

**ECONOMIC TRANSFORMATION AND
INSTITUTIONAL CHANGE***

**A Cross-national Study in the Conversion of
Union Structures and Politics in Eastern Europe**

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Abstract

This paper investigates the transformation of union structures and politics in a cross-national perspective. Employing rational choice theory, the paper's analytical part first elaborates the specific modes and contradictions of interest intermediation and related union structures under Stalinism. Second, a convergence hypothesis on the transformation of union structures and politics in the context of marketization, is put forward. Based on empirical evidence from the transformation in five countries, this hypothesis is examined and the future prospects for the unions' structure and politics in post-socialist societies are discussed.

Zusammenfassung

Der Beitrag untersucht die Transformation von Gewerkschaftsstrukturen und -politik in international vergleichender Perspektive. Unter Verwendung der Rational Choice Theorie werden im analytischen Teil des Papers zunächst bestimmte Formen und Widersprüche der Interessenvermittlung und damit zusammenhängende Gewerkschaftsstrukturen im Stalinismus herausgearbeitet. In einem zweiten Teil wird eine Konvergenzhypothese zur Transformation von Gewerkschaftsstrukturen und -politik im Kontext der Herausbildung von Marktstrukturen entwickelt. Gestützt auf empirische Befunde zur Transformation in fünf Ländern wird diese Hypothese überprüft und werden die Zukunftsperspektiven für Struktur und Politik der Gewerkschaften in post-sozialistischen Gesellschaften diskutiert.

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1. Introduction

The assumption that an organization can survive in the long run only when its goals and structures correspond to the properties of its environment, is widely accepted in the social sciences. For instance, Meyer and Rowan (1977) hold that organizations, having to incorporate the institutional rules of their environment as structural elements, thus tend to become isomorphic with it. Even though one does not agree with considering this relationship isomorphic¹⁾, there is no doubt that the fundamental changes taking place in Europe's former socialist countries impose severe pressures for adjustments on any organization in these societies. This paper investigates in a cross-national perspective organizational adjustments concerning unionism in both its structural and processual aspects. Structurally, the analysis centers on the transformation of the unions' organizational form of interest intermediation. The processual dimension refers to union politics. Since state ownership prevailed under real socialism and still does so under post-socialism, the analysis of union politics will be limited to union-government relations in the course of public policy-making.

The paper's focus is both analytical and empirical. Drawing from rational choice theory (Coleman, 1972; Olson, 1965), the analytical sections of the paper first propose an explanatory framework for the peculiar pursuit of interests under socialism and related union structures and politics, as well as the system's own contradictions which result in pressures for transformation. In a further step, rational choice is employed to predict the direction of union transformation in post-socialist countries. Accordingly, unions are expected to converge with regard to their structures and politics. The empirical sections confront this hypothesis with observations on system and union transformation in five countries (i.e. Bulgaria, Hungary, Poland, Romania, and the USSR²⁾). As it turns out, the empirical evidence is not consistent with the predicted convergence of union transformation; therefore, the final section presents a revised explanation for the observed developments and concludes with some assumptions on the prospects for unionism in post-socialist countries.

2. Interest Representation in the Stalinist Model

After the Second World War, relatively homogeneous economic structures oriented to the so-called Stalinist model of the USSR have been introduced into the countries of

1) Luhmann (1984) rejects the isomorphism *theorem* with the argument that there must be some type of correspondence between a system and its environment, but only to the extent that it enables the system to shape its relations with the environment according to a frame of reference relevant to itself.

2) The term USSR is used because at the time, the research was done, the USSR still existed.

Central and Eastern Europe. The nationalization of the means of production, along with a centralized planning system including strict norms and instructions for the production and distribution of goods, can be seen as fundamental elements of this model. This means in particular that nearly all production factors are centrally distributed to the firms, that the goals of production are pinpointed by governmental authorities, that all important investment decisions are made by the state bureaucracy and that the prices for the production factors and produced goods are also fixed centrally. Industrial relations have the same Stalinist character, which means that wages are part of the central plan and therefore determined by the state administration.

Not only public agencies (government and the ruling party) but also employers (management) and unions as representatives of different social groups take part in such an economic planning process; nevertheless, within the reality of centralized planning systems, the chances for safeguarding specific group interests are very limited. Officially, it is assumed that all social groups have the same interest of developing socialism - which is seen as the basis for harmonious cooperation among them (Héthy 1989:115). In contrast to a market system where a plurality of competing interest groups exists, in real socialism the representatives of government and party, firm management and unions form a rigid bloc: the so called *nomenklatura* (Djilas, 1961).

Due to the nationalization of the means of production, the ruling party - as the incarnation of the "dictatorship of the proletariat" - definitely holds the dominant position in the central planning system (Héthy 1989:115). It is mainly here where the transformation of the homogeneous interests of all social groups into a comprehensive economic plan takes place; and this, according to theory, embodies the best strategy for building up socialism. In a more formal scope, a consultation with representatives of other social groups only takes place in a more or less ritualistic way. In general, the partners in the central planning process will only be instructed regarding the decisions taken by the government or the ruling party. The discussion on production norms which takes place within the firms and unions, is only of a legitimating character; it does not have the function of proposing substantive changes within the submitted plans.

Real socialism represents an economy in which the centralization of planning within state administration is imposed at the cost of decentralized decision-making at the firm level (Brus, 1961:101f.). In the same way as the planning process, the function of controlling the adherence to production norms is centralized. If production quotas

cannot be reached, this will not be interpreted as a mistake within the planning process but as an offence against group discipline which the "powers-that-be" will attempt to reestablish through specific production campaigns.

With this Stalinistic model, neither management nor unions can be considered as autonomous actors within the process of regulating industrial relations. One is part of the state bureaucracy which is given directives to translate production norms into action on the firm level; the other has to fulfill the role of a transmission belt, which means that unions not only have to convey the decisions made by the central planning committee to the workers but also have to use their influence to secure an adequate work behaviour. In addition to this, unions function as something akin to a "department of social welfare" within the firm. The representation of workers' interests within various decision-making bodies, however, takes place in a more ritualistic way. The idea that no antagonistic interests exist among social groups within real socialism, makes all kind of informal resistance or strike useless - at least in theory, since workers would only be acting contrary to their own interests.

However, the partners of the state bureaucracy are not without any influence within the planning process. Still, the chance exists to confront the public authorities with group-specific interests in a more informal way. One can speak about some kind of "quasi-political games" (Kaminski 1990:143). However, such a chance to become a partner in the "quasi-political game" only exists if the management or the unions are in a position to form a coalition with parts of the state and party bureaucracy. For the unions, the following power resources are important for having a say within the planning process: direct contact with the workers; the accumulation of positions within government, party and unions; and the ideology of the "dictatorship of the proletariat".

