Organized Labor in Postcommunist States

Will the Western Sun Set on It, Too?

Paul Kubicek

Labor emerged as a potent political force as Communist regimes began to disintegrate. Its strength was most obvious in Poland, but throughout eastern Europe and the former USSR workers' organizations were part of the vanguard pushing for democracy, economic liberalization, and national sovereignty. Trade unions, both old and new, were significant components of a nascent civil society and appeared well-poised to influence the shape of the postcommunist order. Przeworski, for example, placed them at the center of the postcommunist transformation, contending that they would have to be beaten or tamed as politicians juggled the demands of simultaneous political and economic reform.¹

The hopes (or fears) placed on labor movements in the immediate wake of Communist collapse now seem strangely misplaced. A cursory glance reveals that organized labor is a shadow of what it was. Perhaps Przeworski's advice was heeded well: labor has been skillfully coopted or cuckolded by the new political authorities, many of them labor's erstwhile allies. Yet, with few isolated exceptions, labor unions retreated with hardly a whimper, despite the introduction of reforms that threaten the basic interests of their members.

Organized labor's predicament, however, could be of cardinal significance for the future of reforms. Drawing upon the experience of western countries, many have noted that, paradoxically perhaps, a strong labor movement contributes to the governability of society and success of economic readjustment programs.² Unions used their muscle to help hammer out a consensus on economic policy and could then use their power to ensure social peace. Unions are unlikely to act similarly in postcommunist countries, and the long-term prospects for reform could be harmed.

While some have attempted to account for the weakness of labor in the postcommunist period, they implicitly assume that labor's weakness is only temporary and that one day it will reemerge as an important political actor. I argue, however, that the sun has set on labor's political power. It is worth noting that the predominant trend in analyses of western trade unions emphasizes labor's secular decline. Might it be possible that, as eastern Europe moves to the market and begins to look more like western Europe, labor will suffer perhaps even a knockout blow? Are the same processes that contribute to labor's decline in the West emerging in the East? If so,
how are postcommunist trade unions responding to them? The move to more modern, marketized, and globally integrated economies will pose a daunting long-term challenge to postcommunist labor.

Critics could contend that this comparison is inappropriate. Eastern and western Europe have different histories and face different challenges. Yet labor leaders throughout the postcommunist world look to the social democratic corporatist institutions of western Europe as their preferred model of the future. How sadly ironic it is that these very institutions, built around strong, autonomous unions, are now largely in retreat, often derided as relics of a bygone era. Postcommunist labor may therefore not awake from its slumber.

Defining the Dependent Variable

Despite different approaches, almost all observers of postcommunist labor politics agree that unions are politically feeble, even though living conditions and job security have deteriorated and governments routinely disregard union voices when implementing economic programs. As one Ukrainian writer observed: “If labor were really powerful, then there would be no need to talk about any other political force at all.” However, we should look in more detail at the principal components of union strength: resources and effectiveness. Resources are those assets that allow unions to organize and articulate interests and positions to policymakers. Effectiveness refers to their ability to marshal resources to advance their own positions against less attractive alternatives. Their voice is considered by policymakers, or they manage to have a direct role in policymaking.

In operationalizing these concepts, resources usually are equated with membership or union density, the percentage of the work force that is unionized. It is expected that higher union density brings more union power and influence. While this expectation makes some intuitive sense, it does not always hold true and may not be a good predictor of union strength over time or of unions’ response to new challenges.

Reliance on membership figures or density is especially problematic for postcommunist countries. Obviously, unions do not have the power that their size suggests they should have. Russian labor unions count approximately fifty million members; Ukrainian unions claim twenty million. Unions in all countries dwarf all other associations. However, these figures are deceiving, since union membership was until recently mandatory for all employees and most members today may continue to join more out of habit than confidence in the ability of unions to advance their interests. Union leaders across the region complain of member passivity, and surveys reveal that only a small percentage of the population trusts unions. Thus, in postcommunist countries loss in union membership may be a more accurate measure of weak-
ness. Of course, since membership before the collapse of Communism was unnaturally high, a decline in membership would be expected. Nonetheless, fewer members mean fewer resources, and many members leave unions and others refuse to join them because of their inability to defend workers’ interests.

Union effectiveness can be assessed through such issues as employment, wages, and welfare provisions. Unions that fail to provide these concrete benefits may be considered ineffective. However, developing a measure for union effectiveness in these categories has proven to be intractable. Measuring union power by such actions as strikes also runs into problems.

Instead of tackling these troublesome issues, analysts of western trade unions have frequently invoked corporatist theory and claimed that structural attributes of unions can substitute for union effectiveness or organizational power. Among these attributes are union density, organizational unity, and the structure and scope of collective bargaining. An undivided or peak association of unions will be a stronger negotiator with businesses and governments and also a more reliable partner since the association can enforce agreements. It will also be more able to gain institutionalized access to policymaking, thereby granting labor more influence.

