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### **Between Market, Class and Society: trade union actors and employment regulation in Central and Eastern Europe**

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Twenty years after the relatively peaceful transitions from command to market economies in Central and Eastern Europe (CEE) it is still not entirely clear how much or little influence the trade unions in that region have, and what their main ideological allegiances are. The importance of worker involvement in shaping outcomes has been the subject of many studies of Western Europe. Crouch's (1993) central explanation for differences in the reach of employee voice within employment systems lies in the historical interaction of the evolution of the state with the development of the national economy. Hyman (1996; 2001) points to the construction of trade union ideology as a key factor in shaping the forms of expression of employee voice. Upchurch *et al* (2009) highlight how social democratic trade unionism first adapted to neo-corporatist attempts to limit the extension of workers' control, and then, a weakened force, retreated in the face of neo-liberalism's renewed assertion of management rights.

Bohle and Greskovits' (2006: 22-23) assessment of CEE unions is bleak. They suggest that the absence of 'strong labor organisation... seems to be the rule of capital-labor interaction in the former socialist countries.' In another study Meardi (2007: 177, 187) confirms that 'trade unions have been a significant absence in discussions of capitalist transformation in post-communist countries' but he provides examples both of 'union revitalisation' and of 'inertia and failure', finding a 'rich, varied picture of union chances' in Poland, Hungary and Slovenia. In their study of Moldovan trade unions, Morrison and Croucher (2010: 243) suggest the presence of three different relationships with their members: 'traditional paternalist...a disconnecting welfarist form... and an integrating collectivist form' and they suggest that these differences confirm that 'continuity is therefore not simply "path dependency"'. Crucially, for these authors, it 'leaves room for workers' agency'. This supports in part Ost's (2002: 34) argument that a union 'comeback' in CEE might occur through 'renewed awareness... of the importance of *servicing*.'

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Yet the room for employee voice may be quite limited. As Bohle and Greskovits (2006: 7) forcibly remind us, it is entirely possible that 'the East European industrial relations and welfare systems have been undermined by labor weakness *in relation to* transnational capital which has different preferences and can act more powerfully in the East European economic and political contexts than at home.'

Approaches that explore workers' responses in processes of change are, however, particularly relevant to CEE, where prior to the transition the formal political discourse prioritised workers' interests under 'socialism'. Throughout most of the region the formal employment relations framework that became institutionalised after the transition period of 1989-91 was 'tripartism' - although the reality varied greatly. Tripartism was generally introduced from the top down, and its assumption that the state, management and unions should be 'working together' also reflected continuity with the ways the former Communist systems had operated. Ten years later when the transition states in the region began to prepare for EU entry, this assumption was then easily fused with the official promotion of social dialogue discourse.

A system designed for securing consensus on national-level political decisions was never going to be able to shape employment relations at the sector or company levels unless the employers and unions were both representative and highly-disciplined. Jankova (2002) implies that this was partially true. She argues that this CEE 'tripartism' should be seen as a special emergent form of neo-corporatism in which negotiating structures are multi-level, where negotiations are largely political rather than purely about economic and social issues, and where the involvement of civic groups goes beyond the representation of labour, business and the state. Martin and Cristescu-Martin (2004) in contrast consider that reliance upon tripartite social partnerships and the state has generally failed to bring Central and Eastern European industrial relations closer to European norms and that there has been very little development of 'shared values' among different actors. For them tripartism has largely been 'window-dressing', with very little impact on economic performance – although they concede that it enhanced 'regime legitimacy' and reduced 'the threat of social conflict'. Bohle and Greskovits (2006) argue that there are major differences between the industrial relations experiences of different sectors, an argument confirmed by our more recent comparison of four sectors in three CEE countries (Contrepolis *et al.*, 2009).

This paper does not pretend to resolve the issue of how to best classify all the emerging social models in CEE. In any case grand typologies are more useful as a pedagogic tool than as an interpretative one. Rather the paper builds on the approaches referred to above that stress the importance of examining the sources, ideologies and development of employee resistance and mobilisation and of involvement in genuine or incorporative social dialogue. We are concerned with understanding better the journeys being followed by the

alternative and the continuity trade unions towards the independent expression of 'workers' agency'.

The paper has an empirical base. The research referred to above concerned the extent of French-owned multinational company social model transfer to Central and Eastern Europe.<sup>3</sup> This mobilised local researchers in Bulgaria, Hungary and Poland and involved 114 interviews with trade unionists and managers from the subsidiaries of eight French-owned MNCs based in three host CEE countries between 2006 and 2008 as well as in France.<sup>4</sup>

The first section of the paper sketches contextual background on labour market and industrial relations trends across the ten CEE member states, demonstrating the quite different recent histories they have experienced. The second section then focuses on the social models in the three countries whose the authors have recently researched: Bulgaria, Hungary and Poland Using the key distinguishing features of the European social model identified by Marginson and Sisson (2006) as comparators. In the third section the paper develops Hyman's insights into trade union ideologies to consider the extent that CEE unions express workers' agency in the processes of transition. The concluding section makes two broad points. First, that any attempt to understand the different historical paths followed by trade unions in Bulgaria, Hungary and Poland requires tracing the policies towards employee voice taken by both 'new' host country employers and by incoming multinational employers. Second, drawing upon Hyman's analysis distinguishing class, market and society ideological poles, we suggest that the trade union identities in these countries appear in many ways to be undergoing 'apprenticeships' rather than presenting final ideological statements.

## **1. Employment relations contexts**

Many complex components in a country or region's political economy impact on the range of choices available to workers in terms of their capacity to organise and mobilise independently of other economic and political actors. Here we briefly consider the different experiences of all of the CEE countries in terms of a few key factors. Thus the size and broad structural features of a national political economy may influence the creation of sustainable social partner networks. We cannot confirm that population size and the strength of the agricultural sector has a direct impact on employee voice, but there is a strong likelihood that they do. The rate of growth – but also the distribution of the rewards of growth – may also impact on the degree of confidence workers have in the country's political economy. Levels of unemployment too can also impact on the confidence workers feel about mobilising to express their distinct interests; high inflation

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<sup>3</sup> Research into eight French-owned service sector MNCs and funded by the French Ministry of Labour, DARES, 2005-2009, was published in Contrepois *et al* (2009).

<sup>4</sup> The research team members were: Bulgaria, Zhelyu Vladimirov; Hungary, Linda Szabo and Viola Zentai; Poland, Anna Kwiatkiewicz.

creates pressures on workers to renegotiate or mobilise around the real price of their labour. The degree of dependency upon foreign investors and the share of the economy in private hands can also position workers nearer or further away from those exercising power over their working lives, and affect the ways in which their voices are heard. Finally, we sketch the institutional arrangements for labour that have emerged as a result both of historical continuities and as outcomes of the diverse economic experience of transition. Our argument is that the breadth of experience within CEE makes it problematic to conceive of the whole region, even if Slovenia is excluded, as being appropriately placed together in any single experiential category.

In Table 1 we present the populations and then selected comparative performance data covering some of these structural political economy contexts. We highlight the highest and lowest figures in each column to demonstrate the major performance variations between the countries.

*Table 1 CEE population and political economy, c2008-9*

	Millions	Per cent variations from CEE unweighted average				
	Population 2009	Employment rate 2008	GDP per capita 2008	Unemployment rate 2009	Inflation rate 2009	Foreign acquisitions \$m 1989-2006
<b>Estonia</b>	1.34	9.2	5.9	36.5	-92.4	-74.8
<b>Slovenia</b>	2.03	7.3	42.9	-41.6	-65.6	-26.4
<b>Latvia</b>	2.26	7.3	-9.9	69.1	26.0	-95.2
<b>Lithuania</b>	3.35	0.6	-2.7	35.5	60.3	-80.9
<b>Slovakia</b>	5.41	-2.5	13.6	18.7	-65.6	-79.9
<b>Bulgaria</b>	7.61	0.1	-35.1	-32.7	-4.6	-23.2
<b>Hungary</b>	10.03	-11.3	1.2	-1.1	52.7	47.3
<b>Czech Republic</b>	10.47	4.2	26.4	-33.7	-77.1	152.4
<b>Romania</b>	21.45	-7.7	-30.9	-31.8	113.7	9.7
<b>Poland</b>	38.14	-7.4	-11.4	-18.9	52.7	171.0
<b>CEE 10</b>		100	100	100	100	100

Sources: Eurostat. Column 1 Updated 30.3.10:

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tps00001>

Column 2 updated 21.1.10:

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsiem010>

Column 3 updated 9.4.2010.

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsieb010>

Column 4 updated 31.3.10.

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsiem110>

Column 5 updated updated 16.3.10.

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsieb060>

Column 6: Source: UNCTAD (2009), *Mergers and Acquisitions by country and region*.

The populations of the ten countries range from a little over one million (Estonia) to 38 million (Poland). In only the three smallest (Estonia, Slovenia and Latvia) is the 2008 figure of employed people aged 15-64 as a share of the total population aged 15-64, significantly higher than the average, and, incidentally, higher than that prevailing across the EU15.<sup>5</sup> The growth rate per head of population in relation to the EU average is a good index of the relative wealth of an economy in real terms. Slovenia and the Czech Republic, which entered the EU with the highest per capita GDP within the former Communist bloc countries have retained their relatively high ratios to the European average. In 2009 the highest CEE10 to the EU GDP ratio was in Slovenia (+42.9 per cent above the CEE10 average), while the lowest was in Bulgaria (-35.1 per cent). Even before the impact of the 2008-10 economic crisis was felt, the overall picture was thus highly diverse. In the two most recent accession countries output per head remained at less than half the EU27 average, while in the Czech Republic (80.4 per cent) and Slovenia (90.9 per cent) it was now higher than one EU15 member, Portugal (which had stagnated at around 75-78 per cent), for the whole period, and Slovenia was catching up with Greece (94.3 per cent in 2008). The growth rate per head of population in relation to the EU average is a good index of the relative wealth of an economy in real terms.