Within such "quasi-political games" illuminated at the same time are latent conflicts between various fractions within the state and party bureaucracy. Interests which run counter to those of the central planning authorities, are kept under the threshold of articulation. The fact that the enforcement of specific group interests can most effectively be maintained through cooperation with the state bureaucracy, has the result that this becomes the platform for various social conflicts. The centralized and hierarchical decision structure of the state administration has the consequence that such conflicts are never solved at their place of origin but rather transmitted to the top. Due to their insufficient knowledge of problems and circumstances, those key decision makers only aim at a pure technocratic conflict solution without either approaching or abolishing the underlying causes. Therefore, conflicts can break out

again at any time (Hausner and Wojtyna, 1991:2f). In the Stalinist model, conflict has not disappeared; but missing are institutions and formal regulations for dealing with it in a more rational way.

3. The Model of Resource-pooling as Analytical Framework

The market system can be interpreted as an exchange model characterized by mechanisms of mutual adjustment. In real socialism, however, due to its cooperative structure, the economy can be analyzed according to the model of resource-pooling (Coleman, 1972). Here, the concept of resources has a broader meaning, comprising not only material production factors but also technical qualifications and expert knowledge (Crozier and Friedberg, 1979:7). The model of resource-pooling does not imply that all members have contributed their resources voluntarily: the case of forced contribution is also in accordance with the model. Thus, one must disregard the argument that the model of resource-pooling cannot be applied to the countries of Central and Eastern Europe, since workers were forced to contribute their labour power to the resource pool. Besides, such a general statement does not hold true: at least parts of the population derived a social advancement from the Stalinist model. This advancement consisted in the migration from the countryside to the cities, in the opportunity for a poor peasant to become a worker, and in chances to acquire an education for oneself or for one's children (Morawski and Widera 1991:6).

The model of resource-pooling turns one's research interest to two key problems:

- (a) *The organisation of the right to dispose of pooled resources.* As resource-pooling also implies the relinquishment of the right to control ones' own resources, it becomes necessary to install a common and binding decision-making structure.
- (b) *A regulation for the distribution of the returns produced within the pool.* Here, the problem exists that an individual return no longer accrues, only a total return. The latter, however, has to be transformed into individual returns on the basis of specific rules of distribution (Vanberg 1982:16f). The problem of organizing the right of disposal can be dealt with in two different ways: on the one hand, a central coordinator can be installed; and on the other hand, decisions can be made by the whole group in accordance with specific rules.

In the Stalinist model, the problem of organization is solved by the installation of a central coordinator. Therefore, we can talk about a "monistic" or "monocratic hierarchical" model which can be differentiated from a "corporatist model" of interest

representation. A monistic model, according to Schmitter, can be defined as "a system of interest representation in which the constituent units are organized into a fixed number of singular, ideologically selective, noncompetitive, functionally differentiated and hierarchically ordered categories, created, subsidized and licensed by a single party and granted a representational role within that party and *vis-à-vis* the state in exchange for observing certain controls on their selection of leaders, articulation of demands and mobilization of support" (Schmitter, 1979:16). Accordingly, unions formed part of this monistic system as state-sponsored, highly-centralized and unitarian bodies enjoying a representational monopoly.

The position of the central coordinator is taken by the Communist Party. All the other mass organisations, and especially the unions, are led by party officials and are organized, as is the party itself, in accordance with the principle of democratic centralization - which presupposes the unconditional compliance of the members with the resolutions and orders of the central authority.

The monistic structure within the Stalinist model is important, because resources within a society are always limited and single members can use them with different effectiveness. The society as a whole, however, is interested in a maximal utilization of the available resources - which can also be interpreted as "global optimization". This global optimization, according to theory, is ensured by a unified and centralized coordinator. He provides for the most efficient investment and distribution of the available resources. In the self-regulating market system, the principle of global optimization is only realized in a passive way; in the Stalinist model, in contrast, due to its centralization of decision-making, it is pursued in an active way (Groshev, 1990:895).

Within the Stalinist model, the distribution of the total return is based on figures given in the central plan. In contrast to the capitalist system, residual income does not exist in socialist countries. When fixing wages, the idea of equal payment as a sign of social equality and *de facto* justice has never disappeared. The criterion of efficiency and qualification was always less important for fixing wages.

4. Crises within the Socialist Model

One of the main characteristics of the socialist model is, as was mentioned earlier, that no direct relationship exists between what people achieve and what they receive as rewards. Through the joint use of the pooled resources, a total return is realized out of which the rewards for the members are to be paid. The attribution of the total

return to individual members is based on specific rules of distribution. Due to such a procedure, having the members feel that they received an appropriate wage, becomes a major problem.

This problem has been discussed theoretically under the notion of "justice of distribution" (Homans, 1974:281). It is assumed that members of a resource pool compare the part which they receive from the total return, with that of other members; incorporated into this comparison, is the contribution of each member to the total return. Out of such a comparison, the members of a resource pool form their opinion on the realisation of the principle of justice of distribution.

Whether members of a resource pooling community consider their part of the total return as appropriate or not, is not always related to such a comparison. They certainly have an idea of an internal relationship between the contributions of all members and the total return (Hyman and Brough 1975). If they have the feeling of an incongruity concerning this relationship, this can also lead to dissatisfaction and frustration because unfulfilled expectations concerning the amount of total return result in disappointment regarding expectations concerning individual rewards - and thus have a negative effect on the planning of one's life.

If members of a resource pooling community define the dissatisfaction with their individual return as a distribution problem, they will then try to change the rules regarding distribution of the total return in their favour. They will probably demand a bigger part of the total return. If, however, the rules of distribution are seen as fair, then only disappointed expectations concerning the amount of total return can be the cause of dissatisfaction.

In such a case, the members of a resource-pooling community can solve the problem of dissatisfaction if they achieve a more efficient use of resources - which implies a change in the decision-making structure. Here we can talk about a structural crisis. If such a change does not have the expected consequences, they then may withdraw their resources from the pool and invest them elsewhere. This can lead to a system crisis. Corresponding to their different behavior, the members produce different crisis within the resource pool: we can talk of a distribution crisis, a structural crisis and a system crisis.

Many crises within countries having a Stalinist type of economy result from conflicts over the distribution problem. Workers of the most important industries ask for a change in the rules of distribution by demanding a bigger part of the total return for

themselves. By forming pressure groups, an informal fragmentation within the workforce had already taken place during the Stalinist period. The attempt to succeed with specific group interests *de facto* led quite early to creeping disintegration of the monistic system.

Although quarrels over the rules of distributing the total return were predominant during the first period of real socialism, it was soon overlapped by criticism of the inefficient use of pooled resources. As a result, such criticism was very soon articulated in an increasingly outspoken manner, as workers lost their confidence in the competence of the centralized decision-making body. What is more, due to the lack of differentiation between the political and the industrial relations structure, the threat always existed that primarily economic conflicts could change abruptly into a system crisis. However, the likelihood of a system crisis within the Stalinist model was for a long time very limited, as the costs of withdrawing resources for workers from the resource pool were very high.

Central authorities of the state and Communist Party in various countries reacted to such conflicts in a variety of different ways: with reforms, on the one hand, and with oppression on the other. Concerning the reform course, a certain dynamic can be observed: from wage concession via co-determination and self-government at the firm level, to the introduction of various elements of the market model. In general, the reform course can be characterized as an incremental or evolutionary transformation process. From time to time, the central authorities of the state and the Communist Party tried to block the reform process; resistance of workers against such blocking, however, often had the consequence of an acceleration of the transformation process. If the state from the beginning was in favour of the strategy of suppressing criticism, this then led to a sapping of the system from within. These conditions brought about a sudden breakdown of the system as soon as the mechanisms of oppression lost their efficiency.

