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Loyalty and Power in Union-Party Alliances: Labor Politics in Postcommunism

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Loyalty and Power in Union–Party Alliances
Labor Politics in Postcommunism

Sabina Avdagic



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Abstract

Against the background of the changing relationships between trade unions and political parties in Western Europe, this paper examines the nature and outcomes of union-party alliances in East Central Europe. The paper advances two interrelated arguments. First, the nature of union-party ties in postcommunism is significantly different and can be best described as an inverse dependency relationship in which political parties have always been the stronger partner. Second, contrary to the conventional assumptions based on the experience of Western Europe, strong union-party ties have worked to the detriment of labor in East Central Europe. This paradox is explained by poor reserves of loyalty, which are a direct consequence of the absence of a long history of close ties and mutually beneficial exchanges. The way in which such new alliances respond to economic imperatives is not likely to be affected by commitment concerns, but rather by the balance of power in the relationship. Given the fact that the balance of power is tilted towards parties, disloyal behavior is more likely to occur on the side of political parties than on that of the unions. In particular, in the context of pervasive economic constraints and limited party competition over economic policy issues, strong ties with the unions increase parties' incentives to co-opt union leaders in the task of communicating the necessity of reforms to their constituencies.

Zusammenfassung

Vor dem Hintergrund des sich in Westeuropa vollziehenden Wandels der Beziehungen zwischen Gewerkschaften und politischen Parteien untersucht das Papier Ausprägung und Auswirkungen der Allianzen zwischen Parteien und Gewerkschaften in Mittel- und Osteuropa. Das Papier entwickelt zwei zentrale Argumente. (1) Die Beziehungen zwischen Gewerkschaften und Parteien im Postkommunismus unterscheiden sich entscheidend von den westeuropäischen Erfahrungen und können am treffendsten als Beziehungen „umgekehrter Abhängigkeit“ beschrieben werden, in denen die politischen Parteien immer die stärkeren Partner sind. (2) Im Gegensatz zu den Erfahrungen Westeuropas haben starke Bindungen zwischen Gewerkschaften und Parteien den Arbeitnehmerinteressen in Mittel- und Osteuropa geschadet. Dieses Paradox ist mit mangelnden Loyalitätsreserven zu erklären, die wiederum durch das Fehlen einer Tradition enger und auf gegenseitigem Nutzen beruhenden Beziehungen begründet sind. Die Art und Weise, wie solch neue Allianzen auf wirtschaftliche Notwendigkeiten antworten, wird weniger von Loyalitätsüberlegungen als vielmehr von dem in den Beziehungen herrschenden Machtverhältnis beeinflusst. Da die Macht der Parteien größer ist, neigen sie eher zu Loyalitätsbrüchen als die Gewerkschaften. In Anbetracht der extremen wirtschaftlichen Zwänge und des geringen Parteienwettbewerbs in wirtschaftspolitischen Fragen im Postkommunismus bieten starke Verbindungen zu den Gewerkschaften einen Anreiz für die Parteien, die Gewerkschaftsführer zu kooptieren, um ihrer Wählerschaft die Notwendigkeit von Reformen zu vermitteln.

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1 Introduction

The general question of the societal rootedness of political parties has long been at the core of research on party politics in the advanced capitalist societies. If any issue has dominated this literature, it has been the linkages between political parties and organized labor. Indeed, numerous analyses by sociologists, historians, and political scientists pay close attention either to the origins and development, or to the transformation of union–party linkages. Notwithstanding different research questions, empirical foci, and methodological approaches, two broad areas of agreement have emerged in this literature. First, it is typically held that up to the mid-1970s, close ties between Left parties and trade unions in Western Europe offered the basis for a mutually beneficial exchange. While the unions provided votes, and at times financial contributions, their political allies in government returned the favor by implementing policies and legislation that protected their main constituencies. The second area of agreement concerns the increasing strain put by broad structural and economic changes on union–party alliances since the early 1980s. It is now widely acknowledged that these long-standing alliances have been either weakened, or at the very least profoundly transformed.

In what follows I contribute to this literature by juxtaposing the trends in union–party alliances in Western Europe with those in postcommunist East Central Europe. A number of insightful political science accounts have broadened our understanding of postcommunist party systems, the character of the parties, and the patterns of programmatic competition (for example, Evans/Whitefield 1993; Innes 2001; Kitschelt et al. 1999; Lewis 1996). At the same time, the role of trade unions in transition and democratic consolidation in the region has also received considerable attention from political scientists and sociologists alike (for example, Crowley/Ost 2001; Iankova 2002; Kubicek 2004). However, far less attention has been paid to the alliances between political parties and trade unions in postcommunism. The aim of this paper is to address this issue by exploring two interrelated questions, focusing on the specific *nature* and *outcomes* of these alliances. First, how distinctive is the nature of these links in postcommunism? More precisely, can the structural factors that have so fundamentally altered union–party alliances in the West provide a sufficient explanation of the nature of these links in the East? Second, to what extent have these alliances been beneficial for trade unions in East Central Europe? Have these connections enabled

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unions to mitigate the economic hardships of postcommunist reforms by securing specific social policies or laws aimed at the protection of employees' interests?

To answer these questions, I contrast the historical development of union–party alliances in the two regions. I argue that the nature of these ties in East Central Europe is fundamentally different, and can be characterized as an *inverse dependency relationship* in which political parties have always been the stronger partner. The absence of historically close ties and the lack of a tradition of mutually beneficial exchanges indicate very poor reserves of loyalty in postcommunist union–party alliances. However, this does not mean that both partners are equally prone to engage in disloyal behavior. The fact that the unions have been experiencing a rapid decline in membership, intense inter-union competition, and widespread negative perceptions puts them in a much weaker position vis-à-vis political parties. Due to such asymmetric power distribution, disloyal behavior is more likely to occur on the side of political parties rather than their labor allies. In the context of pervasive economic constraints, which preclude inter-party competition with regard to economic policy options, strong ties with the unions increase parties' incentives to co-opt union leaders, putting them in the service of communicating the necessity of reforms to their constituencies. Thus, contrary to the conventional assumption based on the West European experience, strong alliances with political parties are likely to work to the detriment of labor in the postcommunist context.

I test this proposition on the cases of Poland, Hungary, and the Czech Republic with respectively strong, partial, and non-existent formal union–party ties. Empirical analysis reveals that organized labor secured more beneficial policies not in the countries where unions developed strong ties with political parties, but rather where they preserved their independence. In the case of strong ties, union leaders regularly responded to their partisan allies by complying with, or even advocating, neoliberal economic reforms that imposed painful sacrifices on union members.

The paper is divided into five sections. Section 1 outlines the development of union–party alliances in Western Europe and presents the major arguments put forward to explain the weakening or changing nature of this relationship. These findings form the background against which I examine (section 2) the historical development of and the main challenges facing both unions and parties in East Central Europe. In section 3, I draw on this discussion to present my main hypothesis regarding the nature and outcomes of union–party ties in the postcommunist context. Section 4 turns to the case studies of Poland, Hungary, and the Czech Republic, and reports unconventional findings that support my argument. Finally, in section 5 I offer some conclusions and discuss the prospects of institutional learning.

2 Union–party alliances in Western Europe: From golden age to demise

The origins of the union–party alliances in Western Europe can be traced back to the onset of industrialization in the nineteenth century and the subsequent extension of the franchise to male workers. This new “reservoir of working class votes” fuelled the growth of socialist and labor parties (Piven 1992: 2). At the same time, unions sought to strengthen their organizations by achieving parliamentary representation for their members. In some countries unions either founded these parties (Britain and Ireland), or were actively involved in their founding (Denmark and Norway). In others, socialist parties helped establish the unions (Sweden), or different parties set up their own unions (Italy, France, Germany) (Streeck/Hassel 2003; Beyme 1985; Western 1997). The nature of union–party relations and the patterns of their subsequent development varied considerably across countries depending on such factors as the onset and pace of industrialization, the degree of state repression, the timing of the establishment of the unions vis-à-vis their allied party, or the importance of religious and political cleavages within both party and union systems (Lipset 1983; Marks 1989; Streeck/Hassel 2003; Valenzuela 1991). This variation notwithstanding, union–party alliances were in general considered to represent “political and industrial wings of a united working class movement” (Hayward 1980: 5).