The diversity of labour market experience is confirmed by the data on CEE unemployment. Of course this has to be qualified by the very significant under-reporting of unemployment in economies that have both important agricultural and informal sectors. However, unemployment in Latvia in 2009 was two-thirds above the CEE average and in the Czech Republic, still benefiting from the relatively good performance of Germany, its major export market, was one third below the average.

Most of CEE has now undergone three huge cycles of economic transformation within just twenty years. The general picture can be sketched like this, with some countries moving more or less rapidly along the path. Initially there was a huge crisis in the early 1990s when the old Soviet market system simply collapsed without anything replacing it. Then there was a second transition crisis that lasted from 1995/6 to 2002/3 as the economies were privatised and partly fell under foreign control. This process also involved massive redundancies as companies underwent significant modernisation. And finally, after a period of job creation and falling joblessness, the situation reversed very suddenly in 2008 and 2009. This last turn of the screw was met with an instant sharp reaction by the trade unions in the countries most exposed to the crisis: in Latvia, 250,000 people

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<sup>5</sup> This association raises the question as to whether there is anything specific about small national economic systems such as stronger social networks that could make them more effective at employing a higher proportion of their working-age populations,?

signed a petition to recall parliament, and in January 2009 there were mass angry street demonstrations there and in Lithuania, and in June 2009 a protest strike in Estonia.

The 2008-9 global crisis also had a major impact on inflation in CEE. In 2008, after climbing from a low point of 4.1 per cent in 2005, inflation reached 8.3 per cent across CEE.<sup>6</sup> The following year, with Europe fully entering recession, it then collapsed. It fell 3 per cent to 0.3 per cent in the EU15, but it fell 5.7 per cent to 2.6 per cent across the CEE. Here again, though, there were massive differences in experience: in Romania inflation continued at a level more than double the CEE ten country average, while in Estonia it was as far below that, running at just 0.2 per cent.

Who is really taking the decisions about wage levels and jobs in CEE? Western Europe experienced a gradual shift in the culture of capitalism in the second half of the 20<sup>th</sup> century: many large companies inched their way from having family-owned or regionally-based ownership structures that often retained some feeling of commitment to local or national workforces, to becoming increasingly dependent on stock markets and foreign owners. In CEE, however, since most of the region's economic wealth had been in public ownership prior to the 1989-91 transition, there was little or no local tradition of paternalism to fall back on. And when the transition came it was not over 40-50 years, but occurred within a decade. The major privatisations that were then launched by CEE governments were often targeted at multinational companies who would bring 'new' foreign capital into the region.

By 2005 the share of all national financial companies and banks owned by foreign banks across the whole CEE stood at 68 per cent, up from one third just ten years earlier (Barisitz, 2008: 172). Since then it has crept on upwards, reaching over 80 per cent in Bulgaria and Hungary, and nearly that level in Poland. This increase in foreign ownership was not about benevolence: the top seven foreign banks operating in CEE maintained about 20 per cent of their 'risk-weighted' investments there, but derived 30 per cent of their return on those investments from there (BIS, 2005: 6). Closely following the foreign banks and insurance companies came manufacturing multinational companies. As shown in Table 1, the \$122bn foreign direct investments (FDI) spent on acquisitions of CEE companies between 1989 and 2006 went predominantly into Poland (170 per cent more than the CEE average, the Czech Republic (152 per cent more) and Hungary (47 per cent more).

Besides playing a role in helping 'Europeanise' these societies in ways that helped prepare the ground for EU accession, Martin (2006: 1353-4) adds that FDI by MNCs has also helped create a more 'segmented' business system and national economic and employment model than existed in the EU15. He

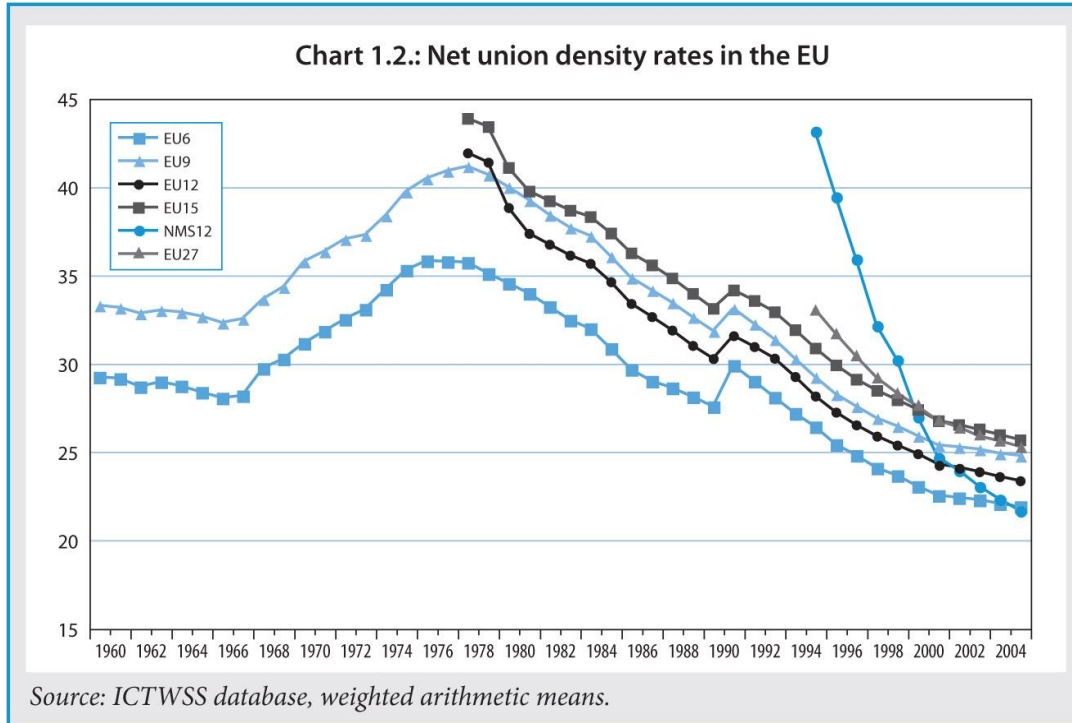
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<sup>6</sup> In the EU15 inflation had climbed from 2.1 per cent in 2003-4 to a decade-long high of 3.3 per cent in 2008.

suggests 'capitalism in Central and Eastern Europe is segmented into three types... managerial capitalism, in the privatised and about to be privatised state sectors; entrepreneurial capitalism, in the *ab initio* private sector; and international capitalism'. He goes on to argue that 'each form of capitalism has its characteristic pattern of employment relations'. This 'segmented' social model should be regarded less, he maintains, as temporary or transitory, and more as rooted in a core dualism: influences that are 'governed by inheritance from the socialist past' in tension with 'aspirations for a free-market future' (ibid: 1355).

The effects of strong segmentation of their national economies between the MNC sector, the nationally-owned private large company sector, the public sector and the large small-scale and informal sectors have been felt quite sharply by the CEE trade unions. The dramatic shrinking of the public sector, its privatisation into foreign hands or into those of nationally-based entrepreneurs (many of whom were former managers or senior government officials generally with access to bank credit), sharp and rapid de-industrialisation, and political and popular discredit arising from the unions' close association with the former undemocratic regimes combined to exert strong structural pressures on the high levels of trade union density that existed at transition. Trade union membership which, where it was not compulsory before 1989, had been often chosen as a means of ensuring conformity rather than as a vehicle for challenging management, receded very rapidly. By the second half of the first decade of the 21<sup>st</sup> century, trade union density throughout the CEE10 with the principal exception of Slovenia and with the partial exception of Romania had fallen to below the levels of Western Europe. This sharp decline is clearly demonstrated in Figure 1 by the nearly vertical descending line at the top right of the chart.

**Figure 1 Union density rates in the CEE and the EU, 1960-2005**



Source: Figure reproduced from Visser and Beentjes (2009: 20).

Table 2 provides some more recent density data, but also provides a broader picture of the degree and nature of trade unionism in CEE. Only Latvia has a single peak trade union organisation. Elsewhere there is more fragmentation. This partially reflects the presence in most of CEE of ‘continuity’ unions that survived the transition, weakened but often with many of the former leaders and activists continuing to play a role, and providing a culture or ideological perspective that often included an emphasis upon working class interests. It also reflects the presence in many of these same countries of ‘alternative’ trade union centres, built around political opposition to the former regime, often during the period of transition. In the countries with the deepest fragmentation it also represents a combination of political and sectoral differences between trade unions, but also constitutional and institutional industrial relations contexts that tend to support plurality of social partner voice.