This approach may be parsimonious and perhaps even accurate with respect to the West European experience, but it is problematic in postcommunist cases. Until very recently Communist-dominated unions enjoyed a monopoly of representation, and they were not all broken up when Communism crumbled. However, they were very different from unions in the West. Their prime function was to act as transmission belt from the party-state; according to one critic, they cared for workers as the timber industry cared for trees. In recent years these organizations have made some efforts to reform themselves, but they are still accused of being “state” unions, more part of the old nomenklatura than a genuine, let alone influential, voice for workers.

Should we abandon all corporatist theory? This conclusion would be unwarranted, since its most basic premises—that corporatist arrangements evolve in response to strong labor unions and institutionalized access to policymaking enhances labor’s effectiveness—have withstood much empirical testing. However, it is still necessary to operationalize or measure this participation for comparative purposes. Efforts to quantify corporatism have dogged the corporatist research agenda. Perhaps the best that can be done is to construct a rough rank order scale that allows one to gauge the relative but not absolute influence of unions across different countries. Lehmbruch employed this strategy, and more recently Boreham and Compston have utilized a similar approach that looks at the scope of government-labor bargaining as well its result (merely consultation or binding agreements). However, one must also ascertain how these arrangements are used, beyond their legal standing. Some sort of qualitative judgment of effectiveness is inevitable. Finally, since participation is not the same as union effectiveness or influence, it is necessary to determine if unions are successful in promoting their demands and interests.
Assessing Labor’s Weakness

Are labor unions in postcommunist states really weak, or have reports of their near death been grossly exaggerated? Table 1 provides membership data from 1990 to 1995 for six countries. Overall, union membership has declined significantly, although in absolute terms unions remain the largest organizations in each country. The ILO estimates that overall membership in the region has dropped by a third, although in some cases the decline has been greater. These data are self-reported, and real membership, especially in Russia and Ukraine, may be much lower. In addition, they say nothing about member activity or confidence in unions, both of which are universally low. Particularly noteworthy, membership decline has been steepest in countries farthest along the reform path. Many workers in Poland, the Czech Republic, and Hungary have abandoned unions and/or opted for work in nonunion sectors or enterprises. New options have sprung up far more slowly in Ukraine and

Table 1  Union Membership in Postcommunist Countries

<table>
<thead>
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<th>Country</th>
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<th>Membership</th>
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<td>1993</td>
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<tr>
<td></td>
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<td></td>
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KNSB: Confederation of Independent Trade Unions of Bulgaria; CMKOS: Czech-Moravian Confederation of Trade Unions; MSZOSZ: National Confederation of Hungarian Trade Unions; SZEK: Trade Union Cooperation Forum; MOSZ: National Federation of Workers’ Councils; ASZOK: Autonomous Trade Union Confederation; Liga: Democratic League of Independent Trade Unions; OPZZ: All-Poland Alliance of Trade Unions; FPU: Federation of Ukrainian Trade Unions; FNPR: Federation of Independent Trade Unions of Russia

* Successor to communist-era unions

Source: Self-reported data, collected by author, ILO, or state committees.

* the lower figure comes from survey estimates; the higher figure is the unions’ self-reported data
Russia, where workers have managed for the most part to keep their jobs at unionized enterprises.

On the thornier issues of union participation and influence, despite variation across the region there are some general trends. In all countries organized labor has been given a formal, legal role in consulting and advising the government on a wide range of social and economic issues. Corporatist structures such as tripartite boards and social partnership committees exist to facilitate collective bargaining and maintain social peace. Formally, labor has substantial participation rights. On Boreham’s scale, union participation would be 4–6, lower than Scandinavia but comparable with Germany from 1970 to 1992. However, no one in postcommunist states would suggest that their unions are as influential as German ones.

This scale can therefore tell only part of the story. Again, one must examine how these structures really work to ascertain whether labor has substantial influence. In brief, labor’s position is not particularly strong. There have been real problems in making social partnership work, including the lack of employers’ organizations, labor pluralism, the inability of central unions to force their branches to abide by agreements, and governments’ explicit antilabor policies and/or willingness to disregard agreements with organized labor. With few exceptions labor is not a true partner: its consent and collaboration are not essential for policy adoption or implementation.

By virtue of the Solidarity movement labor has been most mobilized and active in Poland. However, this mobilization was clearly seen as a minus by the initial postcommunist governments that pursued a “shock therapy” reform program. Finance minister Leszek Balcerowicz, the architect of the Polish reforms, complained of unions’ capacity to distort labor markets and took action to support consumers’ and employers’ organizations against labor. Solidarity’s 1989 “victory” became, in a sense, a defeat for the rank and file, as union leaders wrote a blank check to the government without obtaining effective mechanisms for negotiation and consultation. Ultimately, Solidarity lost credibility with workers and proved incapable of mobilizing them. Eventually strikes were launched from below, against both Solidarity and the formerly “official” OPZZ unions. While the specter of labor militancy remains, the union movement in Poland is now fragmented, public confidence in both Solidarity and the OPZZ is very low, and workers’ political influence is “meager.”