With the end of the Second World War and subsequent economic development, West European labor movements underwent significant reorganization, which in many cases led to unification or a tempering of union divisions. Unions abandoned radical Marxist and anarcho-syndicalist positions, focusing their efforts instead on collective bargaining and strengthening of labor rights through legislation. Ties with governing parties proved to be an asset in achieving those goals during the period of Keynesian macroeconomic management. Indeed, as a number of accounts demonstrate, it was precisely the strong alliances between unions and social democratic parties that were the driving force behind the construction of generous and redistributive welfare states (Hicks 1999; Huber/Stephens 2001; Korpi 1989; Korpi/Palme 1998). The process of “political exchange” (Pizzorno 1978) facilitated neocorporatist incomes policies: unions accepted wage moderation in exchange for full employment and the extension of social benefits.

This cooperation functioned smoothly up to the mid-1970s, when the oil shocks and the collapse of the Bretton Woods system revealed the first cracks in corporatist political exchange. Pressures intensified during the 1980s when the growing internationalization of trade and capital markets, as well as the rise of unemployment and demographic changes, rendered previous levels of social expenditure increasingly unsustainable. With the rise of the New Right in the US and the UK and the subsequent spread of neoliberal ideas and Eurosclerosis arguments, unions and wage bargaining institutions were more and more perceived to be the main causes of high inflation, slow technological change, and sluggish growth of the European economies. Gradually, the policy shift to the right was taken up also by social democratic governments.

Sooner or later traditionally labor-based parties opted for anti-inflation measures, cuts in government spending, privatization, flexibilization of the labor market, and welfare retrenchment (Bell/Shaw 2003; Callaghan 2003; Martin/Ross 1999; Piven 1992). This “rightward move” contradicted the traditional platforms of labor parties and led to the weakening of their long-standing alliances with the unions.¹ Throughout the 1990s, most social democratic parties vigorously propagated the necessity of modernization and programmatic renewal widely associated with the notions of the “Third Way” and the “Neue Mitte.”

While economic imperatives had undoubtedly prompted this policy turn, they were supported by deeper structural changes that cut into the very foundations of the traditional alliances. A variety of arguments have been put forward to explain the transformation of European social democracy and union–party alliances as one of its major elements. While many of these arguments overlap, they can be classified in three broad groups that focus on changes in (i) *structural-economic parameters*, (ii) *values*, and (iii) *electoral politics*. The first group stresses the importance of such factors as the shrinking proportion of the manual working class and the rising share of the service sector; the growth of private non-industrial employment and smaller units of production; the shift from Fordist manufacturing techniques to more flexible task structures; growing occupational diversification; and the increasing importance of middle management and less hierarchical authority relations (Clark/Lipset 1991; Crouch 1999; Piore/Sabel 1984; Piven 1992; Pontusson 1995; Streeck 1991). These trends, it is argued, reduce homogeneity and solidarity among workers, thereby weakening class organizational potentials and undermining the very basis of the traditional union–party alliances.

The second group of arguments rests on the notion of post-materialist values, which are alleged to have become increasingly important in affluent West European societies (Inglehart 1977, 1984). The generation brought up during the prosperous period of the welfare state is both more concerned with non-materialist issues, such as environmentalism, feminism, or consumer protection, and more oriented towards the individual rather than the collective (Gorz 1982; Harvey 1989). Rising affluence, so the argument goes, reduces the relevance of class cleavages and the potential of traditional labor parties.

1 The weakening of union–party alliances took various forms, for example, the clear break between UGT and PSOE in Spain; a clear retreat from the unions on the part of the British Labour Party; and the significant 1987 decision to end collective membership of both the Swedish SAP and LO. See, among many others, Astudillo Ruiz (2001), Aylott (2003), Murillo (2000) and Piazza (2001).

Finally, the third group builds upon these arguments to illuminate a change in electoral politics. Due to broad shifts in economic, structural, and cultural configurations in Western Europe, interests are becoming more diversified and cleavages more complicated. Class-based parties can preserve their position only by adapting their strategies to the new environment. With the shrinking of their traditional constituencies, labor parties need to reorganize their programs to appeal to new, more diffuse social interests (Kitschelt 1994; Offe 1987; Taylor 1993). Operating as rational vote-maximizers, the parties construct wide electoral coalitions by offering programs that converge on the median voter. In other words, they are being transformed into what Kirchheimer termed “catch-all parties” (1966). Moreover, this strategic reorientation requires strong party leadership, capable of neutralizing ideologically rooted membership. Hence, these parties are changing not only their electoral and ideological appeal, but also their organizational structure. In short, the “mass party” is being replaced by the “electoral-professional party” (Panebianco 1988; Katz/Mair 1995).

All three groups of arguments point to the reduced salience of class issues in post-industrial societies.² While the outlined trends have been present across Western Europe, their actual impact on union–party alliances – and social democracy more broadly – varies among countries. Although fascinating, the question of cross-national variation lies outside the scope of this paper.³ Instead, the focus is on similar developments in the evolution and transformation of West European union–party alliances for they provide the background against which I shall examine the special nature of these ties in the new democracies of East Central Europe.⁴

2 See also Clark and Lipset (1991) and Clark et al. (1993). Note, however, that a number of accounts have challenged the declining political relevance of class. See, in particular, Hout et al. (1993) and Manza et al. (1995).

3 A number of studies address such cross-country variation. Explanations include: internal organizational dynamics of the social democratic parties, especially their “entrenchment” or strength of ties with organized labor (Kitschelt 1994; Koelble 1992); differences in economic structural variables (Pontusson 1995; Przeworski/Sprague 1986; Howell 2001); variances in cleavage structures (Hopkin 2000); and ideological frames that shape social democratic practices in a path-dependent fashion (Berman 1998).

4 It should be clear from the outset that the ambition of this paper is not to provide a grand, systematic comparison of union–party ties in two parts of Europe. Such an attempt would be problematic not only because it would obscure important cross-country variation, even within respective regional contexts, but also because it would overlook salient differences between the two regions with regard to economic development, political and social dynamics, and specific historical experiences that shape the very identity and actions of the involved actors. Instead, what this paper seeks to do is simply to understand the logic of the functioning of union–party alliances in contemporary East Central Europe by juxtaposing it to a general picture of the development and transformation of these alliances in Western Europe.

3 Unions and parties in East Central Europe: Genesis and transformation

The relationship between unions and political parties in the East has undergone a completely different development. At the time when the formation of the first trade unions in the West supported the rise of socialist parties, East European societies were predominantly agrarian. While social-democratic parties emerged across the region towards the end of the nineteenth century, they simply could not rely on the type of grassroots support enjoyed by their Western counterparts.⁵ Due to the low level of socio-economic development, the industrial working class was “of limited proportions, generally low-skilled and politically impotent” (Dauderstädt et al. 1999: 22). Moreover, the higher salience of religious, ethnic, and national divides, rather than class cleavages, did not favor the rise of social democratic parties. In terms of membership, these parties were far below their counterparts in Western Europe.⁶ Although they managed to achieve higher visibility on the political scene immediately after the First World War, this success was only short-lived. In the 1920s and 1930s, social democratic parties were largely marginalized either through political dictatorships or through internal disagreements and the lack of clear programs (Rotschild 1990).⁷ At the same time, trade unions established on the basis of the German model in the Western part of the region remained small and politically irrelevant.⁸ Those further to the East were originally more influenced by syndicalist ideas, prominent in the early days of the Russian Revolution. By the end of the 1920s, however, the propagators of these ideas in Russia had been politically eliminated and the unions had to adopt the role of “transmission belts” between the masses and the regime (Myant/Waller 1994). Following the Second World War and the Sovietization of East Central Europe, social democratic parties ceased to exist: their followers either supported the communists, or were subjected to political terror and/or forced into exile.

5 Social democratic/socialist parties were established in the Czech Republic in 1871; Hungary in 1890; Poland in 1892; Bulgaria in 1891; Romania in 1893; and Serbia in 1903.