Table 2 Characteristics of CEE10 Trade Unionisms, 2007-8

	Trade union membership density % (latest year)	No. of peak trade unions	No. of striker-days per 1000 workers	% formally covered by collective agreements	Social dialogue pacts 2006-2010
<b>Estonia</b>	9	2	n.a.	25	No
<b>Lithuania</b>	10-12	3	1.6	10	No
<b>Poland</b>	14	3	3.5	40	No
<b>Latvia</b>	15	1	0.6	24	No
<b>Hungary</b>	17	6	3.5	30	No
<b>Slovakia</b>	17	2	0.01	35	Yes
<b>Bulgaria</b>	20	2	n.a.	20	Yes
<b>Czech Republic</b>	21	2	n.a.	26	Yes
<b>Romania</b>	30-35	4	31.5	53	Yes
<b>Slovenia</b>	44	6	n.a.	96	Yes

n.a. = Not available

Sources: Trade union density from: OECD (2009) *Statistical Extracts*, ETUI National Industrial Relations country reports or expert communications from Laas in Estonia; Lulle in Latvia; Woolfson in Lithuania; Cziria in Slovakia; Pop and Stoian in Romania; and from Poje in Slovenia. Peak trade unions are the state-recognised national union confederations; Numbers provided by ETUI National Industrial Relations country reports or national experts in private communications as above. Average annual striker-days per 1,000 employees (2000-2007) from OECD (2009) *Statistical Extracts* except for Slovakia where the data is just for 2005 with a 0 response for all other years. Collective bargaining coverage data from: ETUI National Industrial Relations country reports or expert communications (as above). Recent social dialogue agreements from: EIROOnline and expert communications (as above).

It is thus difficult to identify any clear common structural experiences in political economy or labour market terms between other than a common exposure to the market economy and to the EU. This is not to argue, however, that it is impossible to make generalisations about the employment relations experiences and social models of particular CEE countries. In the following section we suggest a way of helping understand the different countries systems through broad-brush comparisons with the US and Japanese social models, focusing on three of the ten countries: Bulgaria (a 2007 accession country), Hungary and Poland.

## 2. Social models

In this section we first present Marginson and Sisson's (2006) schematic approach to comparing social models, and then present some evidence of the evolution of the social systems of Bulgaria, Hungary and Poland. We then make a pictorial comparison of these findings, arguing that the three models should be seen as quite clearly differentiated from each other.

Marginson and Sisson (2006: 40-1) suggest there are 'three common features' among most EU15 member states that distinguish them from the US and Japanese models: 'the high degree of interest organisation amongst both employers and workers'; 'the nature and extent of the legal intervention on behalf of the weaker party to the employment relationship, that is workers'; and 'the structure of collective bargaining' that leads to agreements covering roughly 80 per cent of the EU15 workforce and 'enables the participation of employers' organisations and trade unions in macro-level social dialogue over economic, social welfare and labour market policy'.

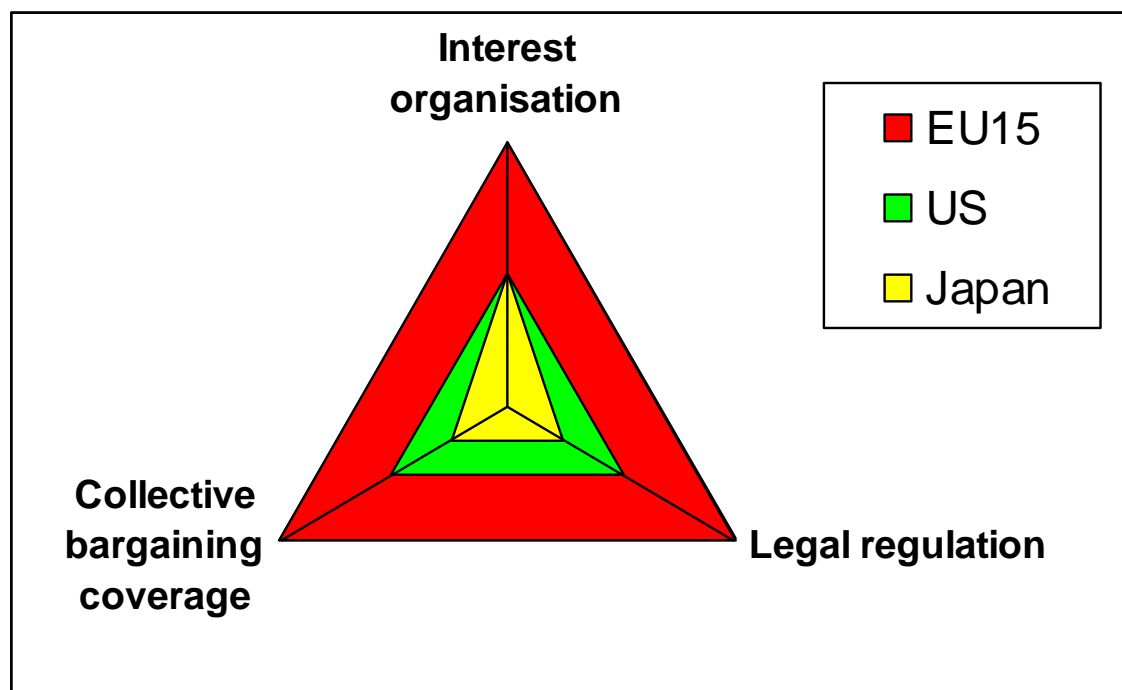
This focus on three common features within the EU15 allows us to develop a model that can be represented pictorially in Figure 2 in terms of three axes coming out of a central point. A vertical axis represents whether trade union and employer organisations are more or less weakly organised. The extent of interest organisation is visually represented as being at half that of the European Social Model for both the US and in Japan. The right-leading axis represents the extent to which legal regulations really protect workers. The protections in the US are considered half that of the European social model, while the level of protection in Japan is shown as being half that which exists in the US. The left-leading axis represents the extent of collective bargaining coverage. The US level is represented as half that which prevails across the EU15, while the Japanese level is again half the American level.<sup>7</sup>

The idealised picture presents the EU15 social model as a whole as having a stronger presence on each of the three axes than does the US system, and while the Japanese employment relations system, arguably, has interest organisations on the part of employers and trade unions on a par with the American, its independent collective bargaining coverage and worker protection are both weaker than in the US (and Europe).

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<sup>7</sup> Each of the axes in these diagrams is made up of a scale ranging from 1 to 6. In the first diagram, the EU15 average is scored as two-thirds the maximum (4 out of 6) on each of the three axes, while the US and Japan are scored at 2 in terms of interest organisation, and the US at 2 on each of collective bargaining coverage and legal regulation on which Japan is scored at 1.

Figure 2 A representation of the EU15, US and Japanese social models



Source: Contrepois *et al* (2009: 36).

Using this comparative approach to three dimensions of employment relations we now discuss the extent of interest organisation, collective bargaining coverage and legal regulation in each of Bulgaria, Hungary and Poland.

### Bulgaria

In terms of Bulgarian interest organisation, the employers' organisations had to be created from scratch in the 1990s, while trade unions had to be recreated that were independent of the government and managers. The criteria for the approval as an employers' organisation at national level is provided by the Labour Code: each employers' association should include at least 500 employers (with at least 20 employees each) from across at least one fifth of the recognised sectors and have established national and territorial bodies. In the run up to the 2007 accession the six fragmented and overlapping employers' organisations responded to the increased pressure on them from the government to participate more coherently in national-level social dialogue by moving towards consolidation. In 2006 the Employers' Association in Bulgaria (EABG) and the Bulgarian International Business Association (BIBA) merged forming the Confederation of Employers and Industrialists in Bulgaria (CEIBG). This large-firm initiative brought together businesses with over 400,000 workers, producing two-thirds of national GDP and providing 75% of all Bulgarian exports. It is affiliated to UNICE, the European employers' association. In response two other employers' associations, the Bulgarian Industrial Association (BIA), which is also

affiliated to UNICE, and the Bulgarian Industrial Capital Association (BICA), signed a partnership agreement while retaining their legal independence (Skarby, 2006). However, although these organisations are deemed 'representative' at national level for tripartite and very occasional bipartite purposes, the extent of genuine involvement and participation by Bulgarian employers in these organisations remains quite limited.

Bulgarian trade unions can be recognised on the national level as 'representative' if they have a membership of at least 50,000 from employees in more than half the industries, and have established national and regional bodies. The two officially recognised unions are the Confederation of Independent Trade Unions of Bulgaria (CITUB) and the Confederation of Labour Podkrepa (CL Podkrepa). Since 1995 both have been members of the International Confederation of Independent Trade Unions and its successor, the ITUC, as well as of the European Trade Union Confederation. Despite a claimed trade union density varying between 16-18 per cent (Neykov, 2006) and 23 per cent (Mihaylova, 2008), it is very weakly present or not present at all in most workplaces

With weakly representative social partners, social dialogue and collective bargaining are inevitably going to be weak too. Between 1989 and 1994 what Detchev (2003) calls a 'neo-corporatist' industrial relations system developed in transition Bulgaria. In this period associations of workers (through the single representation channel of trade unions) and employers' associations were institutionalised and they with the state (represented by the Government) became the leading industrial relations actors within a legally underwritten collective bargaining system. At the formal level these bodies are involved in tripartite collaboration and, after the pre-transition Labour Code was amended in 1993, they also meet at the national level in the National Council for Tripartite Collaboration (NCTC). At national level social dialogue does take place and is capable, as in 2006 at government prompting, of bringing the employers, unions and government together to agree a national Pact for Economic and Social Development. The Pact included objectives for the end of 2009 of 'Pursuing an active employment and human resources development policy', 'Improving the working conditions and protection of labour and social rights of employees', 'Improving labour legislation' and 'Conducting an effective social dialogue'.