Institutionalized labor relations began to develop in 1994 (after the left, enjoying OPZZ support, assumed power), and “corporatist pacts” were forged. But organized labor, even in the wake of Solidarity’s return to power in 1997, remains too weak to force significant economic change.

In the Czech Republic rapid free market reforms have been adopted, but labor has been almost invisible as a political actor. It is “emasculated” and “marginalized” according to one report. A reformed union structure continues to enjoy a near monopoly of representation, but it is viewed suspiciously by government officials as
a haven for antireform elements. Tripartite boards were established, but Prime Minister Vaclav Klaus declared that he preferred other means of determining economic policy. The government routinely ignores union proposals, prompting unions to argue that tripartism does not result in real consultation. However, unions are in a subordinate position; one observer who attempted to put the position of unions in a positive light nonetheless conceded that “trade unions have no choice but to accept government decisions.”

Hints of labor militancy have been condemned by Klaus, and unions have not pushed their case against the government. Instructive was a comment by Karel Dyba, the minister of the economy, who brushed aside the possibility of union protest by answering, “Trade unions? What’s that?”

In Hungary labor pluralism developed in the late 1980s, and “independent” unions were part of the democratic opposition. Labor activism, however, was not decisive in the Communist endgame of 1988–1989. The government therefore could shun unions in the immediate period of transformation. A new labor code, while preserving company and workers’ councils, stripped unions of many privileges they had in the old system. The head of the successor to the old “Communist” union accused the new government of treating his union as a virtual enemy. Meanwhile, the “independent” unions have over time seen their political influence vanish, especially after their defeat in social security board elections in 1993. There have been experiments with tripartism in the Council for Reconciliation of Interests. But, according to many, its authorization was poorly defined; it has not been integrated into policymaking operations; and it has been weakened by interlabor disputes. Prospects for labor’s political involvement were buoyed when the Socialists, with MSZOSZ support, won the May 1994 parliamentary elections. However, the Socialists have not fundamentally altered the course of the previous governments, and in March 1995 they imposed an austerity package and suspended tripartite negotiations because the government did not believe such a policy could be negotiated with labor.

In Russia and Ukraine much of the Communist era debris has not been cleared away, in particular with respect to the (dubiously) “reformed” “independent” trade unions. These organizations retain a virtual monopoly on union membership as well as close ties to the nomenklatura, particularly directors of enterprises. In Russia the FNPR has periodically forged an alliance with the industrialists’ union but has been largely incapable of organizing workers, among whom it lacks credibility. Smaller, independent unions (especially among coal miners) were courted by reformist politicians, but by 1993 they were in serious decline. Certain ingredients, especially a tripartite commission on labor and social relations, lend a “surface plausibility” to the corporatist recipe, but one detailed study concluded that this body was more a “disorganized sideshow,” unworkable in the absence of a political consensus on reforms. The unions have been little more than paper tigers; in 1998 they mobilized fewer than one million workers (one-tenth of their goal) in a national protest against wage arrears.
The legal requirements for labor inclusion via corporatist arrangements have also been met in Ukraine, but, as the ILO observed, they are “unlikely to constitute a sufficient guarantee for success.” As in Russia, the “official” unions are dominant, and the incipient independent workers’ movement lost much of its strength by 1994, largely because the union leadership could not articulate a coherent strategy. The unions themselves remain heavily dependent upon the benevolence of management and the state and therefore have been reticent in organizing protests over deteriorating living conditions. When unions have complained about government violations of labor laws, their appeals are “sneezed at” by officials in Kiev. One proreform government official opined that most unions are little more than corrupt appendages of the nomenklatura that have no interest in defending workers’ rights. The government-sponsored Social Partnership Committee is condemned as a failure by all sides. After making an inventory of the unions’ problems, one union report suggested that “it is doubtful in the near future whether one will be able to talk seriously of a trade union lobby in Ukraine.”

Thus, labor has been marginalized in political decision making. Corporatist institutions do not work properly and may undermine unions’ credibility with their members. More proactive mobilizations of union strength have been rare. Alliances with political parties have led nowhere. Abandoned by many of its members and often dependent upon higher authorities, organized labor in postcommunist countries is in a very weak position.

A Preliminary Accounting: Transitory Problems of Transition

What explains labor’s current predicament? Many have attempted to answer this question by focusing on problems of postcommunist transformation as the causes of labor weakness. Ost claims that workers as a class are unable to articulate an ideology or a coherent set of interests. Basing his argument primarily on the experience of Solidarity, he contends that labor lacks class consciousness because of the structure of Communism, which turned all social conflicts into conflicts with the state, and the ideology of anticommunism, which was liberal and universalist. Solidarity, of course, was more a social movement than a workers’ movement and articulated more a common message of protest than workers’ demands. Once most of its political demands were met, labor was unable to find its own voice. It lacked both an alternative vision to capitalism and an institutional channel to express grievances to authorities. This confusion extends to all the independent unions in the region.