6 For detailed data on the membership figures of social democratic parties (both in absolute terms and as a percentage of the population) in the Western and Eastern parts of Europe in the interwar period, see Dauderstädt et al. (1999: 25–26).

7 An exception was the Czech Republic, where social democrats won the 1920 parliamentary elections. After the break with the communists, however, they were significantly weakened but nonetheless managed to participate in government during the whole interwar period, except for 1926–29. See Dauderstädt et al. (1999: 30–31).

8 This was a general picture that contrasted sharply with the position of the West European trade unions during the same period. However, there were also variations within East Central Europe with regard to the strength of trade unions, the Czech Republic again being an important outlier. For instance, whereas the Hungarian industrial working class was mainly confined to the Budapest area, a high degree of industrialization in Bohemia made the Czech unions (and the social democratic party which they supported) much stronger. See Kitschelt et al. (1999: 96–105).

With the introduction of the planned economy, the “transmission belt” model of unionism – endorsed by the Stalinist regime – was applied across East Central Europe. Deprived of any real political power, the main task of the unions was to ensure conformity to state policies by reaching plan targets and increasing productivity. For this work, the Party “rewarded” the unions by assigning them the role of administrators of (strictly defined) social and welfare benefits in enterprises. Unions distributed loans and in-kind benefits to their members, and controlled access to social and recreational facilities (such as kindergartens, sports clubs, and holiday accommodation). Due to this extensive welfare role, they enjoyed almost full membership among employees. At the same time, however, they had no real bargaining power. Collective agreements were regularly signed, but essentially they represented no more than a general endorsement of directives outlined at a higher level (Myant 1994).

The collapse of communism found the unions largely unprepared to deal with new challenges. Within a few months, the old unions had to reorganize themselves along democratic lines, with new statutes and new leadership. However, the fact that they used to be an important pillar of the system that was now so thoroughly discredited called into question the legitimacy of the successor unions and burdened them with a rather negative political image (Wessels 1994; Wiesenthal 1996). Independent unions, established either towards the end of communism or in the first years of transition, in most cases did their best to promote this image even further. The social functions performed by the unions during the previous regime were stripped from their hands overnight, and the end of compulsory membership led to dramatic losses. At the same time, market reforms entailed additional sacrifices: large lay-offs, wage decline, price increases, and dramatic welfare cuts. While mitigating such challenges would undoubtedly be a daunting task for any labor organization, the situation in postcommunism was particularly acute since the unions had no experience with market-based collective bargaining.⁹ Indeed, both successor and independent unions seemed to be utterly paralyzed, albeit for different reasons: while the former had to get rid of the “baggage of the past,” carve a space for themselves in the democratic system, and learn to play the new “game,” the latter had to find a way of continuing their enthusiastic support for the market while simultaneously protecting their membership from its unleashed forces.

9 This capacity problem notwithstanding, the unions could not improve their position in the labor market by relying on traditional bargaining with well-organized employers’ associations because the latter were only under formation and remained generally weak and fragmented. The weakness of employers’ organizations and the general reluctance of private employers to support higher-level collective bargaining represented an important constraint on the unions in effectively pursuing their economic activities. One could plausibly argue that such a context, in a way, might ‘encourage’ the unions to try to achieve their goals through political rather than economic activity. Thus paradoxically, although the collapse of communism was expected to lead to depoliticization of the unions, the specific structural constraints of the postcommunist context might in fact facilitate their further politicization.

The unions were not the only actors who faced numerous challenges at the beginning of the transition. The emerging political parties also operated under extreme uncertainty. Once the communists were defeated and the electoral market was suddenly wide open, these political actors “engaged in exploring what their interests are and how to pursue them” (Kitschelt 1992: 9–10). Within a short time, they had to devise their programs, decide upon electoral strategies, and invest in building their political image. Unlike many political parties in the West, the emerging parties in East Central Europe were far from being unitary actors with clear programmatic foci. Broad-based anti-communist movements, led by dissident groups, were particularly “colorful.” Having originated in the late 1970s and early 1980s around the idea of “antipolitics,” which symbolized the struggle of “society” against the “powers,” they comprised rather diverse groups. By claiming to represent society as a whole, rather than any particular portion of it, these anti-regime movements offered a shelter to “liberal intellectuals, conservative patriots, religious zealots, and workers struggling for better living conditions and self-management.” As long as the Communist Party ruled with an iron fist, these groups “peacefully cohabited the ‘house of dissent’” (Szelényi et al. 1997: 208). However, once the enemy had been defeated and these forces entered democratically elected parliaments, divisions became more apparent. Initially, it was such issues as national identity, ethnicity, freedom of the individual, and religion that separated liberals from conservatives and often prompted different factions to form their own parties. While these divisions ran deep, the new political elites were still united with regard to the key issues – they all stood for marketization, modernization, democratic progress, and prosperity (Innes 2001).

The strong rejection of anything reminiscent of the old system contributed to the initial market enthusiasm, thus weakening the potential of economic programs traditionally associated with the Left (Dauderstädt et al. 1999; Mair 1998). It was only after the negative effects of the reforms were widely felt that the economic dimension became a more important part of electoral competition (Szelényi et al. 1997). In some cases, most notably Poland and Hungary, the reformed communist parties capitalized on the inability of the “natural born democrats” to offer tangible benefits rather than empty symbolic politics (Bozóki 2002: 99). However, their promises were soon to be replaced by neoliberal economic programs, sometimes even more decisive than those implemented by the first democratic governments. Pressed by deep economic crisis and eager to join the European Union, governments of the Left and Right became hardly distinguishable with regard to economics (Cook/Orenstein 1999). Platforms of all significant parties included such catchwords as “return to Europe,” “Europeanization,” or “modernization” as the ultimate goals of comprehensive economic reforms.

Another important characteristic of postcommunist parties was that, unlike many West European parties, they were not built “from the ground up.” Instead, they were mostly internally-created, top-down, elitist or professional party types (Lewis 1996; Mair 1998). Even the post-Solidarity parties lost their social grounding through the process of splintering (and sometimes fusion) of various factions of the originally broad

movement. Thus, as one observer put it, postcommunist parties are not only parliament-centered, but essentially “parliament born-and-bred” (Innes 2001: 5).

These characteristics, in turn, are crucial for understanding the type of linkages with mass-level organizations, in particular with trade unions. In the context of the extraordinarily narrow room for competition over economic policy issues, these parties were careful not to confine themselves to any special interests that could turn out to be political deadweight. While political elites from anti-communist parties considered class politics to be unproductive and largely passé, the reformed communist/social-democratic parties did not want to be seen as the sole representatives of the “remnants of the old system.” The fact that the unions, even though declining, were still a considerable source of votes was the main reason various parties did eventually establish formal or informal ties with them. However, these ties could hardly be seen as exclusive arrangements, as the parties sought to recruit much wider constituencies and often to build cross-class alliances (cf. Merkel 1997). Reminiscent of a “political Noah’s Ark,” the leadership of these parties would sometimes combine those who were “making a fortune in banking and insurance” with those who represented “workers in such declining industries as coal” (Orenstein 1998: 493).

The end of class politics: The same causes as in the West?

On the surface, these developments might appear to mimic the established trend in the advanced capitalist societies: with class politics on the decline, political parties are simply becoming increasingly reluctant to have a strong anchorage in organized labor. While this is probably true, it is still questionable to what extent the causes of this trend are similar to those in Western Europe. At first glance, as in the West, the reconfiguration of economies seems to be a relevant factor in postcommunist East Central Europe. The industrial sector has been declining, the service sector is gaining in importance, and the number of small and medium-size private enterprises has been growing steadily since the beginning of the transition. Undoubtedly, these shifts have eroded the organizational basis of trade unions and have entered the calculus of their political allies. Two caveats, however, apply to this explanation. First, the sectoral composition of economies in East Central Europe is still significantly more favorable to the traditional type of unionism than in Western Europe.¹⁰ Second, even without careful statistical analysis, it is clear that falls in union membership in East Central Europe have by far surpassed the extent of structural economic changes.¹¹ Hence,

10 In the 10 accession countries of Central and Eastern Europe, industry provides 32.7% of jobs, the service sector 52.8%, and agriculture 14.5%. For the EU-15, this composition is 26.9%, 68.8%, and 4.4% respectively. See Dauderstädt/Witte (2002).