At sector, branch and workplace level, however, developments were much more ambiguous. Only an optimistically estimated 36 to 38 per cent of the labour force is formally covered by collective agreements,<sup>8</sup> and despite the establishment under Article 3b of the 2001 Labour Code of 'Sector/Branch Councils for

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<sup>8</sup> European Foundation for the Improvement of Living and Working Conditions, 'Capacity building for social dialogue in Bulgaria'. 2006, Dublin. (<http://www.eurofound.europa.eu/pubdocs/2006/516/en/1/ef06516en.pdf>).

Tripartite Cooperation'<sup>9</sup> at industry and local levels, they rarely function. Although the Ministry of Labour and Social Policy has the right to extend sector level collective agreements to all companies in a sector, this right has also never been applied, and without such action it is difficult to see how employers would embrace sector bargaining or participate actively in employer organisations. Over time many of these sector tripartite structures have been replaced by bipartite negotiations at firm level, or by unitarist employer decision-making, and there are clear trends in the Bulgarian social model toward greater decentralisation, employer unilateralism and deregulation. There were only 10 sector-wide agreements and 58 branch agreements registered in 2007, and the overwhelming mass of registered agreements that did take place were at company level (Tomev, 2008).

In the absence of significant collective bargaining coverage, the 1993 Labour Code has largely remained the key framework for industrial relations, but now amended by the transposition of EU Directives. In 2006 Parliament adopted a series measures transposing of several social directives into the Bulgarian Labour Code. These included the Working Time Directive, although this included the right for employees to opt out, and the EWC and Information and Consultation Directives, effectively introducing a dual representation system for the first time.

The Bulgarian social model is thus characterised both by limited interest organisation and the continuity of a tradition of formal protection of workers under the Labour Code that has been partly rejuvenated through the transposition of the European social directives. However the weakness of collective bargaining actors and institutions makes it difficult to fully implement such protective law as does exist. The role of the state in wage bargaining is not strong outside the public sector, largely involving attempts to influence public opinion through securing tripartite agreements. Nor does the state legally enforce or extend those sector and branch collective agreements that do exist. Finally, a single representative system under the Labour Code that privileged trade unions was amended to a dual representative system in line with the EU Information and Consultation Directive. Based on the weaknesses of institutional representation, the lack of effective legal intervention and the limited collective bargaining coverage, the Bulgarian social model can be represented as the weakest social model of the three countries being compared

## **Hungary**

In Hungary, interest organisation is more fragmented than in Bulgaria, if arguably stronger on the ground in some sectors. The nine Hungarian employers' associations who sit on the tripartite National Council of Reconciliation of Interests (Országos Érdekegyeztető Tanács, OÉT) are essentially business

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<sup>9</sup> Their chairpersons are appointed by the Minister after consultation with the trade unions and employers' organisations.

federations, providing various business services and acting primarily as lobbying organisations for their sectoral interests. Only five are involved as employer associations with collective bargaining responsibilities. The largest, the Confederation of Hungarian Employers and Industrialists (MGYOSZ) with about 6,000 member companies in 51 branch sections and 17 regional associations, claims its members employ 20 per cent (1.2 million) of Hungarian workers. It was formed by a merger of the former MMSZ (Hungarian Employers Association) and GYOSZ (Confederation of Industrialists) in 1998. The Confederation of Hungarian Employers for International Cooperation (CEHIC) was set up as a national umbrella organisation for employers to represent Hungary within UNICE (EIROnline, 2007).

The Hungarian trade unions are equally fragmented and their density levels are falling: the 2004 Labour Force Survey suggested that union density declined from 19.7 per cent in 2001 to 16.9 per cent in 2004 (EIROnline, 2007). Six confederations are recognised as 'representative' with invitations to participate in tripartite dialogue at the OÉT. Within the state sector the most important union is Trade Union Cooperation Forum (SZEZ) with a current membership of 350,000. The largest non-state sector confederation (235,000 members claimed in 2004) is the restructured pre-transition monopoly union, the National Association of Hungarian Trade Unions (MSZOSZ), which cooperates quite closely with the Hungarian Socialist Party (MSZP), the democratised and reformed former pre-transition ruling party (Tóth and Neumann, 2005). Since the Socialist-led government introduced austerity measures in 2006, policy differences among the unions concerning their position with the government have grown. One result has been the decision by the significant Trade Union Federation of Electricity Workers (VDSZSZ), which represents 10,000 employees of power plants and electricity distribution companies, to leave the Alliance of Autonomous Trade Unions (ASZSZ) with some 150,000 members and affiliate to the Democratic League of Independent Trade Unions (LIGA), which claims about 105,000 members and has been more critical of the government (Tóth, 2008). Other recognised confederations include the National Federation of Workers' Councils (MOSZ) with 50,000 members and the Confederation of Trade Unions of Professionals (ÉSZT) with 85,000 members, which is in discussions about a merger with the SZEZ (EIROnline, 2007).

The key pieces of legislation institutionalising the Hungarian social model were passed soon after transition in 1992<sup>10</sup> and 1997.<sup>11</sup> The 1992 Labour Code covers most of the economically active population, including workers employed by foreign-owned MNCs. It contains rules regulating a national tripartite 'conciliation of interests' process, the terms of collective agreements, the operations of trade unions and works councils, the participatory rights of

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<sup>10</sup> Act XXII, the *Labour Code*, Act XXIII, the *Legal Status of the Civil Servants*, and Act XXXIII, the *Legal Status of the Public Servants*.

<sup>11</sup> Hungarian Act LI/1997 amending the Labour Code Act XXII/1992 makes it possible, under certain conditions, for the Minister of Labour Affairs to extend the validity of a sectoral collective agreement.

employees, equal opportunities, and conflicts of interests and rights. Where workers' welfare and unemployment arrangements, training and health and safety rights are concerned, the Labour Code is supplemented by three further measures.<sup>12</sup> The strong regulatory framework includes a requirement on firms to pay 1.5 per cent of their gross salary costs into a Vocational Training Fund (one-third of which may be used to train their own workers) and establishes lower social insurance costs when employers hire young workers aged under 25 (or under 30 if they have a degree) or unemployed workers over 50.

European harmonisation included the extension of equal opportunities in 2003.<sup>13</sup> This was a new measure to defend employees' interests, but in practice equal opportunity programmes in the private sector are still quite rare. As a result a public body, the Equal Treatment Authority, was set up to which employees can turn in case of experiencing discrimination at their workplaces. Also in 2003 the European Works Councils (EWC) directive was introduced in Hungary to take effect from May 1 2004. However, since accession, no comprehensive list of companies headquartered in Hungary and subject to the Directive has been published - despite the fact that several firms, including the two largest domestic corporations<sup>14</sup> and several foreign-owned MNCs fall under its scope.<sup>15</sup> The system of employee information and consultation already in the Hungarian Labour Code was amended in 2005 to take into account the EU Information and Consultation Directive. However, it failed to provide a remedy for the fundamental problem of Hungarian workplace representation caused by the weak Hungarian legislation on works councils, namely that employers are not required to set them up (Fodor and Neumann, 2005). Thus the regulations on works council representation and the right to sign a collective agreement make it particularly difficult for the trade unions to secure recognition at company level.<sup>16</sup>

The lack of rooted representation on the part of both employers' associations and unions is reflected in the very small number of collective agreements reached. By 2007 there were just four sector agreements in place, 73 company-wide (multiple site) agreements and 1,046 single site collective agreements covering the market based economy. The government had originally used its powers to extend the first four sector agreements and three of which (in construction, electricity and bakery industries) were subsequently renegotiated and extended again by ministerial decree. However, only about one third of the workforce in both public and private industry and effectively covered by any form of collective agreement (Neumann *et al.*, 2008).

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<sup>12</sup> These are the 1991 Act IV on the *Promotion of Employment and Maintenance of the Unemployed* and the 1993 Act LXXVI on *Vocational Education*, and Act XCIII on *Labour Safety* amended in 2004 by Act XI.

<sup>13</sup> Act CXXV on the *Support of Equal Treatment and Equal Opportunities*.

<sup>14</sup> The Hungarian Oil and Gas (Magyar Olaj és Gázipari Rt, MOL) and the OTP Bank (OTP Bank Rt, OTP).

<sup>15</sup> Out of which till the end of 2006 only MOL has established<sup>15</sup> a European Works Council

<sup>16</sup> The provisions require a majority trade union presence on a works council before it is considered mandated to negotiate on behalf of the employees, yet they leave the organisational arrangements for such an election up to the employer.

To some extent the absence of such coverage from large parts of the workforce is compensated for by the detailed protections offered by the Labour Code and by thin tripartite negotiations at the OÉT. Its role is to ensure consultation between the government and the social partners on draft economic, social, employment and other labour-related laws, as well as the underlying policies and priorities. While it started to operate in 1988 after several institutional transformations it gained its current status in 2002. In 2005 a 'clandestine social pact' agreement was reached between the government and the social partners at the OET. The resulting Governmental Decree No. 315/2005 included four elements: it determined the compulsory lowest wage and the guaranteed minimum wage between 2006 and 2008 (when the national minimum wage would be €278 per month); it introduced a three-tier evaluation system, which established different minimum wage levels for jobs requiring higher education, for jobs requiring secondary education or vocational training, and for all other jobs; it recommended wage increase for 2006; and finally it provided wage policy guidelines for wage negotiators over 2006-8 (Tóth and Neumann, 2006).