The persistence of Communist-era institutions works against the development of a rigorous, independent labor movement. In Ukraine and Russia the “troika” of union leader/manager/state (formerly party) official has not been entirely broken, creating “residual [state] corporatism.” Unions, especially holdovers from the Communist era, depend upon the state and/or employers, and consequently the “offi-
cial" unions have powerful allies to fend off challenges from rival "independent" unions. A similar phenomenon can be found in East European states, where independent union leaders complain of the advantages held by the former Communist-controlled unions. In short, most unions have yet to become truly autonomous actors and are thus unable to be an effective organization for workers' interests.

Crowley relies upon resource mobilization theory to explain the passivity of most workers in the former USSR. Coal miners, he observes, are far more active in pressing demands and in launching strikes than steelworkers. Aside from some specific features of miners' work, Crowley notes that, despite getting paid more, they have nothing to lose by militancy. All they receive is their salaries; the mines are too poor to provide elaborate social benefits, including schools, consumer goods, and housing. Other industrial workers receive these benefits, although their distribution is left to the discretion of management; they have much more to lose than their meager salaries. Crowley's theory explains why many workers in Russia and Ukraine still largely refrain from strikes despite not having been paid for months.

Clarke et al. argue that independent workers' movements are weak because their leaders have been duped by politicians and intellectuals, who used them to fight against Communist authority but once in power turned their backs on their erstwhile allies. Drawing from the Russian case, they contend that the independent labor movement had to rely on political patronage because it lacked many resources at the grass-roots level. From 1991 to 1993 it found support and remained loyal to Yeltsin in his battles with parliament, even though economic reforms were hurting union members. Later, however, Yeltsin tried to court the "official" unions, leaving the independents politically marginalized. Similar cries of betrayal were heard among Poles when Solidarity's leadership backed the intellectual architects of "shock therapy."

Finally, some might contend that labor is weak simply because workers need their jobs and are afraid of losing them. Activists face the real threat of dismissal. Employers and governments have the upper hand. Labor, therefore, can do little more than issue hollow threats. Moreover, people have grown cynical of politics and political activism. This cynicism, combined with workers' weak bargaining position, explains the relative passivity of workers.

What is interesting about all of these approaches is the assumption that labor will overcome its current predicament to play a more significant role. As Communist-era institutions change and a market economy promotes diverse actors and interests, labor will find its voice. Labor leaders will establish close contacts with workers and rely less on the state. Workers may gradually realize they have been fooled and react accordingly. The economy will eventually improve, and workers will be more secure in their positions. Labor will then reemerge and protect workers. Clarke et al. predict that, "when the much heralded 'transition to a market economy' does get under way, there will be no doubt that conflict within the enterprise will increase dramatically, and that workers and worker activists will have an important role to play in such conflict."
This rosy forecast overlooks three important facts. First, capitalism evolved in the West through the gradual expansion of the market; in the East it is often being imposed by the state upon a society where some "prerequisites" of the market have not been met. This strategy constrains chances for interest groups to develop as they did in the West. Second, social democracy and corporatism arose in western Europe in large part because of strong unions. It is hard to imagine how similar institutions that give unions a prominent voice can emerge on their own in postcommunist countries in the absence of strong unions. Third, these institutions, as well as organized labor, are today far weaker in western Europe than they once were. If postcommunist countries move toward more modern, marketized, global economies, can their already weak unions escape the fate of their western counterparts? Union membership has dropped most precipitously in states where reform has gone farthest.

Thus, labor's weakness may not be a temporary phenomenon. Organized labor may have sung its swansong during the collapse of Communism and now may be permanently marginalized as a social and political force. Moves to emulate the West, far from rescuing labor, may actually make its position worse. To compare organized labor in the West and the East it is necessary to examine briefly labor's decline in the West.

Why Is Labor So Weak in the West?

The decline of organized labor has been one of the most prominent themes in the recent literature on western European politics and society. In the 1980s membership in unions dropped in most OECD countries, and concomitantly most observers argued that labor's influence also declined, although in some cases labor has preserved its position.30 Many explanations of this trend, some rooted in local conditions or government policies, have been put forward. However, more general factors have also been highlighted, although some have been the subject of dispute. A few interrelated structural economic variables have been the subject of extended discussion. They include erosion of manufacturing industries and jobs, growth of a private service sector, globalization, and decline in the size of enterprises.