11 While comparable union density time series for East Central European countries are not avail-

union–party alliances might not be affected solely by shifts in economic structures. Political behavior also depends on broader cognitive frames, and these certainly figure prominently in postcommunist politics. Indeed, it is difficult to imagine that the calculus of political parties was not influenced by the prevailing negative image of the trade unions.

The argument about the rise of post-materialist values as a factor indicating the decline of class politics seems less plausible in the context of postcommunism. Originally, this argument was inspired by the situation in affluent Western societies, but one would be hard pressed to make a case that the region whose per capita GNP (at PPP) in the early 1990s when compared to Western Europe was lower than both in the interwar period and at the end of communism could be categorized as affluent.¹² Moreover, given that since the beginning of the transition unemployment, inequality, and poverty have all risen dramatically across the region, it would be difficult to claim that post-materialist values have become established (Szelényi et al. 1997). While the observable “individualization” in East Central Europe coincides with the global “era of ‘post-modern politics’” (Kitschelt et al. 1999: 396), this phenomenon could be a consequence of the overall weakness of civil society rather than of the rising wealth and affluence.

Finally, the above discussion of electoral competition and the organizational links of political parties in postcommunism indicates the reliance on “expansive electoral strategies” (Kitschelt 1992). As in the West, mass parties are out of fashion and many parties in the East seem to fit the profile of the catch-all party. While this label is largely applicable, two important characteristics differentiate postcommunist catch-all parties from those in the advanced European democracies. First, sociologically, the catch-all model assumes a society with “relatively satisfied and disinterested citizens” and declining class cleavages (Katz 1999: 10). It is doubtful whether these requirements are met in East Central Europe. Given the depth of transitional recession and sacrifices imposed on a large portion of the population, one would expect citizens to be anything but satisfied.¹³ In addition, while “class” might not be such a relevant category in postcommunist politics (Merkel 1997), it is not entirely clear whether this is due to the disappearance of class cleavages or rather their slow formation.¹⁴ Second

able, it is widely accepted that the fall in unionization levels has been dramatic: from close to universal membership in the late 1980s to current levels of 10–35%. At the same time, the share of industry in total employment has also declined everywhere, albeit less dramatically. For instance, in the four Visegrád countries, this figure was around 40% in 1990 and about 28% in 2002. See EBRD *Transition Report* (1999, 2003).

12 For data see Janos (2001: 230).

13 Indeed, while market enthusiasm was high at the outset of the transition, later opinion polls indicate increasing disappointment rather than satisfaction with market reforms. See Crook et al. (2002: 18–24).

14 Szelényi et al., for instance, argue that the transition from state socialism to market capitalism

– and more directly related to the issue of union–party linkages – to become catch-all parties West European parties had to shed both their “‘ideological baggage’ and its intimate ties with particular organizations” (Katz 1999: 9). By contrast, as Innes argues, postcommunist parties lack both “the ‘baggage’ of ideological past and the history of mass membership,” and could be more accurately described as “instant catch-all parties” (2001: 10). I contend that it is precisely this lack of historically strong rootedness in societal organizations that opens up a unique opportunity structure for the leadership of postcommunist parties when it comes to their relationship with trade unions. In what follows I elaborate on this discussion to propose a hypothesis about the special nature of postcommunist union–party alliances, and the outcomes they are likely to generate.

4 Managing alliances: Loyalty and power

The fact that labor-linked parties sometimes opt for policies that adversely affect their constituencies is not exclusively a postcommunist phenomenon. Indeed, in the era of global capitalism most West European unions have encountered similar challenges, albeit in a more gradual fashion. As mentioned earlier, ever since the late 1970s, governments in Western Europe – including those on the left – have been moving towards more restrictive monetary and fiscal policies, emphasizing in particular the goals of price stability and labor market flexibility. Whereas this neoliberal turn has obviously been of a different character and certainly more gradual than in postcommunism, it has nonetheless significantly affected long-standing union–party alliances.¹⁵ Leaving aside the speed and specific content of reforms, what markedly distinguishes the experience of postcommunist East Central Europe is that union–party alliances lack deep historical roots. Whereas in many West European countries trade unions have been linked to political parties for over a century, postcommunist alliances are essentially in their infancy. But, if labor-backed parties in general are moving towards more or less neoliberal policies, what difference does the duration of a union–party relationship make?

can be seen as “a transition from a socialist rank order to a capitalist class structure. Classes are not disappearing: they are in the process of becoming” (1997: 204).

- 15 In terms of the sharpness of the neoliberal turn and the comprehensiveness of the reforms, the experience of Southern European and Latin American unions in the 1980s and early 1990s is probably more similar to the challenges faced by postcommunist labor. In many of those countries, governments led by historically union-allied parties embarked upon comprehensive reforms consisting of monetary and fiscal austerity measures, trade liberalization and price deregulation, privatization and industrial restructuring. See, for example, Burgess (1999), Fishman (1990), Murillo (2000) and Royo (2003).

Like many other relationships, the stability of a union–party relationship rests on the fundamental pillars of trust and loyalty.¹⁶ Neither of these pillars can be built overnight. Instead, they tend to derive from a longer period of mutually beneficial exchanges. For instance, in the case of an “economic bargain,” affiliated unions will prove their loyalty to the governing party by keeping their commitment to wage restraint and avoidance of strikes. The party, in turn, will prove its loyalty to the union by pursuing favorable policies, delivering tangible benefits to labor, or strengthening institutions that increase labor input in policy-making. In the case of a “political bargain,” unions will show their loyalty by supporting the party in elections, while the party will stay loyal to the affiliated unions by offering protective legislation or government positions to union leaders.¹⁷ As long as each partner sticks to their side of the bargain, repeated exchanges of this sort will generate mutual trust and strengthen “loyalty bonds” (Murillo 2000: 148–149). It is generally considered that this kind of quid pro quo was at the core of union–party relationships during the golden days of Keynesian macroeconomic management in Western Europe.¹⁸

At some point, however, external constraints, such as fluctuations in the economic conjuncture, might increase uncertainty and thus challenge the basis of the relationship. For instance, in periods of cyclical economic crisis, even a generally committed labor-backed party in government might not be able to keep its promises to unions. However, the affiliated unions will not necessarily immediately retaliate with industrial actions or by withdrawing their political support for the party. Instead, they might be inclined to cooperate since a prolonged experience of interactions yielding

16 In this paper, loyalty is defined as a set of norms and principles – formed through long experience of interaction – that underpin a sense of obligation, commitment, and responsibility towards the alliance. In the literature the concept of “loyalty” is defined in various ways (see, for example, Withey/Cooper 1989; Rusbult et al. 1988). For some authors, loyalty is an attitude (shaped through previous experience) that leads one partner in the alliance to believe in the good intentions of the other. Other authors refer to loyalty as behavior resulting in specific material concessions which indicate the commitment to the goals and needs of the partner in the alliance. In Albert Hirschman’s (1970) classic account of the behavior of the clients of a declining organization, loyalty is treated as a category influencing the choice between “voice” and “exit,” rather than as an alternative to these two options. Loyalty, for instance, would facilitate voice rather than exit, even if the exit option seems to be less costly. In union–party alliances, however, loyalty does not always translate into voice. As this paper will show, under specific socio-economic and political conditions, union loyalty towards the party in the alliance might facilitate, to use Hirschman’s terminology, “silence” rather than “voice” (for a similar argument in the study of organizations, see Kolarska/Aldrich 1980). For an excellent treatment of the concept of loyalty in long-standing union–party alliances and explicit application of Hirschman’s scheme to market reforms in Mexico, Venezuela, and Spain, see Burgess (1999).

17 The conceptualization of union–party exchanges as comprising two sets of bargains comes from Howell (2001).

18 A similar type of exchange existed in Latin America in the era of import-substitution industrialization.

positive results for both partners feeds union expectations that the party will reward them once the economic conditions improve. Thus, taking a short-term risk by cooperating might in fact be consistent with long-term union interests (Lange 1984: 106). In other words, a longer history of mutually beneficial exchanges, as Burgess puts it, allows for “the accumulation of reserves of loyalty that could be tapped in times of stress and replenished in times of prosperity” (1999: 110).