5. A Convergence Hypothesis on the Direction of Transformation

Until the end of the 1980s, economic and political changes in the countries under consideration were limited to mere reform of real socialism; since that time, they have been taking the form of a search for a new social order. As proposals for a "third way" have remained irrelevant in debates on this issue, restoring capitalist social formation according to Western models is now clearly on the agenda. The upshot is to replace the hierarchically-guided *pooling* of resources with a market-style *exchange* of resources based on well-defined property rights. More specifically, this implies a "marketization" of social order both in economic and political terms. Economically, this mainly means the re-establishment of the market as the core mechanism of balancing supply and demand. Politically, marketization results in democratization, in the sense of building a political market in which political support is exchanged for the right to participate.

At least from a short-term perspective, political marketization seems to have made far more progress than its economic counterpart. This is primarily because entry into the economic market usually requires more investments than entry into the political market. As a consequence, in post-socialist societies it is more difficult to de-monopolize the economy than it is to de-monopolize the political organization of interests. In fact, it took no more than to simply spread the freedom of coalition to provide all these countries with a political market for the pursuit of interests. Moreover, to say that this political market is more competitive in post-socialist than in Western countries, would not be an exaggeration. This is due to the institutional vacuum that has occurred since the collapse of real socialism. The old rules of the game have faded away - while replacing them with new ones exists, at best, only in a very initial stage. As a result, free access to this political market is hardly restricted by statutes on the preconditions for forming associations.

At a first glance, one may infer from this that there exists a growing divergence in interest organizations and politics among post-socialist countries, arguing that a broad range of choice gives rise to a correspondingly high variation of institutional solutions across countries. In contrast, a theoretically-based consideration reveals that a marketization of the pursuit of interests is expected to produce a convergence in terms of political institutions. The argument is that both political and economic marketization is necessarily accompanied by a shift in behavior. Since marketization renders competition the key mechanism for allocating and distributing resources, self-interested behavior (in contrast to solidarity in the case of resource-pooling) becomes the most promising alternative for realizing an actor's interest. What follows from the

predominance of self-interest for associational action, has most prominently been elaborated by Olson (1965). Most importantly, the voluntary formation of associations is not self-evident under this condition, even when there is an essential collective interest. Since, by definition, nobody can be excluded from the benefits of a realized collective interest, it is in the self-interest of any individual involved to take a free ride: that is, *not* to contribute to the costs of advancing his/her collective interest. At worst, this kind of self-interested rationality blocks any attempt to form associations to forward collective interests.

According to Olson, there are two possibilities for overcoming the dilemma of collective action. The first one refers to group size. The smaller the number of individuals interested in the collective goal, the more each of them is able to make a perceptible effect towards its achievement - and the more at least a limited number of them is likely to get a share of the benefit from the collective goal exceeding the costs of their contribution. Second, interest groups not small enough for voluntary collective action can only form when they can mobilize selective incentives (i.e. rewards or punishments) to make those individuals willing to join who would not voluntarily do so.

The application in a market context of these assumptions on self-interested behavior to post-socialist marketization, leads to the following hypotheses on the transformation of union structures and politics:

- A *pluralism* of union centers is likely to supplant unitarian unionism. For the reasons outlined above, union pluralism will result from workers' attempts to take advantage of small group size in order to overcome their collective action problem. Drawing further on Olson's argument, unitary unions will survive only when they manage to maintain so effective selective incentives that any secession can be avoided. Recalling that unitary unionism required ever-massive state sponsorship under real socialism, such external support will continue to be needed under market conditions - but it will hardly be granted by the post-socialist state. However, if this unlikely development actually takes place, then unions structures - according to Schmitter's terminology (1979) - will switch over from monism to corporatism: they will retain their singular, noncompetitive, hierarchical and state-sponsored character but will be free from the subordination to a ruling party.
- Being liberated from the socialist imperative to act as a transmission belt, the unions' mode of interest representation is then likely to move to pluralist *pressure politics* and not to its alternative in Western democracies: that is, corporatist *concertation*. In the case of pressure politics, the associations involved remain outside public policy-making, acting only as consultants or combatants, while

policy decisions are made and implemented under exclusive responsibility of the authorities. In contrast, corporatist concertation is characterized by the associations' incorporation into the policy process, with the result that they become (co-)responsible for its outcomes (Schmitter 1982:263). Hypothesizing that concertation has hardly any base in post-socialism, again proceeds from the assumption of the predominance of self-interested rationality. The point is that, under concertation, the collective action dilemma of the associations involved becomes magnified: they have to contribute to the achievement of *public* goals (e.g. price stability) which diverge even more from the self-interests of their members than their collective interests do. Above all, collective action for concertation requires associations to make their (potential) members not only *join* but also *comply* with public goals (Traxler 1990). As a consequence, associations can hardly adopt concertative policies unless they control strong selective incentives of the coercive type (e.g. compulsory membership, representational monopoly) - with which they can be equipped by a powerful state only (Streeck/Schmitter 1985). As pressure politics need not rely on comparably complex preconditions, there are good reasons to suppose that self-interested behavior will probably not result in concertation in post-socialist countries.

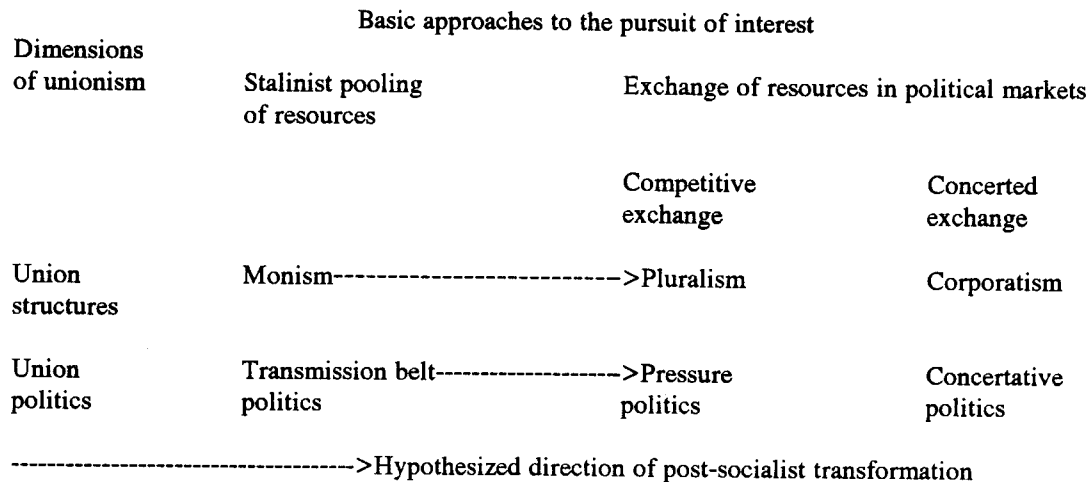
6. Empirical Evidence from Five Countries