Many have argued that organized labor has been hurt by movement away from manufacturing industries to a postindustrial, information-oriented economy. It has long been taken as a maxim that certain types of enterprises (mass manufacturing, mining, construction) are more amenable to unionization. These activities, it is contended, create a certain class of rather homogeneous interests as well as a workplace environment conducive to collective action. In many advanced industrial states traditional manufacturing jobs have become increasingly scarce, as a response to both new domestic demands and the relocation of industry to less developed economies. Therefore, union membership drops as workers find employment in other sectors less conducive to unionization.
One significant arena of economic activity that has in some cases even eclipsed manufacturing is the privately owned service sector. Both of its defining attributes—service and private ownership—work together to erode the power of unions.31 Service sector workers are less likely to join unions for many reasons, such as more individually based work, more part-time or temporary positions, more flexible hours, differing skill requirements, and less adversarial working conditions. Private employers have also been more resistant to unionization and may have the wherewithal to "buy off" workers. In contrast, workers in the public sector may be more attracted to unions because they will be clear beneficiaries of social democratic policies typically favored by organized labor.

The effects of globalization on labor and unions have been the subject of debate. Katzenstein has argued that open trade-dependent economies were more likely to produce corporatist arrangements among the state, labor, and capital.32 By most measures of union effectiveness, therefore, an open economy would benefit labor. Lately, however, the argument has swung in the other direction since it has become obvious that, ceteris paribus, capital is privileged over labor in a global economy because it has greater mobility. Capital seeks cheaper labor, and its mobility may limit unions' capacity to push for higher wages or other worker-friendly policies that are costly to employers. The quest to be "competitive" or more flexible in a dynamic marketplace is also pushing many West European countries to reexamine the role of the "social market economy" and corporatist institutions such as centralized bargaining. Unions are often seen as an impediment to progress, and union powers have been scaled back. Union movements may become divided between workers in sectors exposed to international competition and those in sectors not so exposed. Turner argues that the more dynamic, competitive, and interdependent global market requires "reorganization of production and work," often involving decentralized bargaining, pressures to boost productivity, and new forms of worker participation oriented toward production, all of which undermine the traditional role of unions.33

The shift to smaller units of industrial production has also had demonstrable effects on organized labor's political position. Large enterprises utilizing mass productive techniques figured prominently in industrial development for most of this century. They were said to promote labor organization by fostering class consciousness, decreasing costs of collective organization, and creating relative homogeneity of worker interests. However, starting in the 1960s the average size of industrial plants in the West began to shrink in response to new market demands. Comparative data confirm links between plant size and unionization.34 Smaller firms not only present coordination problems for unions interested in organizing an entire sector, but they are typically more heterogeneous. Moreover, competition among firms and their workers helps undermine labor solidarity.
East Meets West: New Threats to Organized Labor

These factors appear to be developing in postcommunist countries and to threaten labor's position. Before the collapse of Communism, these states tended to be isolated from the global economy. Their economies were dominated by state-owned heavy industry, and the average industrial enterprise, according to the EBRD, employed two thousand workers. These conditions have changed dramatically, especially in Central Europe. Postcommunist states are becoming part of the global economy. Privatization is proceeding in all countries; many industrial white elephants have been closed or restructured; and workers are finding employment in the service sector. Data on plant size are less systematic, but there is little doubt that massive plants and complexes are either being closed or broken into separate parts. The EBRD reports that most job growth has been spurred by small and medium size enterprises, not only in the service industry, but in manufacturing as well.

In most of the categories presented in Table 2, the postcommunist countries do not yet meet the figures found in the advanced capitalist states of the West. However, there is little doubt that they are progressing in the direction of the West and that there is a general consensus that the West should in fact be their model. Central Europeans have explicitly taken the globalized, market economy of the West as their model, and even laggards such as Ukraine have launched market-oriented reforms. Many reforms in the region, it bears noting, were also adopted over the protest of an enfeebled labor movement.

The pertinent question is how these reforms and structural changes affect organized labor. Are they, as many within unions predicted, posing serious challenges to the future of these organizations? We have seen that labor union membership has dropped throughout the region, most precipitously in those states with the most liberalized economies. Unfortunately, it is virtually impossible to establish definitely a causal link among the various variables, because of both data gaps and the small number of cases. Nonetheless, available data and interviews with union officials indicate that these changes pose grave threats to organized labor.

Union officials recognize that the loss of manufacturing jobs, combined with the rise of a private service sector, has undermined the long-term health of unions. Manufacturing workers, in terms of both numbers and symbolism, were the heart of the union movement. They are now on the defensive as their jobs are vanishing because of reform. Since jobs are scarce, workers still with jobs are less likely to mobilize and more willing to tolerate management actions that erode the position of unions. Until these workers feel themselves to be in a position to challenge management, it is hard to imagine how a strong, national labor movement could exist.