Naturally, an entirely different game emerges in case of a structural economic crisis when improvement can be expected only with a major restructuring of the economy. In this case, the party is likely to defect repeatedly. Regardless of how large the loyalty reserves might be, they are not inexhaustible. In times of “structural pessimism,” shared visions and political identities might simply not be enough to sustain cooperation unless they are accompanied by regular pay-offs. In this situation, both partners will weigh the benefits of staying in the relationship in its present form against those of relationship transformation (or even break-up), discounted for future uncertainties (Lange 1984). Parties, in particular, might become increasingly aware that they have miscalculated the benefits of a close relationship with the union. A prolonged structural crisis is likely to lead to divisions within organized labor as some groups will be more vulnerable to the inevitable reforms.¹⁹ The subsequent erosion of internal solidarity, the weakening of the unions and the increasing pool of new interests will enter the calculus of labor parties. Their costs deriving from being exclusively oriented to trade unions increase progressively. Union leaders, on the other hand, are likely to encounter pressure from their constituencies whose sense of betrayal will increase in proportion to the length of the crisis. Establishing a distance from the party that is undertaking painful reforms might be a rational strategy for union leaders who want to avoid being perceived as selling out labor interests. Regardless of whose initiative it might be, a growing distance between the traditional partners is the most likely scenario – indeed, it is one that has been encountered in various forms across Western Europe since the 1980s.²⁰

What is crucial here, however, is that even though in Western Europe union–party relationships might be transformed or formally ended, the products of these relationships might not disappear so quickly. Where unions have had a long, productive relationship with the party, union status is likely to be protected by legislation, procedures, or specific forms of participatory institution, none of which are likely to vanish

19 Streeck identifies five types of such intra-labor cleavages that are likely to occur between workers in weak and strong sectors, weak and strong firms, and large and small firms, in competing production units and between the “ins” and “outs” (1984: 310–313).

20 The degree to which the relationship weakens in individual countries is likely to be related to the partners’ relative sanctioning power. Several factors might play a role here, including party financing, union density, union fragmentation and competition, party competition, political alternatives for the unions, and so on.

overnight.²¹ It is precisely this “considerable inertia of developed and long-standing institutional structures” (Streeck 1984: 297) that provides a certain safeguard for the unions. Having this shield, the unions could embark on a search for strategic innovation that would strengthen their position and improve their chances in direct negotiations with employers.²² This is, for instance, what the Swedish unions have been trying to do by advocating “cross-class alliances” and “wage-earner feminism,” after the end of their collective membership in SAP (Howell 2001). In this sense, a formal divorce from the party does not have to be so painful. The unions might still believe that their initiatives would be more successful with a left government in power, and thus might continue to support the party in elections (Aylott 2002). Indeed, as Esping-Andersen (1999) has demonstrated, despite the weakening of formal union–party ties across Western Europe their strategic electoral alliances have remained largely stable.

But what happens if there is no long history of mutually beneficial relations? If, when faced with uncertainty, both party and unions are expected to take into consideration not only the current situation and the future prospects of the economy, but also their past experience, how will they react if such experience simply does not exist? What happens when bonds of loyalty are still relatively soft, and when there is yet no firmly established set of legal, procedural, and institutional safeguards that protect the unions in case the party repeatedly defaults on its promises? This is essentially the case of union–party alliances in postcommunist East Central Europe.

If loyalty is created through a long process of productive exchange, then postcommunist union–party alliances are likely to have poor reserves of loyalty. When such alliances are put under pressure of a protracted transformational recession, the likelihood of disloyal behavior increases. As the party might not be able to deliver the expected benefits to the unions, the unions might be less willing to exercise self-restraint (Ekiert/Kubik 2001; Osa 1998). This is what some students of postcommunism warned about at the beginning of the transition. When faced with increasing costs, so the argument goes, unions would either engage in strike activities or try to extract

21 Examples include the co-determination system, industry-wide collective bargaining, and active participation of union and employers’ organizations in labor law implementation or in administering unemployment benefit schemes. In light of the mounting pressures associated with contemporary economic and social challenges such institutions have become subject to increasing criticism. While it has been evident for some time that in order to overcome the crisis and improve competitiveness of national economies, the adjustment and transformation of these institutions is inevitable, their actual transformation has been only gradual. The long-established and solidly embedded institutional architecture of different West European economies proved difficult to reform over night. While many components of these systems are being gradually transformed, most of the core elements of the respective political economies are likely to remain in place for a long time to come. For a related discussion in the case of Germany, see Hassel/Williamson (2004).

22 This is certainly not to say that all unions are successful with such innovation.

material concessions from its political allies in government. Both actions would, in turn, pose a considerable danger to market reforms (Sachs 1993).

What these arguments overlook, however, is that the likelihood of disloyal behavior does not depend solely on the withdrawal of pay-offs, but also on the actual *balance of power* in the relationship. In other words, when the party repeatedly defaults on its promises, the affiliated unions are not likely to engage in disloyal behavior if they are in a significantly weaker position vis-à-vis their partners. The lack of a strong bargaining muscle on the part of the unions, therefore, creates an exceptional opportunity structure for the party leadership. In this situation, it will be the party rather than the unions which will have more incentive to behave disloyally.

Union weakness in postcommunism is attributable to objective factors, such as large-scale economic restructuring, dramatic erosion of membership, and fragmented, competitive union structures, but also to broader normative frames that are responsible for the negative image of unions. When these factors coincide with limited room for economic policy alternatives and the general catch-all character of political parties, the unions are not likely to have a considerable sanctioning power vis-à-vis their partners. By contrast to Western Europe where the parties depended much more on their union allies in the early stages of their relationship, it is the *inverse dependency relationship* that characterizes these alliances in postcommunism.

Due to such power asymmetries, the terms of exchange in these alliances are expected to be less favorable to the unions. In essence, the unions trade their quiescence and support for reform for not much more than a particular “vision of the future” outlined by the party (cf. Valenzuela 1991). As opposed to the early alliances in the West, the party is unlikely to offer immediate tangible benefits to labor. What the party might offer – to ensure that this deal is not only made, but that it also lasts – are small side payments (such as parliamentary and government positions) to union leaders. In a sense, this is a new game being played by the old rules: as in the transmission-belt model of unionism, union leaders are expected to ensure that their constituencies comply with economic reforms crafted by neoliberal technocrats in government ministries.

Effectively, the result is union subordination to the party, which is then likely to be directly transmitted to the process of national-level tripartite bargaining. Thus, by contrast to some West European countries where these alliances strengthened the role of unions in neo-corporatist policy-making, in the postcommunist context strong union–party ties are more likely to produce the opposite effect. De facto limited union autonomy goes against the principles of tripartite exchange as a process of bargaining between independent social partners. The situation is even starker when competing unions have diverse partisan identities. In this case, union political divisions are likely to impede constructive cooperation and further hinder social bargaining, thus obstructing the potential creation of legal and institutional safeguards for the unions.

The next section probes these arguments on the cases of Poland, Hungary, and the Czech Republic.