The Hungarian social model is thus characterised both by limited interest organisation and the presence of a tradition of formal protection of workers under a Labour Code that has been updated in the EU harmonisation process. However, as in Bulgaria, the weakness of collective bargaining actors and institutions makes it difficult to fully implement the legal social model. Unlike Bulgaria, though, the state has acted to legally extend a handful of sector collective agreements and plays a more active role in tripartite wage bargaining. Workplace representation remains fragmented and partial since the more clearly dual representative system introduced with the transposition of the 2002 EU Information and Consultation Directive requires effective implementation by the employer or by a strong union and this is a rare occurrence.

## **Poland**

The Polish social model carries even stronger traces of the pre-transition period than do the Hungarian and Bulgarian. In part this is because the Polish Labour Code began its process of adaptation to collective agreements as long ago as 1974, reflecting the emergence of internal opposition and demands for change; primarily, though, it is because transition in Poland was both instigated and largely managed by the trade union *Solidarność*, a *de facto* social movement (Ost, 2002). As recently as 2006 the implementation of the EU Information and Consultation Directive continued to privilege trade unions rather than erect a full dual representative system.

The involvement of *Solidarność* in leading the Polish transition meant there were close links between the unions and political power throughout the 1990s and up to the mid-2000s. This direct influence meant tripartism is less developed in Poland than in Hungary or Bulgaria. At the same time the very limited influence



of the unions over their members tended to make an additional dialogue institution in addition to bipartite company-level bargaining superfluous. As a result, 'the contribution of the Tripartite Commission to the maintenance of consensus and the prevention of social conflict was therefore limited, as was the contribution of tripartism to Polish employment relations' (Martin, 2005: 76).

The Polish Tripartite Commission for Social and Economic Issues was first established as a forum for national social dialogue in 1994, under a 'State Enterprise Pact', involving the government, employer's representatives and trade unions. Three national trade union centres and four employers' organisations sit on the Tripartite Commission with government representatives. In 2001, the Parliament passed a new Act on the Tripartite Commission creating regional social dialogue commissions. This Act, apart from institutionalising local dialogue, formalised the representation criteria of the social partners.

Collective bargaining rather than tripartism is thus at the core of the Polish social model. The 1974 Polish Labour Code introduced the collective agreement as an institution determining the mutual relationships between employers and employees within a branch of the economy or an occupation. In particular, collective agreements were supposed to establish, in specific branches of the economy, the conditions of remuneration and to guarantee other benefits, as well as the working conditions - including employee privileges, workplace safety and hygiene, and the satisfaction of employees' social and cultural needs. An important feature was the possibility of introducing more favourable conditions for employees through collective agreements than those specified in the national regulations. The post transition 1994 amendments to the Labour Code focused almost entirely on collective agreements, making them the basic instrument of labour law. They may be concluded for a definite or an indefinite period, and may be amended by additional protocols. Amendments to the Labour Code of 2002 introduced a very important change regarding collective agreements. This made it possible to suspend a collective agreement - for up to three years - through a joint declaration of the signatories, when this is justified by an employer's financial difficulties.

Despite the strong legal framework for collective bargaining, the reality is that little of it takes place. The state can legally extend sector collective agreements to satisfy 'a vital social need', but it has not yet done so (Traxler and Behrens, 2002). Gault (2005) reports that just 30 per cent of workers are covered by company-level negotiations and a further 10 per cent by sectoral negotiations. By mid-October 2007 only 135 multi-employer (industry) agreements were in operation, concerning just 500,000 workers, and for the whole of 2006 there were just 2,402 company-level agreements registered with the National Labour Inspectorate (Towalski and Czarzasty, 2008).

The parties involved in the collective bargaining process are representative trade unions and employers or employers' organisations. In 1991 the law confirmed

that a union could be formed by ten or more people, without the need to obtain permission from any state body or employer. The establishment of a trade union only requires court registration, while 'representative' trade unions have to be affiliated to national confederations with at least 300,000 members or have at least 10 per cent of the employees in a specific company as members (Towalski, 2008).

The continued decline of union density in Poland over the last decade is related to the interaction of at least five different factors.<sup>17</sup> An 'identity crisis' has affected the majority of trade unions in the former socialist countries of Central and Eastern Europe. Many participated actively in the creation of the new political system in these countries, but this has become a principal cause for the conflict of loyalties: on the one hand, the unions have sought to retain their role as a 'defender' of the working class; while on the other, they have become the 'co-authors' of democracy and partners in the generalization of capitalist and market-based relations. In Poland this has led to the existence of two ideologically divided trade union organisations: OPZZ, the All Poland Trade Unions Alliance, with a continuous history from the pre-transition state-sponsored trade union movement; and NSZZ Solidarność, the Independent and Self-Governing Trade Union Solidarity, with a roughly equal number of members and a much higher direct involvement in politics.<sup>18</sup> These two confederations share roughly equally the 1.5 million trade unionists remaining among the 9.3 million employees (2003 data equivalent to 16 per cent density) and are both now affiliated at the European level to the ETUC.<sup>19</sup>

A second factor in union decline has been their confinement to specific companies, where their leaders hold a regular post and the unions have their base and 'clientele'. This has occurred in the context of 'unfriendly' legal regulations that undermine the establishment of strong trade unions at enterprise level by encouraging fragmentation. The context has also been considerable hostility on the part of many private employers towards trade unions, notably in the case of the newly-created enterprises, but also in many MNCs. The final factor that operated until the early 2000s and is now re-emerging, has been workers' fears about losing their jobs in the context of high levels of unemployment.

Negotiating with the trade unions or participating in tripartite social dialogue at sector or national level are three employers' organisations and one club that is also active in the work of the Tripartite Commission: the Polish Confederation of Private Employers "Lewiatan" (Polska Konfederacja Pracodawców Prywatnych

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<sup>17</sup> *Problems facing the trade union movement analyzed*, <http://www.eiro.eurofound.eu.int/2003/08/feature/pl0308106f.html>.

<sup>18</sup> The Solidarność representatives pointed out that in the union statute there is a clear stipulation of separation between the trade union and political functions.

<sup>19</sup> OPZZ joined ETUC only after several years during which Solidarność successfully blocked its application.

“Lewiatan”, PKPP Lewiatan),<sup>20</sup> the Confederation of Polish Employers (Konfederacja Pracodawców Polskich, KPP),<sup>21</sup> the Polish Craft Association (Związek Rzemiosła Polskiego, ZRP),<sup>22</sup> and the Business Centre Club<sup>23</sup> which is more an organisation for entrepreneurs than employers, but which claims to be the biggest organisation of individual employers. All these organisations are active nationally. There are also employers’ organisations active at the regional and sector level, for example among PKPP members are 55 regional and sector organisations and 15 individual enterprises (so-called ‘direct members’).

‘Social dialogue’ is thus not absent from Polish industrial relations, but takes place in two discrete ways. On the one hand, labour relations are becoming more decentralized and deregulated, especially in medium and large-scale private sector firms, where company-level collective bargaining is found. On the other hand, there is a tendency to retain a certain degree of centralization, especially in establishing permanent rules and procedures for tripartite consultation.<sup>24</sup> To some extent this second trend has been reinforced through the transposition of the EU social directives such as the 2006 implementation of the Information and Consultation directive. In Poland its transposition enabled Works Councils to be established in enterprises with 50 or more workers from March 2008, but rather than embrace a dual representation system, it guarantees that where representative trade unions exist, these works councils will be controlled by the unions.

The Polish social model is thus characterised both by the detailed formal protection of workers under the Labour Code combined with a strong constitutional place for interest organisation and collective bargaining, even if the reality generally falls far short of the legal possibilities. The role of the state in wage bargaining is largely restricted to setting a national minimum wage when the Tripartite Commission fails to do so. The state also has the right to legally extend sector collective agreements but in practice has not yet done so.

## **Comparing social models**

One technique we have developed that can highlight the differences of these three national social models is by weighting the different elements of the three key factors and then tracing their ‘shape’ by making them emanate from a central point. In Figure 3 we can see important differences in the ‘shape’ of the social models. Using the EU15 as an average comparator, in terms of the presence, cohesion and influence of interest organisation (of both employers and unions), we suggest Polish strength is about half that of the EU15, and only half the Polish level in Bulgaria and Hungary. It is clear that particularly in Bulgaria and

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<sup>20</sup> <http://www.prywatni.pl/en/>