The erosion of manufacturing has been accompanied by growth in the service sector, the bulk of which is in private hands. It includes many small-scale operations, as well as firms in "new" sectors such as banking and insurance. Workers in these
**Table 2** Select Economic Data for Postcommunist Countries

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<td>Russia</td>
<td>60</td>
<td>51.0</td>
<td>55</td>
<td>51.4</td>
</tr>
<tr>
<td>Slovakia</td>
<td>70</td>
<td>31.9</td>
<td>57</td>
<td>n/a</td>
</tr>
<tr>
<td>Ukraine</td>
<td>40</td>
<td>24.5</td>
<td>31</td>
<td>n/a</td>
</tr>
</tbody>
</table>

\[a\] since 1992  
\[b\] since 1990  
\[c\] data from 1993  
\[d\] for Russia and Ukraine, non-state sector


types of enterprises in the West have been traditionally nonunion, and the same holds true in postcommunist states. Vasyl Kostrytsia, president of the Ukrainian Union of Cooperative Workers, explained that in many private industries workers feel less incentive to organize since they are usually paid more than in the state sector and employers tend to be antiunion since they view unions as a potential challenger. Typically, he noted, the unions in his federation are at best only able to secure enterprise-level agreements with employers; a more general agreement is next to impossible to secure and is unlikely to be implemented. Gyorgy Takacs of the Bank Employees Union in Hungary argued that in the finance sector the company-specific nature of work, combined with greater use of part-time or fixed-term employees, made organizing a union more difficult. In the Czech Republic only 22 percent of workers in the private sector belong to a union, compared to 67 percent in the ever-
shrinking state sector. In Russia the Russian Labour Flexibility Survey of 1994 found that a trade union existed in only 57.1 percent of private firms, compared to 87.5 percent of state firms and 83.3 percent of closed joint stock firms.

Representatives of trade unions complain that the manner in which privatization has been carried out has weakened labor's position. Although in many cases, especially in Poland and Russia, provisions were made to ensure that workers would have a voice over and/or a stake in privatization, the results have been less than satisfactory. Many enterprises are officially owned by management and workers, but management clearly has the upper hand. An ILO report on privatization in Russia listed numerous complaints, including lack of preparation, little union participation, insider trading, and management's use of coercion to buy out worker shares and assume complete ownership. These new owners, in turn, are much more profit-oriented and less concerned about workers' social welfare. According to one study of Russian industrial relations, they are far less likely than state directors to value unions, stressing instead individualistic employment relations that undermine unions' position. Additionally, privatization in many states has been accompanied by new laws tending to favor the directors-turned-owners and to limit the rights of unions. According to the privatization law in Russia, enterprises and unions are obliged to hand over many of their social services and assets (kindergartens, holiday camps, sports facilities) to local authorities. These facilities have traditionally been under the purview of the unions, and their use was one of the few perquisites of union membership. If they are lost, union membership may decline even further. Finally, privatization has helped to differentiate workers' interests, by allowing some to own shares of their enterprises and leaving many (especially those still working in state institutions) without an ownership stake, possibly limiting chances for the expression of national solidarity.

Another aspect of change in postcommunist countries is the greater role of trade, foreign investment, and foreign ownership. Both terms of trade and the investment climate in postcommunist states benefit from low labor costs, which in turn gives the government, export-oriented enterprises, and outside investors incentive to ally against unions that might try to boost wages. Sven Sterner from the ILO noted that involvement with the world economy has been a serious challenge to unions and that, even though some foreign companies are better than others, none encourages unions. Eöry Arpad of the Hungarian MSZOSZ accused some western companies of being explicitly antiunion and of circumventing Hungarian law by "persuading" employees to surrender their rights to organize. Some, particularly newly created firms, would not even let union representatives onto the premises. In the Czech Republic one study pointed to antiunion actions at, among other sites, the Volkswagen-Skoda plant, where management employed threats to move production if unions or workers tried to intervene in the company's plans. This defeat testified both to the weakness of unions and the dependent position of East European economies in the global market. An ILO report noted a host of threats from multi-
national corporations, including reduced employment, creation of divisions among workers, and barriers placed on unionization, especially in the service sector. Governments as well have been unprepared for the political power of multinational corporations and often accede to their demands or overlook breaches of the law.45

Finally, the shrinking size of enterprises has negative effects on unions. According to several union officials, it hampers the ability of unions to retain and attract members and presents greater coordination problems for collective action. Arpad of MSZOSZ listed this problem first in his union, pointing both to new problems of organization and management's push for flexibility that frustrate coordinated union activity. Semen Karimov of the Independent Ukrainian Railway Workers' Union argued that, while smaller groups of employees might be easier to organize, they would be primarily interested in plant and local issues. The break-up of large enterprises and emergence of small and medium companies might therefore not hurt aggregate union membership, but they would affect worker solidarity.46 The limited available data, however, show lower rates of unionization at smaller plants. In the Czech Republic, according to 1994 surveys by the Institute of Public Opinion Research, union density was 72 percent at enterprises employing over 500 workers, 48.4 percent at medium size enterprises (twenty-five to 500 workers), and only 16.2 percent at firms employing fewer than twenty-five employees.47 In Russia the Labour Flexibility Survey revealed that 72.4 percent of firms with over 1,000 workers had unionization rates over 80 percent, whereas only 45 percent of firms with under 250 workers had such unionization figures. On the opposite end of the spectrum, only 5.9 percent of the largest firms had unionization rates under 30 percent, whereas 36.1 percent of the smaller firms had such low unionization.48

Will Unions Survive?