5 Protecting the workers or protecting the market?

With the collapse of communism, trade unions embarked upon various strategies that led to distinct national patterns in terms of their insertion in the new political system. Some unions chose to build strong alliances with political parties, thus focusing on parliamentary representation of their interests. Others rejected a direct engagement in politics and opted instead for direct bargaining with representatives of the state and employers within newly established tripartite institutions. In simple terms, labor leaders had to decide whether to focus on strengthening the political or the industrial role of their union. In what follows, I provide a brief analysis of the dynamics of three cases in East Central Europe in which labor leaders made different choices. To discern whether strong union–party alliances have been beneficial for the unions, I trace political processes and the dynamics of labor politics since the beginning of transition. Benefits for the unions are judged in terms of policy outcomes and the extent of actual union inclusion and influence in the policy-making process.²³ The analysis is in-

23 I assess whether links with parties have been beneficial for unions by looking at policy outcomes and the inclusiveness of the policy-making process rather than conventional indicators of union strength, such as union density and bargaining coverage, for two principal reasons. First, complete and comparable sets of data on union membership, density, and bargaining coverage since the beginning of transition are not available. The ILO and the EBRD have limited data on union density based on estimates, self-reported figures by union headquarters, and secondary sources, which seriously limits their comparability. EIRO, on the other hand, started reporting on these countries only in 2002. These data sets on union density and bargaining coverage start with 1999, and EIRO explicitly cautions against using these data for strict comparative purposes as they are derived from different sources, often present only estimates, and/or are calculated in different ways. Finally, large-scale surveys to determine union density have been done only for a very limited number of years (for example, World Value Survey [WVS] for 1995–1997; International Social Survey Program [ISSP] for 1996, 1998, and 2000; and European Social Survey [ESS] for 2002–2003) and they do not always cover the same countries (for example, WVS excludes the Czech Republic and Hungary, while ISSP does not offer data for Hungary and Poland in the 2000 survey). In general, though, these sources indicate that from close to universal membership during communism, by 2002 union density had dropped to approximately 30% in the Czech Republic, 20% in Hungary, and 10–15% in Poland. Second, dramatic drops in union density and bargaining coverage are related to a number of socio-economic changes associated with postcommunist transformation, namely drastic reductions of the public sector, an increasing share of small and medium-size private enterprises, the abolition of compulsory union membership, a negative image of unions in postcommunism, weak union recruiting strategies, and the weakness and slow formation of employers' organizations willing to enter into regular bargaining with unions. All these factors have contributed to the general weakening of unions in East Central Europe, and it

formed by a large number of secondary sources, public statements, party and union programs and documents, and a set of interviews I carried out with union representatives and public officials between 1999 and 2002 in Poland, Hungary, and the Czech Republic.

Poland

The politicization of unions in Poland is certainly unmatched elsewhere in East Central Europe. Both major union centers – Solidarity and the OPZZ – formed strong alliances with political parties. The Solidarity union was incorporated in the first democratic government and the union representatives had their own parliamentary group. Moreover, the charismatic union leader Lech Wałęsa won the first presidential elections. With the splintering of the Solidarity movement, the union even established its own party under the leadership of Marian Krzaklewski. This group was later to form the core of Solidarity Electoral Action (AWS) that won the 1997 parliamentary elections. In the meantime, the reformed successor union OPZZ crafted an alliance with the social-democratic SLD that won the 1993 and 2001 elections. Some OPZZ leaders received political appointments, while in the second parliament, more than one-third of SLD deputies were OPZZ representatives (Orenstein 1998).

Such extreme union involvement in politics led some to characterize Poland as a “unionocracy” which was bound to endanger economic reforms (Kubicek 2004; Ost 2004). However, a closer look reveals that strong alliances with political parties did not bring much to the unions. After fifteen years of transformation unemployment is hovering around 19%, while despite the growth of productivity, it took more than a decade for real wages to barely reach their 1989 level.²⁴ Notwithstanding the formal existence of the national tripartite institution, sporadic neocorporatist bargaining has always been problematic and has yielded hardly any significant gains for the unions (Avdagic 2005 forthcoming). Moreover, not only were the union leaders ineffective in using their political position to extract noteworthy policy concessions from the government, but paradoxically they frequently showed overwhelming support for neoliberal reforms.

would be difficult to disentangle their effects. While union political involvement might have had an effect on union density, it would be impossible to establish the extent to which union–party links have contributed to the decline in union membership. Thus, policy outcomes and the inclusiveness of policy-making processes can be considered to be more “direct” measures of benefits that unions can potentially derive from their links to political parties.

24 See European Commission, *Economic Forecasts for the Candidate Countries, Spring 2002* (European Economy: Enlargement Paper no. 9), European Commission, <http://www.europa.eu.int/comm/economy_finance/publications/enlargement_papers/2002/elp09en.pdf> (accessed February 5, 2004) and UNICEF (2003).

Despite the high visibility of union representatives in Polish politics, their direct influence on the design of reforms was minimal. During the Mazowiecki government, the task of economic policy-making was reserved for a small group of neoliberal technocrats led by Finance Minister Leszek Balcerowicz. It was this group that in cooperation with IMF experts designed the infamous shock therapy, which focused on radical stabilization and liberalization while leaving the design of a proper social safety net for later stages of the reform. The promises given to the unions during the Round Table talks, most notably regarding the indexation of wages and self-management provisions, were annulled overnight. Instead, the combined effects of price liberalization and a tight incomes policy resulted in a dramatic drop in real wages, while the cut in enterprise subsidies and a squeeze of domestic credit contributed to the rapid rise of unemployment.

Rather than objecting to such hardships, Solidarity union leaders surprised international observers and wholeheartedly supported the shock therapy. Wałęsa repeatedly assured union constituencies that the “pain of the Balcerowicz plan would last only three months” and that these measures were in the long-term interests of workers (Pollert 1999: 159). Whereas at that time the Hungarian and Czechoslovak governments had already established neocorporatist bargaining institutions, both the Polish government and the leaders of the Solidarity union argued that only a “market without adjectives” could solve their problems.²⁵

Their union having originated in the long struggle against communism, many Solidarity activists argued that any relaxation of the Balcerowicz plan would lead back to some form of undesirable state regulation. The initial market euphoria was so strong that the unions were soon portrayed as a “backward, retrograde class of yesterday” whose power needed to be curtailed if any progress was to take place (Kubicek 2004: 132). Indeed, at the first Solidarity Congress in 1989, even union president Wałęsa pointed to the dangers of strong unionism by giving a speech that would surely have bewildered his union colleagues in the West: “We will not catch up with Europe if we build a strong union.”²⁶

Given the strength of neoliberal discourse and the completely discredited Left, the Solidarity union leaders effectively acted as advocates of reform (Meardi 2002). Some of them did it out of conviction; many others became directors or even ministers overnight (Gortat 1994: 119). Only when the effects of the reform were widely felt did

25 One Solidarity activist eloquently expressed this unlimited support for the market: “In Poland’s return to Europe the economic and psychological revolution has to take place first, and this means nineteenth-century capitalism with its primitive accumulation of capital, exploitation and inequalities; then we can talk of the more modern forms of state and economic organization,” J. Surdykowski, “Between Democracy and the Polish Hell,” *Gazeta Wyborcza* no. 180 (1990), quoted in Kowalik (2001: 248).

26 Quoted in Ost (2004).

the Solidarity leadership come under attack from other unions (in particular the rising OPZZ) and eventually from its own rank-and-file who organized a series of strikes (cf. Merkel 1994). Pressured by rising discontent and with accusations of having betrayed its constituencies, the Solidarity leadership had no other option but to distance itself from the market discourse and finally to join in the protests. Consequently, the union leader Krzaklewski suddenly employed a completely different rhetoric: “We must stand for the union. Supporting a political party would result in a limitation of trade unionists’ rights or even the elimination of the union.”²⁷ The friction in the union–party alliance culminated in the vote of no confidence that finally brought the government down. But such determination on the part of the unions did not last long.

When the 1993 elections brought the Social Democrats to power, a similar dynamic of union subordination continued within the SLD–OPZZ alliance.²⁸ The fragmented Solidarity, at the same time, repeatedly declared ideological disagreements with both the new government and OPZZ, and refused to negotiate in the newly established tripartite council. Instead of focusing on industrial relations issues and trying to act like a ‘proper union,’ the Solidarity leadership once again chose to play a primarily political role. Convinced that the tripartite council could not be a sufficient domain for union representation, the Solidarity leadership concentrated their efforts on building a new “truly union-led political block,” AWS, which won the 1997 elections.²⁹ Sixty-two out of 199 AWS representatives in the parliament came from the Solidarity union.³⁰ However, far from keeping its promise to represent union interests, the AWS – an alliance between the union and over thirty small political parties – proclaimed itself a “right-wing patriotic” group standing for Christian values and free-market principles. Surprisingly for an alliance built around a trade union, there were no significant labor issues in the AWS electoral program. Moreover, the AWS formed a coalition with the Freedom Union, whose leader Balzerowicz once again assumed the post of Finance Minister and designed a new package of fiscal reforms, unfavorable to traditional union constituencies. In addition, the AWS initiated a number of legislative measures and significant restructuring efforts that would drastically reduce the mining sector and emasculate unions in the education and health sectors (Robertson 2004: 261). This time, it was the OPZZ which left the tripartite council, complaining about the government’s ideological hostility and unwillingness to negotiate with the social

27 Quoted in Jackiewicz (1996: 125).

28 Author’s interview with Juliusz Gardawski, Warsaw School of Economics and Institute of Public Affairs (Warsaw: November 7, 2002). See also Bartosz (1996). The findings of a 1994 survey indicate that almost 75% of union activists (both Solidarity and OPZZ) “saw it as part of their role as unionists to explain the rigors of market reform to the rank and file” (see Ost/Weinstein 1999: 13).