Figure 1 summarizes the above argument: post-socialist countries are expected to coincide on the transformation of unionism, moving both from monistic to pluralist structures, and from transmission belt politics to pressure politics. The following chapters briefly delineate the transformation from Stalinism to post-socialism in five countries and thus provide the empirical basis for examining the convergence hypothesis. Proceeding from the above conceptualization, the form of union structures will be measured in terms of the number of existing central union confederations in the national union systems, their respective share in total union membership, and their mutual relationship (in terms of membership and representational domains). Union politics will be classified according to their degree of involvement in public policy-making concerning industrial relations issues (such as income policy and labor legislation). Generally speaking, the smaller the number of union confederations, the more uneven their share in total membership³⁾ and the less they will compete for membership and representational domains - and the more corporatist union structures

3) An uneven distribution of membership implies that there are a few confederations whose share in membership is far higher than that of the others. Compared to an even membership distribution among confederations, such an oligopolist union system is clearly less fragmented and, *ceteris paribus*, creates less inter-union competition.

will be. The more unions assume (co-)responsibility in state politics (without being subordinated to a ruling party), the more concertative their politics will be.

Figure 1: The Hypothesized Transformation of Unionism



Hungary

Hungary belongs to those former socialist countries which initiated an economic reform process relatively early, long before political changes had taken place. Striking is that the economic reform process proceeded without major conflicts. Besides some illegal strikes, no form of collective resistance occurred. In Hungary, the state was the driving force within the reform process. Soon after the suppression of the national uprising in 1956, an informal social pact pushed by the state was concluded among the most important social groups in the country. The state assured full employment and a slowly-growing living standard; in return for this, the other actors - and especially the unions - had to resign from the representation of their specific interest (Makó, 1991). Through such class compromise, the state achieved hegemonic control - a form of control that, as Gramsci maintains, is more effective for maintaining a power position within society than coercion is (1971). At the very least, the conclusion of an informal social pact was seen as a substantial weakening of the unions' position within the field of industrial relations.

A first step in the direction of the relinquishment of the Stalinist model in Hungary, was the economic reform implemented in 1969. It resulted in the departure from direct control of the economy based on a central plan, in favor of indirect control

through prices and wages determined by state preferences. This reform expressed a transition from the Stalinist model to the decentralized parametric system (Kozminsky 1990). Further steps followed in the direction of a market-driven socialist economy. On the ideological level, the Hungarian Communist Party accepted the existence of dissimilar interests and supported the idea of different roles for unions, employers and the state. The unions refused to accept any longer the role of a transmission belt and instead assumed a double role: to strengthen production and look after the interests of the workers (Héthy 1986:116). In the early 1980's, they were conceded various rights of information, consultation and co-determination in domains such as the use of profit, the regulation of wages and welfare work (Lajtai 1991:3).

Some other developments were important for relinquishing the monistic structure of industrial relations: the evolution of a second economy since 1960 and inside contracting of the ratio of effort and wages, which functioned only after official working hours. Both developments contributed to the fact that "in Hungary, different social groups have experiences not only to be adopted to an interventionist bureaucratic state but to the market mechanism as well, through their social relations which opened channels for actions on the basis of reciprocity" (Makó and Simonyi 1990). Especially the core workers benefited from a tight labour market enabling them to carry their point through to management. In order to fulfill any given plan, management was forced to form a coalition with workers. This coalition, however, contributed more to the defense of privileges than to the modernization of the factory. The unions, represented by shop stewards, usually tended to support such a coalition. Therefore, the unions shifted their interest and activities from the industry to the enterprise level. Gradually, a "company unionism" evolved in Hungary (Makó, 1991:11).

The installation of company councils in the public sector - of which members were elected half by management and half by workers, respectively - has served to further restrain the influence of union representatives within the firm, since they represent a form of self-government independent of the unions. All important decisions concerning economic matters have been transferred to the company councils.

Together with the "withering-away" of real socialism, a decentralization and deconcentration of the union movement has occurred. However, the number of the now more than 1,000 officially-registered unions gives an erroneous impression. Only seven union associations are of major importance - and among them, the National Alliance of Hungarian Unions (MSZUSZ), a successor organization of the old unions, is by far the largest confederation. About 67 per cent of all organized workers are

members of the MSZOSZ, while some of the other unions - such as the Cooperative Forum of Unions and the Autonomous Unions - control only 10 per cent or less.⁴⁾ The general trend of declining membership holds true for all larger unions.

The current crisis of the Hungarian union movement represents a multidimensional social and ideological phenomenon (Makó 1991:16). From the viewpoint of the conservative government, the MSZOSZ lacks all political legitimacy as part of the former monistic system. Therefore, the government refuses to cooperate with the largest employee organization. However, the former communist unions have remained an important power factor; their ability to revive led quite rapidly to the fact that they still have the largest membership rate. The new unions, on the other hand, do not represent powerful interest agencies, as they only organize a small number of workers. In addition to this, union funds were blocked by Parliament until new union elections take place, so that unions cannot act effectively during an important period on the way to a market economy.

This situation results in the fact that, until now, no autonomous system of industrial relations has been evolved. The various social power groups have blocked each other in this respect. The most powerful union confederation was not able to enforce formal procedures for the regulation of industrial relations against an antipathetic government. With the Council of Reconciliation, a tripartite institution exists which, due to its nature, could create formal rules for the cooperation among the respective partners involved in industrial relations; but so far, having no rule-making competence it is hardly functioning (Makó 1991:14).

The presentation of a bill providing for the establishment of factory councils instead of company councils is seen as a further weakening of the employees' position, as such factory councils represent an institution independent of the unions. While these company councils were provided with property management rights, factory councils were only given the right to assert their opinion and to become involved in consultation. However, factory councils can conclude factory agreements barely distinguishable from the collective ones negotiated by the unions (Lajtai 1991:8).

The present conditions of industrial relations in Hungary can best be described by the term "social anomy". It is more realistic to speak of a proliferation of unrelated normative systems, each resting on but a small area of agreement, in place of more

4) These data have been presented by Makó. He states, however, that they have to be used carefully, since he obtained them in an interview with the President of the National Alliance of Hungarian Unions on the 15th of April, 1991 (see Makó, 1991:16).

closely-integrated systems covering larger areas (Flanders and Fox 1970:256). In the presence of economic depression and increasing unemployment, the threat of a deflationary fragmentation exists - a situation in which single employers are in the position to dictate wages and work conditions without recognizing collective rules and agreements (Schienstock 1982:70). The unions are not strong enough to put a stop to such discrimination against a significant part of the labor force. A further decline in union membership can therefore be foreseen.