<sup>21</sup> <http://www.kpp.org.pl/index.html?action=mp>

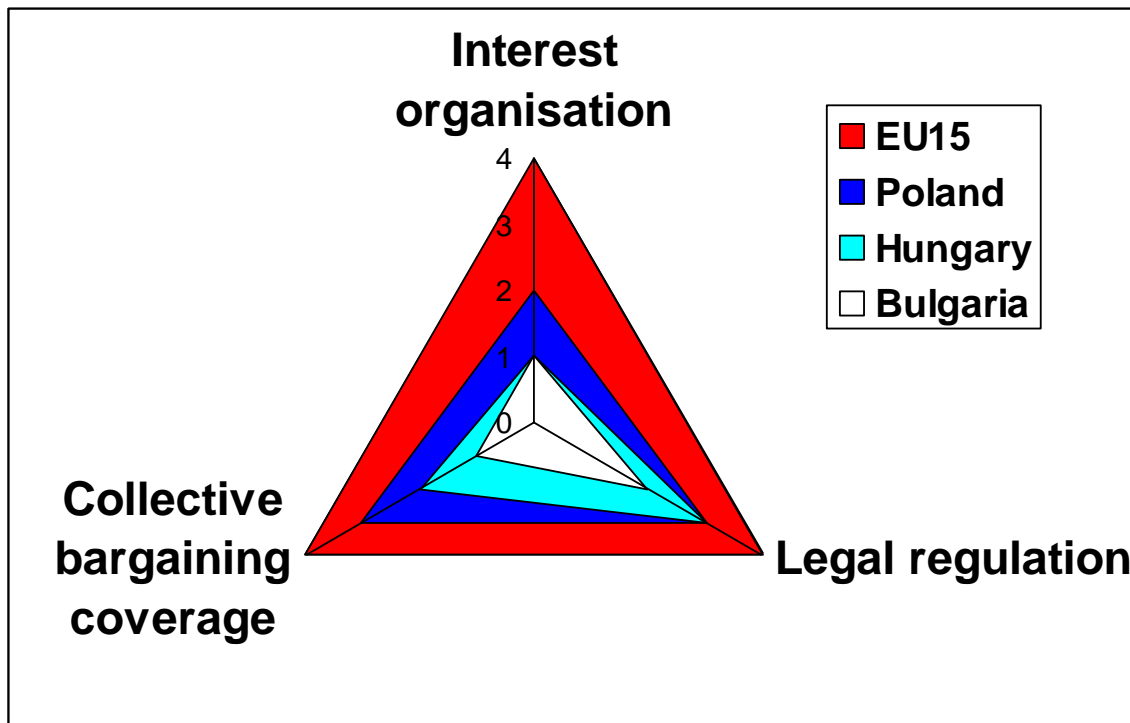
<sup>22</sup> <http://www.zrp.pl>

<sup>23</sup> BCC, <http://www.bcc.org.pl/>

<sup>24</sup> <http://www.ilo.org/public/english/dialogue/ifpdial/downloads/poland.pdf>

Hungary the creation of Tripartite organisations by the government is one of the principal props to the weak interest organisations that exist. Without access to the influence that participation in a national-level consultative process brings with it, the interest organisations in those two countries would clearly be even weaker still.

**Figure 3 EU15, Bulgarian, Hungarian and Polish social models, c2008**



Source: Contrepois et al (2009 : 59, 63, 67)

The role of legal regulations in determining substantive and procedural work regulations is presented as being closer to the EU average in all three countries. This is perhaps not surprising given the influence some individual EU states had in drafting the post-transition Labour Codes, but also in the light of the requirement on the CEE10 to transpose all the EU social directives prior to accession. However, while the role of the law is assessed at being three quarters of the EU15 average for Poland and Hungary, the evidence from Bulgaria of non-compliance and avoidance suggests that the real impact of legal intervention there is only half the EU15 average. This is the axis on which Bulgaria is given its highest score, but the problems of enforceability or embeddedness of legal regulation in practice leads to an overall weaker result.

Collective bargaining coverage reveals the greatest divergences between the three CEE social models. While accurate figures in this area are not available, and those who do hazard guesses cannot guarantee their reliability, the headline estimates of 40 per cent coverage in Poland (Gault, 2005), 30 per cent in

Hungary (Neumann *et al.*, 2008) and 20 per cent in Bulgaria<sup>25</sup> suggest real differences. Assessing the real impact of private and public sector agreements as well as of company-level bargaining suggests that Poland could be at about three-quarters the level of coverage within the EU, Hungary at about half the average, and Bulgaria at just about one quarter.

Applying the same broad-brush tools focusing on the extent to which social models offer employee voice and worker protection as those used by Marginson and Sisson (2006) to classify the EU15 social models thus supports the argument that it is not appropriate to place all three of the CEE10 social models within a single social model typology. This becomes still clearer if we try to more fully capture the issue of 'workers' agency': how far are trade unions in CEE able to exert any influence on the unfolding transition and crisis that is taking place? This question leads to our third section focusing on the ideological underpinnings of CEE trade unions.

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<sup>25</sup> This is our guesstimate based on Tomey (2008) and the European Foundation's 2006 assessment quoted above. Estimates of real coverage of collective agreements for Bulgaria conflict considerably because of (1) the lack of sector collective bargaining through most of the economy; (2) huge non-compliance where collective bargaining does take place related to the weakness and lack of representativity of employer organisations; and (3) the absence of any legal extensions requiring compliance.

### 3. Analysing trade union ideologies in CEE

Hyman (1996; 2001) has made a huge contribution to understanding the tensions within Western European trade unions as they grapple with articulating employee voice in a period of growing employer power. He posits the presence of three main competing ideological influences. 'Market' ideology, representing 'business' or 'bargaining' unionism, and 'Class' ideology (of a Social Democrat or Communist Party character) are two broad competing poles that have long been recognised as having different ideological emphases. Both start from the premise that organised employee voice is essential to withstand employer power, but each has profoundly different views of trade union purpose that can be approximately assimilated to a more 'right' and a more 'left' political division. The former sees trade unionism as a means of securing the best market rates for relatively narrowly-defined collectives of employees,<sup>26</sup> while the latter views trade unionism more broadly as helping to weaken employer power and shift resources in society as a whole towards employees.<sup>27</sup>

Hyman's contribution is important because he argues it is necessary to add a third ideological dimension (a triangular geometry) to what is otherwise nearly a left-right dichotomy. He suggests that trade unions may also be agents of and carriers for a powerful ideology of 'social integration' that is independent of the other two.<sup>28</sup> Second, he skilfully demonstrates how in the three examples he studies, UK, Italy and Germany, two of these three ideological tendencies appear to combine to minimise the importance of the third.

Hyman's model was based on three long-standing Western European industrial economies. Here we seek to develop this analysis in relation to trade unions in Poland, Hungary and Bulgaria, three CEE countries which, as we have seen above, are undergoing multiple high-speed major transitions: from command to market economies, from single to multi-party government regimes, from some of the world's lowest levels of FDI to the highest, and from industrial relations systems in which the trade unions shared management responsibility with the state to systems where trade union influence has been largely, but differentially, marginalised.

Superficially, the easiest of the three ideological axes to map across from Hyman's model to CEE is the one called 'class-based unionism'. 'Read accounts of trade union history in almost any country,' Hyman (2001:17) begins his

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<sup>26</sup> Hyman's (2001: 1) summary definition is as 'interest organisations with predominantly labour market functions'

<sup>27</sup> In short-hand, for Hyman (2001: 2), unions are "'schools of war" in a struggle between labour and capital'.

<sup>28</sup> Again, the simplified definition is (Hyman, 2001: 1-2). As 'vehicles for raising workers' status in society more generally and hence advancing social justice'.

discussion, ‘and the notion of class struggle is likely to figure prominently.’ This was undoubtedly true in CEE prior to 1989. A major explanation for this, he suggests, is that ‘class relations are a reality’ with ‘exploitation and insecurity... permanent features of the employment relationship. In this sense, whether explicitly or implicitly, trade unions are agencies of class (2001: 36).’

In CEE, where under the Communist regimes ‘class-based’ rhetoric was a managerial tool and unions were essentially ‘servicing machines’ (Ost, 2002: 37), the likelihood that it remained a significant, if controversial concept, after transition was always high. This is particularly the case since the CEE trade unions we are analysing may be initially understood as having two different heritages. On one side there are ‘continuity’ unions, where the leaderships and memberships made a direct organisational transition from the Socialist era to the new post-Socialist period; and on the other, ‘alternative’ unions, which either broke away from the previous state-supported unions, or were created as forms of social movement unionism to structure worker protests against the old regime. Table 3 shows the two different sets of origins of the existing confederations in the three CEE countries:

*Table 3 ‘Continuity’ and ‘alternative’ peak trade union organisations in Bulgaria, Hungary and Poland*

<b>Trade union confederations</b>	<b>Bulgaria<sup>29</sup></b>	<b>Poland<sup>30</sup></b>	<b>Hungary<sup>31</sup></b>
<b>‘Continuity’</b>	CITUB	OPZZ	MSZOSZ
		FZZ	
<b>‘Alternative’</b>	CL Podkrepa	NSZZ Solidarność	SZEF
			ASZSZ
			LIGA
			MOSZ
			ESZT

### **Class unionism**

In the three countries reported on here the ‘continuity’ trade unions remain more likely to make some explicit or implicit use of ‘class-based unionism’ in articulating policies and in mobilising their members than are the ‘alternative’ confederations. They more readily adopted positions that questioned the

<sup>29</sup> Bulgaria: CITUB (Confederation of Independent Trade Unions in Bulgaria); CL Podkrepa (Confederation of Labour Podkrepa).

<sup>30</sup> Poland: OZPP (All Poland Trade Unions Alliance); FZZ (Forum of Trade Unions – a 2002 confederation comprising unions that had formerly split from OZPP); NSZZ Solidarność (Independent and Self-Governing Trade Union Solidarity).

<sup>31</sup> MSZOSZ (National Confederation of Hungarian Trade Unions); SZEF (Trade Union Cooperation Forum), ASZSZ (Alliance of Autonomous Trade Unions); LIGA (Democratic League of Independent Trade Unions); MOSZ (National Federation of Workers’ Councils); ESZT (Confederation of Trade Unions of Professionals).

direction and speed of privatisation and of the sale of national assets to MNCs. However, even within the 'continuity' unions, the ideological role played by the term 'class' under the Socialist regimes presents residual problems. The term is still widely discredited because its universal usage, nearly the equivalent of 'people' or 'citizens', actually denuded it of a specific 'us against them' social class content.

In CEE, Hyman's argument that 'class unionism' represents a 'paradox' is particularly well-founded. These continuity unions that may more or less publicly 'define themselves as class actors nevertheless find themselves performing very different roles (Hyman, 2001: 36).'

