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## Explaining Labor Quiescence in Post-Communist Europe: Historical Legacies and Comparative Perspective

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(comments most welcome)

### Abstract

Studies on the changing labor relations *in* post-communist countries have flourished in recent years, such that a review and analysis of what has been reported is overdue. Yet, interestingly, these studies have not reached a consensus on what they seek to explain. Indeed, some of the main questions remain under contention. First, is labor in post-communist societies weak, or (in at least some countries) strong? What should the referent be in determining strength or weakness? To the extent labor is weak, what would explain this weakness? If labor's power varies throughout the region, what would explain this variation? There have been a number of answers posed to these questions to date, but not a thorough testing of rival hypotheses. This paper will demonstrate, using a variety of measures, that labor is indeed a weak social and political actor in post-communist societies, especially when compared to labor in western Europe. This general weakness is rather surprising when one examines it against the now considerable economic and political diversity that exists in the post-communist world. The paper will then examine a number of hypotheses that have been proposed to explain labor's weakness, concluding that the institutional legacies of post-communist trade unions, and the ideological legacy of the discourse of class, best explain this overall weakness. However, the concept of legacy is itself found wanting, since it is unable to account for the extent of this weakness or the trends that have occurred in the region over time.

As the EU moves to expand into several post-communist countries, the transformation of industrial relations in eastern Europe becomes increasingly important. To what extent are eastern European unions and workplaces like those in western Europe, and to what extent are they distinct, and what might the consequences be for a broader Europe? This paper will argue that while labor around the world is on the defensive, workers in post-communist societies are facing unique dilemmas. Moreover, labor's quiescence in post-communist societies has important implications for these countries as they seek to further integrate themselves into the global economy and attempt to consolidate their fledgling democracies.

Studies on the changing labor relations in post-communist countries have flourished in recent years, such that a review and analysis of what has been reported is overdue. Yet, interestingly, these studies have not reached a consensus on what they seek to explain. Indeed, some of the main questions remain under contention. First, is labor in post-communist societies weak, or (in at least some countries) strong? And strong or weak compared to what? To the extent labor is weak, what would explain this weakness? If labor's power varies throughout the region, what would explain this variation? There have been a number of answers posed to these questions to date, but not a thorough testing of rival hypotheses.

This article will demonstrate, using a variety of measures, that labor is indeed a weak social and political actor in post-communist societies, especially when compared to labor in western Europe. This overall weakness in the region is rather surprising when one examines it against the now considerable economic and political diversity that exists in the post-communist world. It will then assess the effectiveness of several arguments that have been proposed to explain labor's weakness, concluding that the institutional and ideological

legacies of the communist period best explain this overall weakness. However, the concept of legacy is itself found wanting, since it is unable to account for the extent of this weakness or the trends that have occurred in the region over time.

While just a few years ago one could argue that “this has been a relatively neglected area of research,” (Thirkell, et al, 1998: preface) this statement no longer rings true. As such concepts as globalization command greater attention worldwide, there has now been a flowering of studies focusing on changing labor relations in post-communist countries.<sup>1</sup> Yet these studies have not reached a consensus on what they seek to explain. Let us briefly examine some of the points of contention.

First, is labor a weak actor in post-communist societies overall, or is labor, in at least some of these countries, rather strong? While the majority of these new studies point to labor weakness,<sup>2</sup> some argue that relative strength is the most compelling finding. Ekiert and Kubik conclude that at least in the early post-communist period, “collective protest in Poland was intense,” as “[w]aves of strikes swept through entire sectors of the economy” (1999; Seleny, 1999; Osa, 1998). Others argue that the “the hallmark of labor mobilization in post-communism is variation not uniformity. Indeed, there has been enormous variation” (Robertson, 2001).

Regarding corporatist institutions, which virtually all post-communist societies have tried to establish, there is considerable disagreement as well. Some have referred to “transformative corporatism” (Iankova, 1998), while others have argued that corporatism in the region is “illusory” (Ost, 2000). There is even disagreement on some basic empirical points:

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<sup>1</sup> Crowley and Ost, 2001; Ekiert and Kubik, 1999; Greskovits, 1998; Iankova, 1998; Kubicek, 1999; Meardi, 2000; Orenstein and Hale, 2001; Ost, 2000; Pollert, 1999; Robertson, 2001; Thirkell, Petkov, and Vickerstaff, 1998. There are a number of other studies, particularly those that focus on single countries.