29 Author’s interview with Bogdan Kubiak, Presidium NSZZ Solidarity, National Commission Gdansk (Warsaw: November 4, 2002).

30 See *Foreign Labor Trends*, Washington DC: U.S. Department of Labor, 1997–1998, p. 11.

partners.³¹ At the same time, many Solidarity union leaders who simultaneously held political posts found social dialogue unnecessary because they believed that “they themselves represent sensitivities and imagination of society” (Páńków/Gąciarz 2001: 24).

By the end of the 1990s, 72 % of union members believed that Polish unions were ineffective in defending workers’ interests. Both unions were charged with excessive politicization and Solidarity leaders in particular were perceived as representing their own interests rather than the interests of the rank-and-file.³² By 2002, only about 6 % of the adult population in Poland belonged to a trade union.³³

Hungary

The strategies of the more fragmented Hungarian unions have not been so clear-cut. In contrast to Poland, the so-called independent anti-communist unions – most notably LIGA and MOSZ – were never particularly strong. Dominated by dissidents, the Hungarian anti-communist movement did not have such an encompassing character and correspondingly the unions’ role in politics was weaker than in Poland. However, ties between the unions and political parties did develop. MOSZ established links with the populist wing of the Hungarian Democratic Forum (MDF), and the MOSZ chairman entered the first parliament on the MDF ticket (Bruszt 1995). At the same time, LIGA, whose representatives participated in the Round Table talks, initially had strong informal links to the Alliance of Free Democrats (SZDSZ). The old official union center SZOT was reformed and divided into four new union confederations: MSZOSZ, SZEFE, ASZSZ, and ÉSZT. The largest of them, MSZOSZ, established a formal alliance, based on common “leftist values,” with the Hungarian Socialist Party (MSZP) (Rácz 1993: 662).

Given the limited size and relative weakness of the allied MOSZ, the first MDF-led government could not secure a broad endorsement of reforms through the same strategy as the Polish government.³⁴ Instead, deeply divided unions were invited to

31 Author’s interview with Ryszard Łepik, Vice-President of the OPZZ (Warsaw, November 6, 2002). See also “The Black Paper of Social Dialogue in Poland” (Warsaw: OPZZ, 1999).

32 Center for Social Opinion Research (CBOS), “Opinie o związkach zawodowych” (Opinions about trade unions) (Warsaw: CBOS, 2000), <<http://www.cbos.org.pl>> (accessed December 18, 2002).

33 See Gardawski (2002). For approximate union density levels in the EU and candidate countries, see Ladó (2002). According to the latter report, the 2002 union density levels in Poland, Hungary, and the Czech Republic were around 15%, 20%, and 30% of employment respectively.

34 Author’s interview with Csaba Öry, former President of LIGA (Budapest: July 12, 2002). Similarly, Imre Palkovics, MOSZ President and member of the MDF Parliamentary faction during

negotiate within the tripartite council, which according to some observers served as an important instrument of social peace (Héthy 1999; Ladó 1996). In the first four years of transition, the social partners regularly signed tripartite agreements, albeit mostly limited to incomes policy. At the same time, however, the relationship between the unions was highly conflictual due to the unresolved issue of redistribution of communist union assets (Bruszt 1995). While more tangible, material concerns were at the heart of these conflicts, they were often buttressed by arguments about ideological differences, albeit in a much milder form than in Poland. The government used this opportunity to exacerbate the conflicts by passing legislation on the redistribution of union assets aimed at weakening the biggest union MSZOSZ, which by then had developed strong ties to the increasingly popular socialist MSZP. Thus, even though the union conflicts initially mainly concerned organizational and financial matters, they eventually turned into an important political issue (Avdagic 2004, chap. 4).

When the MSZP won the 1994 elections, the president of MSZOSZ, Sándor Nagy, ran second on the Socialist party list. In the context of a deep economic crisis, many believed that the strong union–party alliance would provide a solid foundation for negotiations on a broad social pact. Indeed, such negotiations were initiated by the new MSZP-led government, but when they proved to be more complicated than expected, the idea of a social pact was abandoned. Under pressure from the worsening economic situation and internal government conflicts, the MSZP turned its back on the union and instead decided to rely on an expert group of so-called “pragmatic problem solvers,” most notably Finance Minister Lajos Bokros and President of the National Bank György Surányi (Inglist 2003: 227). The resulting set of shock-therapy measures, widely known as the “Bokros package,” was “introduced in a putsch-like manner” (Bozóki 2002: 104). Not only were the unions excluded from the design of the package, but the door was shut even to the representatives of the Ministry of Labor.³⁵ MSZOSZ’s president tried to convince dissatisfied union constituencies that there was no alternative to the austerity measures, which included a 12% cut in real wages and serious welfare retrenchment.³⁶ At the same time, the party leadership tried to justify their choice by arguing that “they had to introduce capitalism in order to be ‘real Socialists’ later on” (Bozóki 2002: 105).

A few months later, Sándor Nagy resigned from his union post. While he openly declared MSZOSZ’s disappointment with the failure of the socialist-led government to

the 1990–94 period, claims in an interview that the government simply could not judge the power of the divided unions, and therefore opted for tripartism (for this and a number of other interviews with Hungarian trade union leaders, see Polgár 2002).

35 Author’s interview with Mária Ladó, Director of EU Integration Department, Ministry of Employment and Labor (Budapest: September 21, 2002).

36 The idea of putting the union leaders in the service of selling the austerity measures to the rank-and-file was advocated by the neoliberal wing of the MSZP, led by László Békesi. See Andor (1996).

“stand up for leftist values,” observers generally maintained that his resignation was the result of pressure from union activists who had criticized Nagy for excessive political involvement and his failure to properly represent union interests.³⁷ Still, there was no reversal of the austerity measures as a “monetarist, modernizing wing” of the MSZP took the lead by propagating “Europeanization,” “Westernization,” and “catching-up” (Bozóki 2002: 104–115). The weakened and divided unions posed no obstacle when the subsequent right-wing government – which regularly portrayed unions as a “Bolshevik travesty”³⁸ – introduced legal changes that drastically reduced the role of the tripartite council, thus effectively excluding the unions from the most important areas of economic policy-making.

Czech Republic

Finally, the Czech union leadership chose the strategy of political non-alignment. The major trade union center ČSKOS was established on the ruins of the communist union organization. However, while the union leadership was replaced, the confederation largely retained its former structures, as well as considerable material assets. Rather than establishing ties with political parties, the union leadership consistently promoted depoliticization.³⁹ This choice was made for two primary reasons. First, the leadership perceived political independence as the only way to get rid of the communist image and build a modern union. Second, the parallel experience of Solidarity convinced the leadership that strong alliances with a party would almost certainly lead to union subservience.⁴⁰ The unions supported the market reforms, but insisted on strong safeguards in the transitional period, which were to be formulated through “negotiations and agreement without ‘grandiose gestures and empty phrases’” (Myant 1994: 65).

37 Zsófia Szilágyi, “Head of Largest Hungarian Trade Union Federation Quits,” *OMRI Daily Digest*, no. 204 (October 19, 1995), available at <<http://www.omri.cz/OMRI.html>>.