Bulgaria's two confederations thus come from entirely different origins: on the one hand there is CITUB, a union confederation that physically inherited the buildings and membership of its state-supported predecessor, and on the other hand CL Podkrepa, a new confederation created in 1989 in the image of the Polish social movement *Solidarność*. Unlike the latter, but like the Hungarian *Liga* that was formed in 1987, Podkrepa had not led any broad national social movement. The absence of a broad-based mass movement for change was also symptomatic in Bulgaria. In the 1990 first free elections in Bulgaria the former Communists, who had dissolved into the Bulgarian Socialist Party (BSP), were elected back to power and the links between them and the newly-reconstituted CITUB remained strong. Detchev (2003) described the system that balanced the emergence of the new capitalists and government and unions between 1990 and 1994 as a 'neo-corporatist' industrial relations system.

The arms-length support of the Bulgarian Socialist Party for trade unions did not, however, prevent both CITUB and Podkrepa shedding members hand over fist in the 1990s. Estimates suggest Bulgaria's trade union density fell from 83 per cent in 1993 (2.2m members) to 25 per cent in 2003 (515,000 in total of which CITUB claimed 390,000 members and Podkrepa 109,000).<sup>32</sup>

In Poland until 2002 trade unionism was similarly divided into two: the mass social movement cum-Catholic Christian-democratic party, *Solidarność*, and the continuity union, OPZZ. Largely because of its critical independence from *Solidarność*, which played a major role in government and directly helped manage the transition to a market economy, by the mid-2000s OPZZ claimed the same numbers of members (roughly half the total 1.5m estimated union members) as *Solidarność*.

In Hungary the former state-sponsored official confederation, MSZOSZ, also retained a leading role. Since most of its new rivals defined themselves as being in favour of the dramatic changes taking place towards a market economy, they

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<sup>32</sup> Bulgarian data for 1993 according to information presented by the trade unions. Data for 2003 according to official census of trade unions and employers organisations. Data for the total number of employees is used as a base for the calculation of density (the National Statistical Yearbook for the respective years)



left space for the continuity union to rebadge itself as a defender of the workers against excessive marketisation (Ost, 2002). As in Bulgaria the role of the reborn Hungarian Socialist Party out of the ashes of the previous Communist Party may have played a role in propping up a trade union presence at national level as the MSZP alternated in government with the right-wing parties. By the mid-2000s the largest alternative union was in the state sector, SZEF, with about 350,000 members, while MSZOSZ remained the largest in the private sector, claiming 235,000 members in 2004.

## **Market unionism**

The second pole presented by Hyman, that of business unionism, or as ‘trade unions as economic actors’, may also be relatively easily mapped on to trade union organisations and ideas in CEE. Across many of the workplaces we researched there was evidence of local company-level bargaining on take-overs, job cuts, wages, holidays and other benefits being conducted by often experienced union activists who might belong either to affiliates of the national confederations or be independent of national affiliation.

There seemed to be three reasons for this preference for local ‘bread and butter’ bargaining. First, the idea that the unions should be politically involved with government or take up class struggle had been contaminated for many by the negative experience of the surrender of trade union independence to Communist governments. The decline of Solidarność from the mid-1990s has been largely attributed to its continued politicisation of trade unionism (Ost, 2006). A second factor was the reality that it was only at this level that the unions appeared to have any potential (and only where they were strong) to exercise any real influence on employer decisions. Sector multi-firm bargaining is confined largely to a handful of key strategic industries, such as energy supply, where trade unions already had some form of sector agreement prior to transition.

A third source of ‘pure and simple’ market unionism that arises out of historical continuities is the welfare role of unions in providing their members with some or all of the services the unions used to provide under the Communist regimes. The widespread free provision of holiday homes and union-supported health services has gone in all three countries, but much still remains where union organisation has survived.<sup>33</sup> Thus in Hungary, before and after its take-over by Accor, the independent Pannonia hotel chain trade union negotiates either directly or through the Hotel Works Council agreements covering a 13<sup>th</sup> month wage, the minimum for different grades of workers, the annual wage increase, special Christmas benefits, working time, holiday allowances, individual training and levels of contributions for this training, trainings, meal allowances, means-tested social assistance, holiday allowances, contributions to sport and cultural activities as well as to house-building, and opportunities for Pannonia employees to buy cheap second-hand computers or printers and discounted subscriptions to

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<sup>33</sup> This is also the case in the Moldovan trade unions (Morrison and Croucher, 2010).

Internet. The trade union is even paid a certain amount each month by Pannonia to provide these services to the employees.<sup>34</sup> In Poland a Kraków trade unionist in the energy sector confirmed that 'most often all the privileges we have are guaranteed, the ones derived from the collective agreements or the negotiated social package.' Specific advantages provided to the workers in his plant are the marriage benefits, whereby if two employees marry each other then both of them is entitled to loans for things such as house redecoration or a holiday, whereas in other companies only one partner is entitled.<sup>35</sup>

It appears, finally, that the extent of active membership and of the access to political influence of different confederations may also moderate the strength of this 'market' pole. Thus in Bulgaria, where Podkrepa has significantly fewer members on the ground than CITUB,<sup>36</sup> its 'market' pole appears less embedded than that of CITUB. While in Poland, the strength of Solidarność political influence at the national level may have encouraged OZPP to become more active in local bargaining. In both Poland and Hungary countries there is some evidence in some workplaces of the presence of what Morrison and Croucher (2010: 243) call 'an integrating collectivist form in which the union attempts to integrate a representative orientation with worker resistance'. In Hungary, in 2007 there were 59 recorded industrial conflicts, including 6 warning strikes, 9 actual strikes, 28 street demonstrations and 16 other kinds of actions, such as petitioning, meetings and hunger strikes. One example was the establishment of strike committees and the calling of a two-hour warning strike in January 2007 by the electricity generating industry sector union, VDSZSZ, to pressure the employers to make a more reasonable pay increase in line with inflation.<sup>37</sup> In Poland demonstrations of workers' concerns were not uncommon. On one occasion the unions organised a demonstration of 700 people outside the Accor-Orbis headquarters in Warsaw in protest at the proposed closure of four hotels. The eventual outcome was an improved compensation package.<sup>38</sup> On July 14 2004 employees from Polish subsidiaries of Accor and EDF protested outside the French embassy against the ways in which French MNCs were dismissing workers. Trade unionism 'pure and simple' still has an important presence.

### **Societal unionism**

The application of Hyman's third pole of 'civil society' trade unionism to CEE is, however, much more tenuous. This is partly because there is a big difference between social dialogue or social partnership that emerges from a compromise between employers and the trade unions, and tripartism that is more or less

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<sup>34</sup> Interviews by Linda Szabo, May 10/11 2006

<sup>35</sup> Interview by Anna Kwiatkiewicz, September 9 2006

<sup>36</sup> Thus in 2008 CITUB reported to us that out of the 40 Bulgarian firms that should have fallen under the EWC directive only seven Bulgarian EWC representatives had actually been elected. These were at Cumerio, inBev, Danone, Bunge (Kaliakra), Solvei (all CITUB members), E.on (Podkrepa) and in Kraft foods (a non-trade unionist).

<sup>37</sup> Interview by Linda Szabo, June 24 2007.

<sup>38</sup> Interview by Sylvie Contrepois, Steve Jefferys and Anna Kwiatkiewicz, Warsaw, April 25 2006.

imposed from above. As a result it is possible to find considerable evidence of discourse at the top, and a clear commitment to reaping the rewards that it brings to trade unions in terms of access to government policy-making, European-level funding for a whole range of projects, and to less material prestige and status. But it is much more difficult to assess the real extent of conviction concerning social partnership as a route forward. One not entirely unfair assessment of tripartism in CEE describes it as ‘window-dressing’ (Martin and Cristescu-Martin, 2004: 633). We have already seen that the institution-building necessary to sustain a real civil society role in all three countries was partial, fragmentary and generally ineffective in relation to employer engagement. The evidence from the authors’ own research suggests that this last point holds true for much of the multinational sector of the CEE economies, as well as for the large national organisations.

The only real positioning of a trade union in a key civil society role in CEE was, temporarily, that of Solidarność. It effectively overthrew the old regime and won parliamentary power – and went into government – on the basis of its spearheading a largely underground mass movement throughout the 1980s. However, the effect of its presence was not to significantly advance social partnership in Poland, but rather to confirm a strong constitutional presence for easily-created ‘trade unions’ in the country (unwittingly helping to fragment trade union cohesion) and to politically force through a neo-liberal opening to the market. Within a decade as a result it had lost much of its credibility. Elsewhere the civil society role was given to the trade unions rather than being taken by them.

In Bulgaria, institutionalised associations of workers (through the single representation channel of trade unions) and of employers’ associations convened by the state were effectively declared soon after the transition to be the leading formal industrial relations actors within a legally underwritten collective bargaining system. At the formal level these bodies are involved in tripartite collaboration and from 1993 they also meet at the national level in the National Council for Tripartite Collaboration (NCTC). Iankova and Turner (2004: 77) argue that it was the political continuity from the Communist to the post-Communist era that marks Bulgaria as ‘one of the more developed cases of post-communist tripartism’. Yet despite the 2001 legal endorsement of sectoral tripartite arrangements the impact of this tripartite ‘window-dressing’ was largely that. Despite the active promotion of tripartism by the Bulgarian state (Louvain, 2003; Sciarra, 2005; Tomev, 2008), very little bipartite social dialogue takes place,<sup>39</sup> and few trade union leaders have found anything within it to foster genuine ideological commitment. The gap between formal rule-making and the real world of employer-employee relations is huge. Psychogios et al’s (2010: 209) argument

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<sup>39</sup> One exception is the Branch Council for Tripartite Cooperation in the electricity sector, where the employers are represented by the Bulgarian branch Chamber of Energy. But in this example, not only is trade union density as high as in mining, but most of the enterprises are still state-owned, creating a real overlap between tripartite and bipartite social dialogue.

concerning South-Eastern Europe as a whole holds very true of Bulgaria: 'A tradition of formalization and tight legislative supervision is counterbalanced by widespread evasion of the law, and often-arbitrary managerial authority.'