Poland

As in Hungary, attempts to introduce reforms started comparatively early in Poland. Yet, an important point of differentiation between the two countries concerns the agent initiating the reform. While the party establishment itself took the initiative in Hungary, reform measures in Poland gathered momentum under the pressure of a series of grass-roots protests in 1956, 1970, 1976, 1980 and 1988. By and large, they followed a peculiar "political-economic cycle" (Morawski and Widera 1991:7): social outbursts were impelled by both material demands and the call for democratic institutions for interest representation. The ruling party tried to pacify the people's unrest through redistributive measures and institutional reforms (i.e. delegating powers of decision to the managers and workers' representatives within enterprises). As both income redistribution in favour of workers' and institutional reform had up to then been only short-lived and symbolic, this gave rise to a new round of mass protests some time later. While this cycle was progressing to the erosion of the old Stalinist order, the ruling party failed to replace it with more appropriate institutions.

Real socialism in Poland entered its system crisis during the course of country-wide strikes in 1980, when workers and parts of the *intelligentsia* for the first time combined in their protest. Due to this, they succeeded in enforcing unprecedented changes in real socialism, namely the formation of "*Solidarity*" as an independent union movement, as well as its recognition by the state and the setting into motion of a strong impetus for economic reforms. Even after the imposition of martial law in 1981 had banned solidarity from legal existence, the ruling party could not refrain from continuing the reform process all through the 1980's. Its main goal was a decentralization and socialization of economic power. Decentralization was designed to remove market imbalances through a reform of the pricing system and to shift decision powers from central state bodies to managers in the enterprises. Among other measures, enterprises were made more autonomous in terms of production and financing through abandoning the orthodox system of central planning based on obligatory directives (Beksiak, 1989). Socialization aimed at strengthening the

workers' role in the state enterprises' decision-making process. Above all, this meant a revival of workers' self-management by the granting of a wide range of legal decision powers and control rights to the workers' councils, including the right to appoint and dismiss the director of the enterprise (Jakubowicz 1991:41). Concomitantly, the official unions were restructured in order to make unionization more attractive for workers. This implied enlarging the power of the renewed "All-Polish Agreement of Trade Unions" (OPZZ) in comparison with that held by its predecessor (Morawski and Widera, 1991:18ff).

Due to the oppression of the independent labor movement, all these reform projects were burdened with severe legitimacy problems. For instance, the renewed unions were not very successful in attracting members. According to estimates, their density ratio did not exceed 20 per cent in the large industrial enterprises and was 40 per cent at best in smaller plants (Morawski and Widera, 1991:19). As a referendum on proposals for a second round of economic reforms did not find sufficient support among the Polish voters, further reform measures were slowed down during the second half of the 1980's (Vacic, 1989:5ff). These legitimacy problems were accompanied by a lack of consistency in implementing the reform program (Balcerowicz, 1989). Administrative price control and intervention within the enterprises remained pervasive. In most cases, workers' self-management was not able to make use of its rights but rather remained under the control of management and the Party - which, in turn, managed to retain its informal influence on the appointment of managers. The minority of workers' councils (about 15 percent) that did achieve independence from the Party and from management, was dominated by members of "*Solidarity*" and thus became the legal arm of its activities (Jakubowicz, 1991:43).

The reform's lack of both legitimacy and efficiency exacerbated the enduring economic and political crises, culminating in a new wave of mass strikes in 1988. These strikes paved the way for the re-establishment of "*Solidarity*" and the start of the "round table talks" between moderate groups of "*Solidarity*" and the reform-oriented wing of the Communist Party (Morawski and Widera, 1991:21). These talks opened the way to parliamentary democracy and introduced "*Solidarity*" into the core bodies of political power, since the two subsequent governments came about as an outgrowth of this movement.

Since then, these governments have launched shock therapy in order to rapidly transform the Polish economy from a command system into a market system. Unfortunately, this economic policy has required higher sacrifices for a longer time

than was expected by both the government and the population. This situation increasingly poses a dilemma for *"Solidarity"* as a union movement (Morawski and Widera, 1991:22ff). On the one hand, the transformation from the communist command economy to a market economy is a key part of its identity. This implies participation in the formulation of transformation programs and support of their implementation through adopting a "responsible" policy line. On the other hand, sacrifices are especially demanded of core member groups of *"Solidarity"*, namely the workers in large state enterprises (Hausner, 1991a:60). Above all, they have had to face mass lay-offs in the course of commercialization and privatization⁵⁾ as well as curtailments of their rights within the enterprise. According to new legal provisions in commercialized and privatized enterprises, the system of workers' self-management has been replaced with a new system of participation that reduces the power of workers' representatives to a merely advisory role (Jakobik, 1991). The introduction of a wage tax designated to contain wage-price spirals, led to strikes against the *"Solidarity"* government in 1990. Another wave of mass protests occurred in 1991, when the obligation to pay the wage tax was narrowed down to state enterprises only (Hausner, 1991a:51f).

"Solidarity's" answer to this dilemma has been ambiguous, vacillating between a conflict-oriented promotion of workers' demands and a policy of self-restraint. For instance, when *"Solidarity's"* representatives in Parliament supported the amendment to the wage tax, *"Solidarity"* itself was forced to join OPZZ's mass protests against this decision (Hausner, 1991a:52). This ambiguity in priorities has increasingly eroded *"Solidarity's"* authority among the workers. This is manifested in overt tendencies of disintegration. *"Solidarity's"* subunits at the branch and enterprise level have begun to bypass their peak organization in order to advance the more particularistic interests of distinct workers' subgroups, partly on the basis of collusion with OPZZ's units and self-management bodies (Hausner and Wojtyna, 1991:252ff, Hausner, 1991a:61). Additionally, a third union movement, *"Solidarity 80"*, has established itself, focusing on the representation of workers in large state enterprises (Hausner, 1991b:36). A more latent implication of the erosion of *"Solidarity's"* authority is the decline in membership. While in 1980/81 *Solidarity* boasted more than twice the members that OPZZ had ever had, the former's membership has remarkably shrunk in the meantime, coming close to that of the latter with a density of about 26 per cent and 27 per cent respectively in larger industrial districts (Morawski and Widera, 1991:24f).

5) According to the Polish concept of redefining property rights commercialization is the first step towards privatization.

It is likely that "*Solidarity*" will be forced in the future to shift more clearly from a responsible to a worker-oriented policy. This is because competition for membership is increasing with their populist union rivals; and the workers' standard of living will continue to be squeezed, even if the new government formed after elections in 1991 adopts a more moderate pace of economic transformation.

Bulgaria

Under the communist regime, Bulgaria's economic reforms were very closely synchronized with those of the USSR in terms of both content and pace (Vacic, 1989). New economic regulations were issued no earlier than 1987⁶) to strengthen the enterprises' autonomy and the workers' position on the basis of self-management. As it was intended to maintain central planning for individual enterprises without mandatory planning indicators, Bulgaria - like other countries with similar reform projects - soon found itself in the adverse situation of moving away from the system of central planning without establishing a really working market. The economic disturbances resulting from this, accompanied by a wave of strikes in the beginning of 1990, increased even after the first democratic elections in June, since they failed to constitute a legitimate distribution of political power. As the Socialist (former Communist) Party (BSP) gained the absolute majority in Parliament and could once again form a single-party government, the defeated Union of Democratic Forces (UDF) began a fierce fight against the government even using extra-parliamentary means (Stojanov and Wallimann, 1991). In November 1990, a general strike initiated by the anti-communist union *Podkrepa* enforced the formation of a coalition government consisting of the BSP and UDF. Since the beginning of 1991, this coalition, in accordance with proposals of the IMF, has resorted to shock therapy to marketize the economy (Grosser, 1991).