The structural economic changes examined above constitute a significant threat to labor, but they are not always seen as the most immediate challenge. Moreover, for the most part there is little that organized labor can do about them. Labor lost, or perhaps more accurately did not take part in, the battle to reshape these states’ economies, and the market trajectory has been sufficiently well established that it is unlikely that organized labor could produce a change of course. Labor leaders largely have resigned themselves to this situation. They are also beginning to recognize that they are on their own; they have grown disillusioned with political parties and believe that, if things are to change for the better, they themselves must act. The disappointments with Solidarity-led governments in Poland and the Socialist government in Hungary are well-known, and it is unlikely that Klaus’ resignation or Russia’s shake-up in 1998 will make a big difference for unions in the Czech Republic and Russia. Notably, ostensibly prolabor or leftist political parties in
Britain, France, and Italy have also abandoned much of the traditional working class agenda. Putting hope in change at the top, therefore, seems futile. Bolstering labor’s own capacities as an organized force, according to union leaders, will be the only way to survive and, unlike changing broad economic trends, is something that they hope to achieve.

How is this bolstering to be done? Answers fall into two interrelated categories, both of which seek to remedy “subjective” factors that stifle labor activity rather than structural economic problems or even legal barriers imposed by the states. One solution is better union leadership. Union leaders, they themselves admit, often do not know how unions are “supposed” to behave. They are used to acting under a system that pushed them close to management and discouraged independent worker organization. Even leaders from the “official” unions will occasionally concede that the leadership of the “independent” unions is often superior to their own, if only because they are not handicapped by reliance on old operating procedures. To remedy this problem, the ILO, the AFL-CIO, and the European trade unions have established institutes to provide information and familiarize postcommunist labor leaders with how “normal” western trade unions function. The assumption is that better trained, professional leaders can reinvigorate labor, although this solution does not directly tackle the economic and legal problems facing unions.

The other commonly heard response is that organized labor, to survive, must win the confidence of its members. Aggregate membership figures mean little if members lack trust in unions, and over time this lack of trust will cause many to leave the unions. Improving relations with the rank and file is therefore given top priority. More professional union leadership might succeed in winning workers’ confidence, but unions will probably need something more tangible. However, they may be in a bind. In order to be more effective they need member support, but in order to get member support they need to be more effective.

According to many observers, one trend is clear: unions are beginning to reorient themselves toward local or enterprise-level activity and to put less energy and emphasis on the national and branch levels. Not coincidentally, a similar change is at work in several western states, again pointing to how postcommunist labor may be following a trend originating in the West. According to Sterner of the ILO, there is “momentum” throughout the region for trade unions at the local level; workers themselves favor such a strategy, as they are suspicious of any attempt to reimpose democratic centralism. He noted that one of the consequences of economic transition is that enterprise-level labor leaders have gained strength over national leaders. Significantly, management, especially private owners, may also prefer enterprise-level negotiations to national or branch level agreements because they too want nothing imposed on them from above. National legislation and practice, according to one ILO report, is turning in this direction, as governments prefer more flexible labor markets and are willing to grant employers more discretion.
Enthusiasm for this idea is not universal. National union leaders are apt to criticize local affiliates for being selfish, for “pulling the blanket over themselves.” Moreover, reliance on enterprise-based negotiations and local unions may frustrate government-led efforts to create corporatist arrangements, since union federations may find it impossible to impose nationally negotiated agreements on their constituent organizations.

Will this strategy work? There are a few positive signs. An ILO survey in five countries that had negotiated collective agreements at the enterprise level found that the atmosphere was usually acceptable, that a broad range of topics were covered by the agreement, and that only a minority of firms refused to negotiate with the workers. Survey evidence also suggests that union members are more prone to trust their own workplace representatives over the national leadership. The enterprise level unions may thus be in a stronger position to mobilize workers and press their demands.

There are, however, significant problems. Local agreements are not well-respected by management. Implementation is a common problem, and often workers have little recourse to appeal. According to one observer, “although collective agreements exist in numerous companies, it would be naive to believe that these agreements fundamentally determine wages, hours, terms and conditions of employment.” Even well-meaning managers may lack the resources to uphold agreements, and they could easily use the threat of unemployment to “persuade” labor to accept less than what was previously agreed. Less well-meaning managers could use their discretion to dismiss labor activists or perhaps attempt to coopt enterprise union officials. In either case, organized labor will not be rejuvenated. Additionally, because of slack labor markets workers and their representatives are now more expendable and therefore enter into negotiations from a weak position. Thus, acting locally may not be a solution, because there is no guarantee that they can secure favorable agreements. Not surprisingly, these predicaments are recognized by union members themselves, who, according to some survey evidence, believe that local unions in fact have no influence at the workplace and/or that management, rather than workers, is better poised to represent labor.