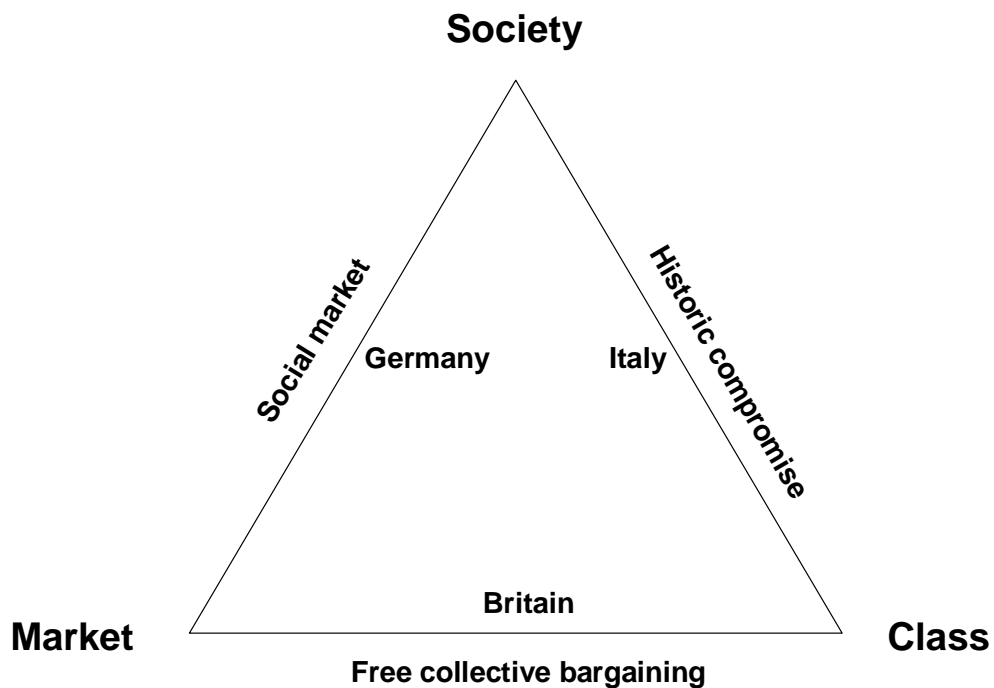
In Hungary trade union civic engagement has a little more meat on it than in either Bulgaria or Poland. As early as 1988 a tripartite body was established in the death-throes of the old Communist government, and from 1990 it brought all relevant government ministries and employers and trade unions together under the auspices of the Ministry of Social Affairs and Labour. The Hungarian social partners have no role in the unemployment benefit systems (insurance system, benefits), but since the early 1990s, Hungary has built a plethora of social dialogue institutions addressing labour market policy issues. This gives social partners important influence both in the legislative process as well as in the administration of labour market funds and employment services (Schaapman and Kaar, 2007). However, the constitutional obstacles remain to trade unions securing recognition and signing collective agreements, as well as the major problems of representativity for both unions and employers. While it may be that participation on social partnership is the only way that some unions can raise their profile, this still appears more a tactical matter, rather than one that strongly shapes trade union ideology.

### **Comparing unionisms**

Hyman's pointing to the overlapping presence of three discrete trade union ideological tendencies thus does appear to have some explanatory validity in terms of trying to understand the trade union politics in at least these three CEE countries. Besides the CEE triangle having a much more flattened overall shape, with less strength in the social integration pole than is the case in Hyman's equilateral geometry for Western Europe, it is also possible to argue from the above discussion, that the broad positions of the trade union movements in each of the countries can also be distinguished, one from another, in the same way that Hyman distinguishes between the trade union ideologies dominant in the UK, Italy and Germany.

Of course, a few lines on paper are just that: heuristic representations of real world differences. But they do permit making visual distinctions that hopefully make understanding Europe's evolving trade unionisms easier. Figure 4 brings together Hyman's original triangles, and makes clear his argument that the interplay of two of these dimensions tends to mean that the third plays a much lesser role in national trade union discourses.

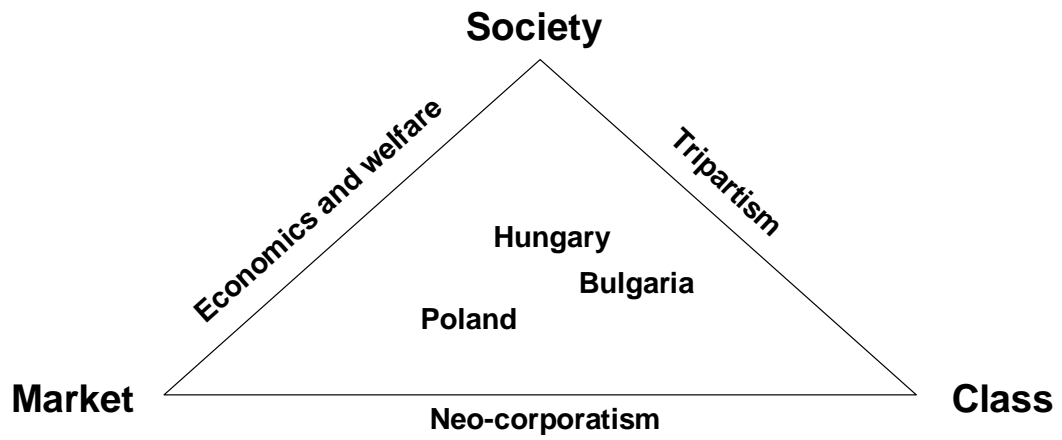
Figure 4 Hyman's trade union geometry of Britain, Germany and Italy



Source: Hyman (2001: 69, 120, 151).

The following figure, Figure 5, adapts Hyman's geometry to the examples of Bulgaria, Hungary and Poland discussed above. The first obvious difference between the figures is that the presence of a distinct 'civil society' is much less evident: the vertical Society axis in these CEE countries is shown much shorter than the Market and Class ones. The second observation is that the grouping of the three country cases is more towards the centre of the model than in Hyman's Western European model. The fact that the civil society actor axis has been imposed rather than having been self-generated out of a history of struggle and compromise between clearly representative employers and trade unions means that the three discrete ideological strands can all cohabit the same space in a way which is less common in Western Europe. Hungary, for example, is shown as the union movement with most invested in tripartism/civil society, followed by Bulgaria and then Poland. But this does not mean that it does not have roughly equal commitments to both market and class ideologies. Polish trade unionism, in contrast, is shown as least committed to tripartism/civil society, but the most influenced by market unionism. Bulgarian unions, finally, are more committed to tripartism/civil society than are the Polish, but are more likely to refer to class unionism.

Figure 5 A trade union geometry of Bulgaria, Hungary and Poland



#### 4. Conclusion

The paper draws three conclusions. First, that the three axes highlighted by Marginson and Sisson (2006) in terms of comparing the EU Social Model with those of Japan and the US, also enable us to trace important differences both between the EU model and the those in the three countries, but also between the three CEE countries. Second, we suggest that to fully understand the evolution of social models in Central and Eastern Europe requires tracing the very different historical paths and dialectical relationships that each country's employers have developed towards national labour organisations. In the three countries examined in depth the deeply segmented nature of the national economies makes it is also necessary to understand the influence and policies towards employee voice taken by both 'new' host country employers and by incoming multinational employers. This means that segment and sectoral differences can be as important as country differences.

Finally, in probing the construction of workers' interest organisations, we find that Hyman's analytical framework can let us understand better the recent evolution of trade unions in Poland, Hungary and Bulgaria. Trade union identities there are still in transition and appear in many ways to be undergoing 'apprenticeships' rather than presenting final ideological statements. While in the immediate post-transition period many of the alternative unions broadly aligned themselves with market ideology and 'interest reconciliation' (Martin, 2004), they have since moved or are moving towards other identities. If we consider the overall union culture shaped by both the alternative and the reborn and re-badged continuity trade unions, they appear now as being quite balanced between Hyman's three axes. Both alternative and continuity unions are still learning the rules associated with genuine independent representation of employee voice, including collective bargaining and membership mobilisation. They now recognise the imperative to work as economic actors (a realisation that only came belatedly to Solidarnosc). They also still draw meaning from class references, often adapting these from a earlier narrow sociological definition as concerning exclusively manual workers to articulation as a contrast of 'rulers' and 'ruled'. And finally, they offer varying degrees of commitment to the status provided to them by government-backed tripartism. It does not look at the moment as if two of the ideological tendencies have 'crowded out' a third; but rather that all three are present, in nearly equal proportions. The resulting national union cultures are therefore not dominated by a clear partnership of two approaches, but instead are pluralist coalitions.

Hyman's focus on market, class and society thus remains highly relevant in analyzing trade unions in Central and Eastern Europe. His highlighting of the ways in which ideology shapes trade union choices of response to the employers confirms the importance of political choice and conviction, and underlines the importance of conscious actions by trade union activists in shaping the decisions their trade unions take.

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