This transformation process is flanked by a corporatist accord institutionalized in the national commission for the clearing of interests (Stojanov and Wallimann, 1991:32ff). Originally, this was a tripartite agreement. It was converted into a bipartite cooperation between the government and the unions after the latter questioned the legitimacy of the employers' representatives as part of the old *nomenklatura*. The main task of the commission is income policy and economic restructuring, including the closure of inefficient enterprises. Given the fact that economic policy is predetermined by the IMF, it is uncertain whether the commission has real room to manoeuvre.

6) Accordingly, the directors of the enterprises are to be elected by the workers' assembly, subject however to approval by the competent authority.

At any rate, the commission's task is complicated in that the conflict over power between the former communist and anti-communist forces is reproduced in labor relations. The unions, especially *Podkrepa*, have been attempting to use workers' self-management as an instrument to dismiss a number of directors from state enterprises. Above all, they are accused by the unions of bringing their enterprises to ruin in order to buy them cheaply in the course of later privatization. As in the Polish case, unions are confronted with the dilemma of assuming macro-economic responsibility in line with the corporatist accord and representing workers' interests under the conditions of a decline in real wages and strong inter-union competition.

There are three union confederations in Bulgaria (Stojanov and Wallimann, 1991:22ff). The Confederation of Bulgaria's Independent Syndicates (CBIS), successor of the former official union, is still the largest confederation. After internal reform, this confederation now claims to be independent of political parties. In the parliamentary elections, however, it supported moderate groups within the UDF. Another confederation, *Edinstvo*, was set up by the orthodox wing of the BSP. The third confederation, *Podkrepa*, is the union movement whose identity is based on strict anti-communism. Correspondingly, it has close links with right-wing fractions in the UDF. Of all the unionists under the umbrella of either confederation, the CBIS, *Podkrepa* and *Edinstvo* have a share of approximately 78.5, 15.3 and 6.2 per cent, respectively. Although inter-union competition for membership makes all confederations prone to populist policies, *Podkrepa's* ideological position has induced this confederation to most consistently follow such a policy line. Hence, it is this union that has set the pace in union demands and strikes since the breakdown of real socialism.

As can be seen, the differentiation of the union system is primarily shaped by divergences in ideology and party affiliations. This is due to the still-pervasive role of the state in the economy and the considerable polarization between the post-communist and anti-communist camps which, in turn, increases inter-union rivalry.

USSR

The transformation process in the USSR began with the introduction of *Perestroika* in 1985, a policy which intended to set in motion an economic upswing. At the beginning, *Perestroika* did not differ very much from other campaigns urging tougher discipline; the fundamental structures of the Stalinist model remained nearly unchanged. Later on, more far-reaching reforms were initiated. In 1988, a new law gave enterprises a measure of freedom in disposing of their resources. They were allowed to pay their own wages and bonuses and to elect managers; in addition, Councils of Labour Collectives were installed. Theoretically, these councils should have functioned as the "legislative arms" of the whole firm (Filtzer 1990:21). In reality, however, this institution was unable to develop greater effects, viewed as it was by the workers as an instrument in the hands of management (Kabalina and Komarowsky, 1991:5). Even the wage reform was not very attractive to workers because enterprises hardly realized enough profit to pay bonuses (Filtzer 1989).

Various economic reform measures of the policy of *Perestroika* met with repeated resistance from anti-democratic groups. Since the political structure remained unchanged, the economic reforms inevitably slowed down. The workers were confronted with drastic wage losses, especially true for the miners of the iron and steel industry in the *Donbass* and *Kuzbass* regions. With their strike, the miners forced the government into promising better wages and working conditions. The delay in the realization of these promises resulted in the fact that economic demands increasingly overlapped with political demand for the resignation of the government. During a second wave of strikes in 1991 more extensive than the first, political demands came increasingly to the fore. So, alongside economic reform, political reform was also introduced by the government. Various bills were passed to assure the legal basis for a market-led economy, and unions obtained the right to strike (Kabalina and Komarowsky, 1991:5): the "Law on the Order of Settlement of Collective Industrial Disputes" was passed by the USSR Supreme Soviet in October 1989.

The main impact of the economic reforms in the USSR was not the fact that workers obtained the right to participate in the management of their firm. More important was that the liberalization brought about more free space for the workers to act on behalf of their own interests: at first spontaneously through strikes, but soon thereafter through the formation of their own independent unions. Hence, the monopoly of the All-Union Central Council of Trade Unions (AUCCTU) was replaced by union pluralism. The crisis of the traditional unions became obvious in the miners' strike,

when the workers formed strike committees which were to become the platform for the foundation of the Miners' Independent Trade Union. The creation of other professional unions - such as the Civil Aviation Pilots' Association, the Air-traffic Controllers' Union, The Independent Union of Journalists, as well as new national unions - was to follow. These then integrated into the Confederation of Free Trade Unions. Other independent unions emerged: In 1989, the Association of Socialistic Trade Unions (SOTSPROF) was founded - which later dropped the term "socialist". It operates independently from the Confederation of Free Trade Unions. By 1991, the General Confederation of Trade Unions for the Employees of Cooperatives and Other Forms of Free Enterprise (*SOLIDARNOST*) was formed in the non-state sector (Kabalina and Komarowski, 1991:9).

As the new union confederations are still engaged in the formation stage, they have only managed to organize a small part of the workers. Therefore, they are not able to offer a real alternative to the old communist union, which at the moment unites 140 million employees from all sectors of the economy. However, the emergence of the new unions forced AUCCTU to undertake major steps towards internal reformation. It has abandoned the principle of democratic centralism and adopted the principle of democratic confederalism, which gives the local boards more influence in the decision-making process. Local organizations are represented in the steering bodies and have the right to exercise control over the activities of the central bodies. Moreover, AUCCTU has changed its name to the "General Conference of Trade Unions" (GCTU) to exempt itself from a shady past (Kabalina and Komarowsky, 1991:15). While *SOLIDARNOST*, as a union within the non-state sector, complements the GCTU, other unions have been formed to counterbalance the former communist union. The relations between them are therefore quite conflictual in nature.

So far, there exists hardly any cooperation between the old and new unions. On the one hand, scepticism remains about the democratization and renewal of the old unions; and on the other hand, the new unions are accused of extremism and tactical behavior. Only seldom, as in the case of the miners' strike, concerted actions do develop. Mutual distrust stands in the way of cooperation. The new unions try to conclude general agreements with the government independently of the GCTU. All unions - with the exception of SOTSPROF, which cooperates with the Social Democratic Party - are now striving for political independence. They restrict themselves to the representation of workers' interest; employment and wages are the central problems with which the unions are mainly occupied. They therefore keep their distance from the state. However, due to the attempt by the government to shift

the burden of the transformation process on to the workers, the unions - in spite of their proclaimed political "sterility" - see themselves as compelled to engage in political struggle (Kabalina and Komarovsky, 1991:13).

