outside support – support from other unions - might have undermined the Ukrainian plant-level unions’ capacity to hold out over long episodes of contention, in comparison to Romanian unions. Maintaining the interest of authorities required funds to organize pickets and meetings with officials in Ukraine's capital, funds that other unions did not provide and that unions could only temporarily raise by appealing to the cash-stripped purses of unpaid workers. This could partly explain why Ukrainian plant-level unions – in contrast to the Romanian ones - could not achieve the re-nationalization of plants.

The next chapter (Chapter 6) draws together the conclusions of chapters four and five regarding the strategic elements that brought about successful labor representation and compares them...
to the initial expectations presented in the table of propositions (Chapter 3). It also studies the findings presented in the empirical chapters in terms of the game theoretical framework developed in Chapter 3. Chapter 7, too, starts from the overview of what led to labor success or failure during contention episodes and emphasizes some of the additional problems for labor representation uncovered in the empirical chapters and not treated in Chapter 3: the contested character of situational definitions and reasons for such contestation; the difficulty of finding the 'right' threat; the possibility of repression; and the importance of conflicts for labor representation as it gives birth to new leaders and new tactics in the union's repertoire of contention.