Hungarian labor specialist Laszlo Neumann points to perhaps an even more significant problem. He argues that at the enterprise level employers are able to use negotiations as a way to differentiate workers, showering favors on a select few while ignoring the demands of the marginal stratum. Individual defense strategies therefore become more important, and both employers and certain groups of workers bypass the unions entirely. He concludes that “exceptional groups of elite labour were able to organise themselves and form successful coalitions with managers, but in most cases the concerned masses of labour were left without actual trade union representation and they were exposed to the outcome of the above mentioned managerial negotiations.” While his analysis is restricted to Hungary, this phenomenon
Paul Kubicek

may exist elsewhere, since workers distrust unions and managers prefer more flexible agreements. In the end, local negotiations not only undermine labor solidarity, but strengthen managerial perogatives.

Ultimately, the enterprise-level strategy, even if successful, will result in divided and atomized unions, each seeking narrow benefits with little attention to the larger economic picture. As Colin Crouch asked of West European unions, “unions may have a long-term future, but do union movements?”56 Will moves toward enterprise-level action, viewed by many as a type of tactical retreat, eventually undermine unions’ ability to play a national and political role? Since unions are, in the words of one Russian labor specialist, “ideologically split, disconnected, and possess no definite political programme,” how will more decentralization restore coherence and political power to union movements?57 These questions are of great importance, and union leaders themselves would prefer to avoid them.

There is a certain logic, perhaps even inevitability, in unions’ enthusiasm for local or enterprise level action. The market demands more flexibility and differentiation. Centralization goes against many market principles, and unions themselves are in no position to fend off the market-oriented offensive in the region. Local bargaining and developing local institutions provide for flexibility and decentralized decision making. Yet, as Streeck noted in the German case, labor’s enthusiasm for decentralization only reinforces pressure from employers to limit more comprehensive controls over the workplace.58 In effect, unions are serving employers’ interests more than their own. While they can survive in this environment, it may be very difficult for them to break out of their local niches and to (re)emerge as a political force. Coordination will be not only difficult but perhaps less attractive, not only to employers but also to certain groups of workers who believe they no longer need centralized unions to protect them. Labor therefore will be less capable of playing a national or an explicit political role in shaping postcommunist policies and institutions. Corporatist institutions, preferred by many as a means to give labor an institutionalized role in policymaking, will also not work effectively with a fractured labor movement. Ironically, just as organized labor did not get what it expected from Communism’s collapse, it may not get what it wants from new, market-oriented strategies. Labor made its grand entrance on the political stage, but we will be kept waiting for an encore performance.

NOTES


5. For example, surveys from 1994–1997 in Ukraine find that 12–14 percent of the population trust “traditional” unions but only 6–9 percent new unions. In Poland surveys find a sharp decline of trust in Solidarity, from 69 percent in 1989 to 26 percent in 1993, the latter figure only slightly higher than the 24 percent for OPZZ. Politychny portret Ukrainy, 20 (1998); Irena Panków, “The Main Actors on the Political Scene in Poland,” in Attila Agh and Gabriella Ilonszki, eds., Parliaments and Organized Interests: The Second Steps (Budapest: Hungarian Centre for Democracy Studies, 1996), p. 144.


7. Strikes may show mobilization capacity but also weakness at the bargaining table. Results of strikes are rarely unequivocal, and even union victories may expend resources and prevent future campaigns.


16. Ibid.; Maria Lado, Workers’ and Employers’ Interests as They Are Represented in the Changing Industrial Relations in Hungary (Budapest: Institute for Labor Research, 1994).


18. T. Chetverina, P. Smirnov, and N. Dunaeva, “Mesto profsoiuza na predpriiatii,” Voprosy ekonomiki, 6 (June 1995), 83–89. They find that 13 percent of workers believe the union defends their interests, whereas 40 percent believe their real defender is the enterprise director.


29. Clarke et al., p. 408.
33. Turner.
36. Making comparisons is difficult because there are few data to establish a pre-1990 baseline. However, the EBRD reported in 1995 that small and medium enterprises had grown in all countries and in 1995 employed 37 percent of workers in the Czech Republic, 24 percent in Hungary, 23 percent in Poland, 23 percent in Slovakia, and 10 percent in Russia. For comparison, for the U.S. the figure is 53 percent, and for Germany 64 percent.
38. Pollert, p. 23.
40. Ibid.
43. Both from interviews, Budapest, January 1997.
47. Pollert, pp. 22–23.

52. According to a survey conducted in April 1994 in the Czech Republic, workplace representatives were definitely or moderately trusted by 21 percent and 48 percent of members, respectively. The corresponding figures for the national CMKOS leadership were 10 percent and 36 percent. See Pollert, p. 24.

53. Neumann.

54. Pollert, p. 25, reports that in a September 1994 survey in the Czech Republic 41.7 percent of members believed that unions had “no influence” in the workplace, and only 4.5 percent claimed they had a big influence. Chetvernina et al. report that 44.7 percent of union leaders themselves admit that their influence is insignificant. Among workers, this skepticism grows to 61.7 percent.

55. Neumann, p. 15.


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