In most firms, traditional monistic structures still exist. Agreements between management and worker' representative are hardly effective, as neither partner feels bound to them. However, certain indications of a re-institutionalization have become apparent: a new law is intended to make the signing of an agreement with the unions binding for management; and in addition to this, in 1991 the first sectoral collective agreement was made. Furthermore, the evolving of corporatist steering mechanisms has come to light: a bilateral agreement between the state and the unions has been concluded, in which both partners commit themselves to establish the legal basis of minimum wages; pushing this agreement through, however, meets with major difficulties. In the evolving bipartite system which excludes employers, the unions seem to have a strong position. Whether this union power turns out to be a hindrance to economic development, however, remains to be seen.

Romania

Among the countries under consideration, Romania was the only one that showed no impetus for economic reforms until the end of the Ceaucescu regime (Vacic, 1989:11). This time, economic management continued to be based on central plans specifying mandatory planning indicators, presented via ministries and associations to the individual enterprises. The government's focus on liquidating foreign debts exacerbated the shortages in domestic markets, making rationing a strategy more often applied here than in any other country investigated in this paper. As any reform steps were blocked under real socialism, in Romania, it collapsed in violent conflicts.

After the elections in June 1990, the government started the first measures to move towards a market economy. Government-union relations have become rather hostile since the fall of the Ceaucescu regime at the end of 1989. After the June elections, the government asked the unions to accept a moratorium on wage policy for six months. This was refused by the unions (Campeanu and Semenescu, 1991:18). Against the background of a continuous decrease of real income during the course of cuts in subsidies and the liberalization of prizes, the unions - especially those organizing powerful groups of workers such as the miners - went on strike to defend their members' standard of living and to force the old *nomenklatura* out of the enterprises. Moreover, some unions launched political strikes calling for the government's resignation (Campeanu and Semenescu, 1991:19).

The formation of a corporatist arrangement has not only failed due to a lack of willingness to cooperate on the part of the unions. In addition, the government has shown no ambition to integrate the unions into public policy-making in exchange for expected cooperation. This holds true even for decisions that directly affect union interests. For instance, unions were not consulted by the government with regard to the new legislation on labor relations, including rules on the conduct of collective bargaining and labor conflicts (Campeanu and Semenescu, 1991:11).

Government-union relations are burdened with a highly fragmented union system (Campeanu and Semenescu, 1991:7ff). Since 1989, six confederations have been established. Only one of them is specialized in organizing a distinct subgroup of workers (i.e. *Consenerg*, representing the power industry), whereas all the others are rather general in their membership domain. The smallest and the largest of these general confederations hold a share of 4.3 and 44.8 per cent, respectively, in total membership covered by all six confederations. As there is a comparatively even distribution of membership among the confederations, this brings about even more inter-union competition than in the other countries under consideration. At the same time, this constitutes a strong incentive for unions to adopt populist policies.

7. Conclusions and Prospects

When reconsidering the hypotheses on the direction of the transformation process in the light of actual national developments, it becomes clear that their predictions are only partially confirmed by empirical evidence. On the one hand, predictions on the change of unions structures are fully consistent with observations. Unionism has in fact been converted into highly pluralist systems composed of a large number of voluntaristic and competitive union centers exerting scant hierarchical control over a dispersed conglomerate of affiliates. On the other hand, predictions on union politics and their relation to public policy-making lack empirical support. In this dimension, national patterns of transformation diverge rather than converge. Pluralist pressure politics clearly prevail only in Hungary and Romania. In contrast, concertation has been set up in Poland, Bulgaria and - to a less comprehensive and elaborated extent - in the USSR (Figure 2), though none of these union systems enjoy selective incentives that could be regarded as sufficient for assuming responsibilities in public policy-making. Admittedly, at present corporatist arrangements in these three countries constitute attempts to establish concertative practices rather than full-scale systems of concertation. Above all, they do not function well with regard to that task considered to be at the center of any concertation in industrial relations: restraint in making use

of strikes or similar conflictual strategies. Arguing that this low governability of concertative arrangements is caused precisely by a lack of selective incentives, one may object to the above qualification of the convergence hypothesis. Unfortunately, it is impossible to examine whether concertation in Poland, Bulgaria and the USSR is better able to contain strikes than the alternative patterns in Hungary and Romania - especially because comparable data on strikes is not available. Hence, the actual governability of concertation in post-socialist countries remains an open question.

Figure 2: The Present Stage of Union Structures and Politics in Five Post-socialist Countries

<u>Union structures</u>		<u>Union politics</u>	
Pluralist:	Corporatist	Pressure politics:	Concertation:
Bulgaria, Hungary	-	Hungary, Romania	Bulgaria, Poland
Romania, Poland		(USSR)	
USSR			

At any rate, there is reason to doubt the empirical predominance of self-interested behavior as the core assumption underlying the convergence hypothesis. On closer consideration, it turns out that this premise is challenged even in that dimension in which the predictions derived from it are most in line with observations: that is, the transformation of union structures. In this context, the history of Poland's "*Solidarity*" presents the most instructive example. "*Solidarity*" has emerged and survived in spite of overt political repression and a lack of selective incentives; whereas its competitor, OPZZ, could rely on both state support and a wide range of selective incentives. Furthermore, the small-size argument does not help understand the formation of "*Solidarity*", since it has been a mass movement since its origins. Hence, "*Solidarity's*" associability is beyond the explanatory power of any self-interested rationality.

Without entering into a detailed critique of Olson's theory of collective action, those of its shortcomings which are most relevant to the problem in question will be pointed out here: first of all, there is the unrealistic assumption that individuals make their choice independent of others' behavior and derive their choice from an unequivocal interpretation of self-interest. But in reality, individuals usually make their choice in anticipation of and in response to others' behavior (e.g. Marwell, Oliver and Pahl,

1988). Additionally, the content of what might constitute an individual's self-interest is rather ambiguous (e.g. Elster, 1989). Given this fact, any choice, even guided by calculating self-interest, presupposes an interpretation of what self-interest really means, as well as what might be the responses of other individuals to the choice involved. This interpretation process is decisively shaped by the kind and amount of resources (particularly values and power, in the case of unions) that the individuals involved control (Traxler, 1991).