<sup>2</sup> Crowley and Ost, 2001; Greskovits, 1998; Kubicek, 1999; Meardi, 2000; Ost, 2000; Pollert, 1999; Thirkell, Petkov, and Vickerstaff, 1998.

whether, for example, the trade union movements in such countries as Russia and Hungary are centralized or fragmented.<sup>3</sup>

While some of these disagreements result from different points of reference (weak, or fragmented, compared to what?), the question of comparative reference has been precisely the shortcoming of a number of these studies. Even among those who argue that labor is indeed weak throughout the region, it is unclear how this weakness is being measured, or to what this relative weakness is being contrasted, other than the expectation of significant labor mobilization. A number of studies are focused on single countries, while other studies of labor in post-communist societies base their conclusion on the comparison of between two to four cases, quickly running into the well-known problem of more variables than cases (Ekiert and Kubik, 1999; Pollert, 1999; Iankova and Turner, 2000; Robertson, 2001).

Indeed, some of the best studies have limitations along these lines. Greskovits (1998), while making fruitful comparisons between Latin America and eastern Europe, omits countries from the former Soviet Union, and largely relies on the Hungarian case for empirical conclusions. Ekiert and Kubik, while compiling a considerable database of protest activity, confine their study to four countries and the years 1989-1993. While such limitations are understandable given the arduous task of data collection, it is time to test their findings beyond these specific time and places.

This focus on a relatively few cases would help explain why a rather large number of explanations have been proposed for labor's relative weakness. In fact, there have been at least five broad types of explanations proposed by various scholars to explain the weakness

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<sup>3</sup> For studies that draw opposite conclusions about Russian trade unions, see Robertson, 2001, and Chen and Sil, 2001. A discussion of the Hungarian case will follow.

of post-communist labor (these will be expanded upon in the sections that follow).<sup>4</sup> The first concerns the corporatist institutions mentioned above. The second type of explanation we might call union competition: unions will be more militant when there are a number of unions competing with each other for members and resources. A third type of explanation is based on the economic theory of strikes, which are said to be more difficult in conditions of economic downturn and high unemployment. A related, and fourth type of explanation points to the use of individual “exit” rather than collective “voice.” A final explanation for labor weakness in post-communism has relied on the notion of legacy, especially the institutional legacy of trade unions created in the communist period, and the ideological legacy of a regime that ruled in the name of the working class as a hindrance to worker action, and even identity, in the post-communist setting.

These various explanations are potentially complementary, and no single explanation need be, nor likely is, able to explain the phenomenon of labor weakness on its own. Nevertheless, this is a large number of potential explanations, arguably the result of relying on a few cases. This paper will attempt to survey a broader range of post-communist cases, allowing for the elimination of some of the explanations that have previously been proposed. While there are inevitable tradeoffs in such an approach – the richness of individual cases is lost, and we risk blurring distinctions that might be made with a more limited focus – the potential gain of narrowing down this list of explanations is well worth taking.

Is labor a weak political social actor in this part of the world? Just a few years ago many social scientists were predicting just the opposite. This argument was certainly made by those studying the developing world and the political economy of economic reform (Prze-

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<sup>4</sup> A sixth type of explanation focuses on the political alliances of unions, and has elsewhere been called political exchange theory (Franzosi): unions become restive when their political partners are in opposition, and less so when their political

worski 1991: 182; Haggard and Kaufman, 1995: 269; (Walton and Seddon, 1994; see the discussion in Greskovits). While most of these conclusions were based on evidence from the Third World, especially Latin America, others focusing on the former Second World made similar predictions. Not least because of Poland's Solidarity movement and its central role in ending communism, the assessment of workers as powerful social actors carried over into the post-communist era, and this assumption was implicit in the arguments for both radical and gradual economic helped shape strategies of economic transformation (Crawford, 1995: 27-28; Poznanski 1995: 220 219).

To these initial expectations of labor unrest, we must add that the economic hardship following the end of Communism has been much greater than almost anyone expected – in eastern Europe rivaling the Great Depression, and in much of the former Soviet exceeding it (Milanovic, 1998:6).<sup>5</sup> Concerning workers in particular, during this transition depression the real wage bill was cut by approximately one-third in eastern Europe and one-half in the former Soviet Union; “both cuts are larger than those experienced by labor in major countries during the Great Depression (Milanovic, 1998: 29-30). All of which leads to the following question: What has labor's response to these changes actually been?

### **Labor's Minimal Response**

One simple measure of labor's strength is the rate of union membership, or density. Other things being equal, one would expect that higher union density would indicate a stronger labor movement (Golden, Wallerstein and Lange, 1999). Union membership rates have dropped precipitously in post-communist societies (Kubicek, 1998). In recent years

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partners are in power. Solely for reasons of space, it will not be discussed further here. For full discussion of this argument see Crowley, 2002.