38 Author’s interview with Dimitrina Dimitrova, Senior Workers’ Specialist, ILO-CEET (Budapest: May 12, 1999). See also “The Activity of the Orbán Government – As Trade Unions See It” (Budapest: LIGA, 1999), and MSZOSZ’s 2000 report “Evaluation of the Economic and Social Situation in Hungary” (Budapest: MSZOSZ, 2000).

39 While ČMKOS has had a productive relationship with the Social Democratic party, no formal links between the two organizations have been established. For a clear statement of the union’s insistence on political independence, see *ČMKOS Program for 1998–2002* (Prague: ČMKOS, 1998). It is also worth noting that the new statute of the Czech tripartite council (RHSD) applies the criterion of political non-alignment of the social partners as one of the main determinants of whether a group is representative or not. See Human Development Report (1999).

40 Author’s interview with Zdenek Málek, ČMKOS Vice-President (Prague: November 18, 2002).

Initially, the union's insistence on tripartite negotiations was not welcomed by some members of the government, especially the neoliberal Finance Minister Václav Klaus. However, unlike in Poland and Hungary, a group of politicians that had more affinity with social-democratic values – namely Prime Minister Marian Čalfa and Minister of Labor Petr Miller – had the upper hand. The first tripartite agreement presented a comprehensive social pact which rested on a low-wage and low-unemployment compromise, providing an important foundation for the overall transformation strategy in the Czech Republic.⁴¹ In addition, unions secured largely favorable labor legislation and the right to supervise and administer the implementation of active labor market policies, which significantly contributed to sustaining relatively high employment levels (Avdagic 2005; Orenstein 1996; Stark/Bruszt 1998).

After the Velvet Divorce from Slovakia, the Czech unions were subjected to more open pressure by the new government led by Václav Klaus. However, the broader legitimacy that the unions had earned since the beginning of the transition, as well as the readiness of the union leadership – in particular Richard Falbr, who was sometimes even referred to as “Father of the Workers” – to lead the protests against further welfare cuts, as well as against legislative attempts to curtail union bargaining rights, worked against the Klaus government.⁴² Faced with the worsening economic conditions, growing union assertiveness, and public approval of union actions, the government promised an extended role for tripartism and offered its support for the implementation and enforcement of tripartite agreements.

In 1997, around three-quarters of employees expressed their confidence in their union. The number of those in the general population who saw unions as either essential or necessary rose from 75 % in 1994 to 82 % in 1997 (Hála et al. 2002: 56, 22). With the formation of the social democratic government, ČMKOS further strengthened its role in the tripartite council. A large-scale survey undertaken in 1999 indicates a rather high level of confidence in the unions (42.5 %), considerably higher than the confidence expressed in either parliament (31.4 %) or the government (33.2 %) (Večerník 2001: 50).

41 While wages were initially set low, real wages grew steadily and reached their 1989 level as early as 1996. In contrast, neither Hungary nor Poland regained 1989 wage levels during the 1990s. At the same time, unemployment rates in the Czech Republic were exceptionally low: unemployment remained under 4% in 1997, and even after the financial crisis unemployment remained at single-digit levels, roughly comparable to Hungary. For more precise data, see UNICEF (2003).

42 Author's interviews with: Vít Samek, Advisor to the Minister of Labor and Social Affairs (Prague: November 20, 2002); Martin Potůček, Center for Political Science, Charles University (Prague: November 18, 2002); and Jiří Večerník, Institute of Sociology, Czech Academy of Sciences (Prague: November 18, 2002). For a more systematic analysis of union–government interactions in the Czech Republic, including a detailed account of legislative and policy proposals put forward by the ODS–ODA government, see Avdagic (2004b, chap. 6).

6 Conclusions

By juxtaposing the historical development of the relationship between trade unions and political parties in Western and East Central Europe, this paper reveals variations in the nature and outcomes of union–party alliances. I have argued that in contrast to traditional union–party alliances in Western Europe, postcommunist alliances are not only considerably different, but also work to the detriment of labor.

The argument presented here underscores the importance of a long experience of mutually beneficial exchanges that reinforce loyalty and trust between unions and their political allies. Economic imperatives are always an important challenge to union–party alliances. However, the way in which these challenges impact such alliances varies according to the duration of a productive relationship. In those West European countries where such relationships have been historically strong, loyalty tends to be greater. Moreover, in such relationships the unions were able to secure important institutional, legal, and procedural safeguards that provide a cushion in times of prolonged crisis when loyalty wears thin. In postcommunist East Central Europe, the absence of historically strong alliances indicates low levels of loyalty and trust to start with. In such conditions, the response to market challenges depends mainly on the balance of power between the partners in the alliance. Due to the weakness of unions in postcommunism, it is the parties, rather than the unions, who default on their promises under the pressure of market reforms.

This is not to say that contemporary union–party alliances in Western Europe are without problems. Indeed, as the paper documents, these alliances nowadays are a far cry from the Keynesian era and the golden days of political exchange. Thus, in a way, ECE unions had the misfortune not only to enter the democratic system with their own crisis-ridden economies, but also at a time when West European unions had already started their retreat under pressure from globalization, competitiveness, and welfare state retrenchment. In many respects, therefore, the contemporary alliances in both parts of Europe share many similar challenges. But while West European unions could still hold on to a set of well-entrenched institutions, laws, and procedures which, while changing, are unlikely to disappear overnight, the prospects for ECE unions look much more dramatic since they are encountering strong pressures in the absence of such firmly-embedded institutional arrangements.

In such a situation, this paper argues, one of the key factors influencing the fate of unions in ECE was the choice their respective leadership made with regard to establishing or abstaining from formal alliances with political parties. While undoubtedly postcommunist transformation has weakened unions everywhere across ECE, leadership choices have in an important way influenced the amount of sacrifices borne by the unions. As a test of plausibility, I have presented empirical evidence from the three leading reformers – Poland, Hungary, and the Czech Republic – in which the strength of union–party alliances varies. The findings support my argument. Where the unions

established strong alliances with political parties (most notably in Poland, and to a lesser extent in Hungary), the union leaders were regularly co-opted and unable to extract tangible concessions for the rank-and-file. Where the union leadership kept its distance from political parties and made the neo-corporatist framework the main arena of their national-level activities (as was the case in the Czech Republic), the unions managed to secure more favorable policy and legal provisions. Moreover, the findings indicate that excessive politicization of unions hinders the institutionalization of tripartite bargaining. The case of Poland illustrates best how strong union–party ties obstruct the process of independent social bargaining as union leaders simultaneously represent two sides with potentially conflicting interests: the government and their own rank and file. Further research is needed to explore the extent to which these propositions hold in other countries of East Central Europe.

Another avenue of research that deserves attention concerns cross-national divergence with regard to the strength of union–party ties. By focusing on the consequences of these ties, this paper pays little attention to the underlying causes of such variation. In order to understand different preferences and strategies of union leaders, but also of political entrepreneurs within the parties, one would need to explore the importance of the following factors: specific experiences of communism, in particular regime–opposition dynamics; pre-war legacies, especially the level of socio-economic development and the length of democratic experience; the character of party systems and the main issues of programmatic competition in the new democracies; the structure of labor movements and inter-union dynamics; variation of economic-structural attributes; and the role of international agencies in structuring policy choices.

Finally, the analysis presented in this paper raises the question of sustainability of postcommunist union–party alliances. Will the ongoing economic pressures deepen the frictions within alliances and eventually lead to break-ups, as was the case in Spain? What are the prospects for political learning on the part of trade unions? Are politicized unions likely to abandon or downplay their partisan strategies in favor of more flexible, capacity-building efforts? Will EU entry and EMU requirements facilitate a stronger reliance on tripartite institutions as instruments of consensus building? While no conclusive answers can be given at this point, there are some indications that such political learning might be taking place. In Poland, for instance, both Solidarity and OPZZ recently publicly acknowledged that their direct involvement in politics has not been successful. Even though their ties to the parties have not been severed, the unions have indeed minimized active participation in politics. However, it is debatable whether these initiatives are the product of independent political learning. What seems more likely is that they are a by-product of growing horizontal competition, most notably from the newly established confederation, Forum, that represents those critical of the partisan strategies followed by the two unions. At present, it is questionable whether these developments will lead to a reversal of the established mode of unions' political insertion.

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