As regards values, post-socialist societies have a common cultural heritage from socialism: namely, a strong collectivist orientation, the key elements of which are social equality and social justice (e.g. Indraskiewicz, 1991; Valchev, 1991). Although it is true that interest particularism has amounted to new union structures⁷⁾, solidaristic values certainly helped the unions to overcome the legitimization crisis from which most of them had suffered due to their subordinated role under the old regime - and then, to remain as the only mass organizations in present post-socialism. Empirical evidence from the countries under investigation shows, however, that union solidarity based on common value orientations can be mobilized for both pressure and concertative politics. There is reason to suppose that it is precisely at this point that cross-national differences in power distribution become important for explaining the observed divergence in union politics. Due to a lack of comparative information, this argument can be elaborated here only based on a comparison of Poland and Hungary. These two countries present a particularly interesting case insofar as their union politics contrast with one another, even though they have in common a very early start with regard to reform: the unions played a completely different role in this process⁸⁾. While in Poland the opposing union movement was the driving force behind reforms, unions in Hungary did not exert any relevant influence on parallel reforms. This has brought about a completely different power position for Polish and Hungarian unions in post-socialism. The Hungarian government has been able to exclude the comparatively weak unions from public decisions, not least in order to attract foreign investment. In contrast, such a policy has never been a feasible option for post-socialist governments in Poland, due to the strong power position of "*Solidarity*". It can be argued that, in turn, the different role of unions in the reform process originates in far-reaching economic decision partly taken even before the first

7) Most obviously, this is manifested in the emergence of separate special-interest associations, such as those of the pilots and air controllers in the USSR.

8) Correspondingly, the reform's length as such is a factor rather irrelevant for explaining cross-national differences in the transformation of unionism. Although Hungary and Poland share a long, continuous reform process - and Bulgaria, Romania and the USSR a rather short, disruptive one - the direction of transformation remarkably diverges within these two clusters of countries.

signs of crisis. Whereas Poland's central planning embarked primarily on investing in the extractive and heavy industries and kept the economy strongly integrated into COMECON (Vacic, 1989:5), Hungary's reform communists gave priority very early to encouraging small private enterprises and opening the economy to Western markets (Borbely, 1991:4). It is likely that Poland's development program has unintentionally strengthened the labor movement, large enterprises of heavy industry being the traditional centers of unionization. It is not mere coincidence that "*Solidarity*" has its roots in this type of industrial districts. Conversely, the side-effects of the Hungarian reform, such as the rise of the informal economy and the early spread of income differentiation (Vacic, 1989:7), had begun to undermine collectivist orientations and weaken workers' adherence to unionism long before the collapse of socialism. Besides, Poland had already had a strong trade unionism of a socialistic nature before the Second World War. In Hungary, on the other hand, no strong leftist movement had existed before the communist regime, the unions having been rejected by a conservative government.

Turning now to the prospects of unionism, it is important to note that value orientations and power configuration will change in a way unfavorable to unions the more progress is made in economic marketization. Recent experience from Poland may exemplify these tendencies:

- Union power is most seriously squeezed by privatization and rising unemployment. As regards privatization, there is some evidence that anti-union attitudes are diffusing among Poland's new private employers (Jakubowicz, 1991:53). While this makes union activities more difficult within the enterprise, the rise of unemployment rates⁹⁾ is increasingly undermining the unions' power position in the labor market.
- The ongoing competition among workers in the labor market, additionally exacerbated by the economic crisis, has also been eroding solidaristic values. In reviewing a recent survey on Polish workers, Morawski and Widera (1991:27) note that "the orientation toward interests is displacing the orientation toward the values" in the 1980's. Thus, self-interested rationality, aside from its relevance as a framework for the analysis of action¹⁰⁾, is likely to gain growing empirical weight as a guide-line for workers' orientation.

9) According to estimates, unemployment rates in Poland, Hungary, Bulgaria, Romania, and the USSR/CIS ended at 11%, 8%, 10%, 8% and 2% respectively towards the end of 1991. During the first nine months of 1991, unemployment doubled in Poland and Hungary (*Die Presse*, 1992).

10) As the above reasoning should have already made clear, the premise of self-interested rationality is a useful concept for analyzing individual behavior even when this behavior is empirically oriented towards alternative preferences. For this approach to action theory, see primarily Weber (1922).

It is this erosion of both union power and solidaristic values that has - as outlined above - caused initial processes of disintegration, even within a strong union such as "*Solidarity*". Since these implications of economic marketization for Poland largely resemble those in the other countries under consideration, there are good reasons to believe that all post-socialist unions will be posed with these fundamental threats to their future stability. Basically, unions can respond to this in two ways. On the one hand, they can cultivate their profile as a *movement*. In this case, unions will attempt to preserve the value-oriented integration of their members by mobilizing workers' collective experience of deprivation¹¹). This would imply focusing on conflictual pressure politics on the basis of a reorientation of the unions' opposition from the old socialist regime to the new ruling elites (e.g. the old and new *nomenklatura* established as the new class of employers, as well as parties in government which pursue unpopular policies). On the other hand, unions can concentrate on consolidating themselves as an *organization*, attracting members by selective incentives (e.g. high strike pay). This strategy presupposes high administrative performance (e.g. an effective collection of dues as a precondition for high strike pay), as well as the extraction of resources from sources (namely the state) other than members. For the reasons outlined above, state sponsorship will be a necessary precondition not only for this kind of union consolidation but also for any continuation of concertative politics.

State politics *vis-a-vis* the unions will be a key variable for the unions' future development all the more since they operate at present in an institutional vacuum. Hence, from a comparative perspective, possible differences in the countries' ongoing labor legislation may be a step towards further cross-national divergences in union structures and politics. Yet, given the post-socialist state's weakness in terms of both administrative rationality and legitimation, one should not overestimate its ability to deliberately design the system of interest intermediation. As a result, the formulation and implementation of labor law will largely reflect existing power configurations. As far as the formulation of labor legislation is concerned, this is evidenced by a comparison of recent developments in Poland, Hungary and Romania. While the new Polish statutes on collective bargaining and labor conflicts have strengthened the unions' position in relation to their "rank and file" (Swiatkowski, 1991), provisions with opposite implications have been enacted in Hungarian (Lajtai, 1991) and Romanian (Campeanu and Semenescu, 1991) legislation. There being a long and

11) One manifestation of the unions' (and also parties') attempts to retain a value-oriented compliance of their consistency, may be seen in the highly ideological form of conflict over the new "rules of the game" in society.

enduring tradition for stark divergence between legal rules and practices in the countries under consideration, it cannot be taken for granted that the new labor laws can actually be implemented. For all these reasons, state regulation is likely to ratify rather than reshape those structures of unionism that have already emerged. Due to their higher volatility, the prospects for union politics are more uncertain than those for structures. In any case, the combination of pluralist structures and concertation appears to be more inconsistent and unstable than the configuration of pluralism and pressure politics¹²⁾.

As already noted above, the solidaristic member support and union power that have made pluralism and concertation compatible up to now in some countries, are beginning to wane. The functional equivalents that would be needed for continued concertation are not discernible. Even state sponsorship, which may help consolidate the unions as organizations, will probably be unable to stabilize concertation - at least under democracy. This can be traced to the current economic development, which from a union perspective has largely depreciated concertation for a foreseeable time. As austerity programs are imposed by world market forces on post-socialist countries, unions will hardly find a possibility for actually influencing economic policy - but they will nevertheless be expected to assume responsibility for unpopular decisions in concertation bodies. To the extent to which this provokes member unrest, they will be forced to refrain from concertative politics. This, in turn, may endanger the state's willingness to continue state sponsorship of union organization. Overall, there is every reason to believe that, concerning post-socialist union-government relations, the most serious challenges are not behind but before them.

12) This is because pluralist structures tend not to solve but rather to exacerbate the collective action problems arising from concertation.

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