<sup>5</sup> While official figures may fail to capture informal economic activity, other measures put the decline at only slightly lower levels (Milanovic, 1998: 26).

union density has dropped in many places throughout the world, yet nowhere more so than in eastern Europe: in western Europe the number of union members declined between 1985 and 1995 by 15.6 percent; in eastern Europe and the former Soviet Union membership declined by 35.9 percent (ILO, 1997:2, 238).<sup>6</sup>

Yet clearly the decline in unionization rates in once-communist countries is to be expected. Union membership was quite high in the communist period, and in some cases virtually mandatory. With this in mind, declining union density appears inevitable, and one might argue that the former communist countries are simply converging to the west European norm. Indeed, Thirkell et al. argue that post-communist unions are now “close to the western realities of pluralism. As for the levels of unionization, it comes closer to the standards of the Scandinavian and north European countries” (Thirkell, Petkov and Vickerstaff, 1998: 86). And according to the ILO data shown in figure 1, unionization rates are still higher in post-communist countries than in western Europe: as of 1995, average union density for these west European countries was 36.8 percent; for post-communist Europe average density was 43.8 percent (ILO, 1997).

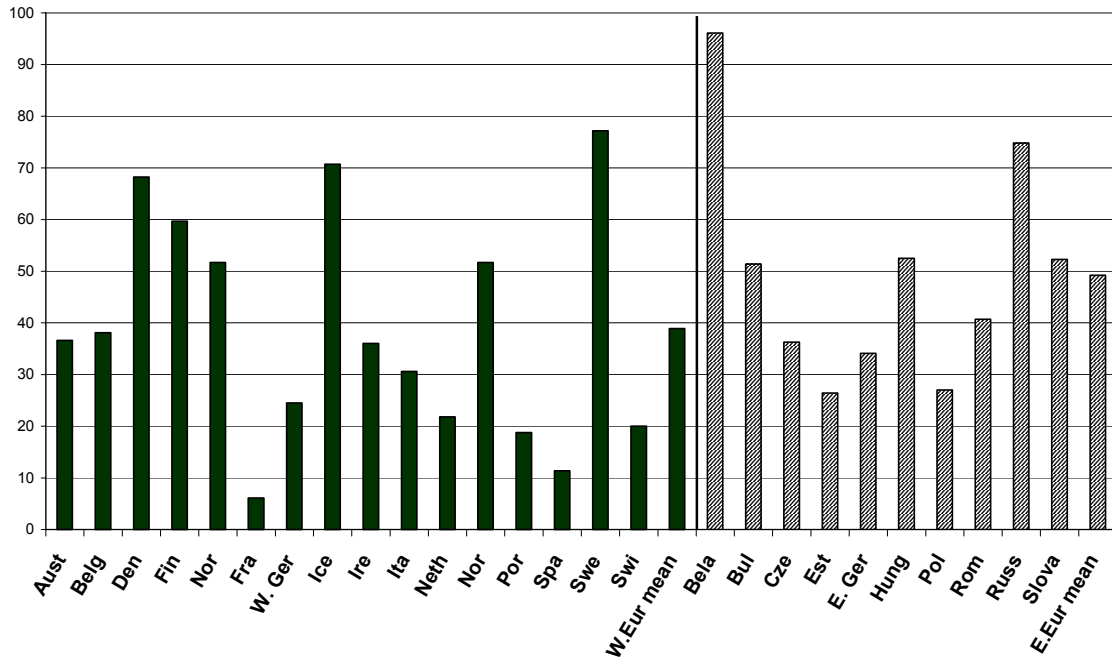
Yet the argument for convergence in union density relies on questionable data. The ILO figures largely rely on numbers reported by trade union federations themselves. Survey results suggest these figures are inflated: for western European, union density drops from 38.9 percent with self-reported figures to 34.5 percent using survey data (see fig. 2). However, according to survey data the density rates for post-communist countries not only drop, they drop precipitously – from 49.2 percent according to the self-reported figures to 29.6

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<sup>6</sup> For Bulgaria and Romania, the years of comparison were 1991 and 1993; For Slovakia and the Czech Republic, the years were 1990 and 1995.

percent according to survey results (Ingelhart, et al, 2000; Howard, 2002).<sup>7</sup> This is close to a 20 percent differential between the official and the survey results.

**Fig. 1: Union Density, Official Data**



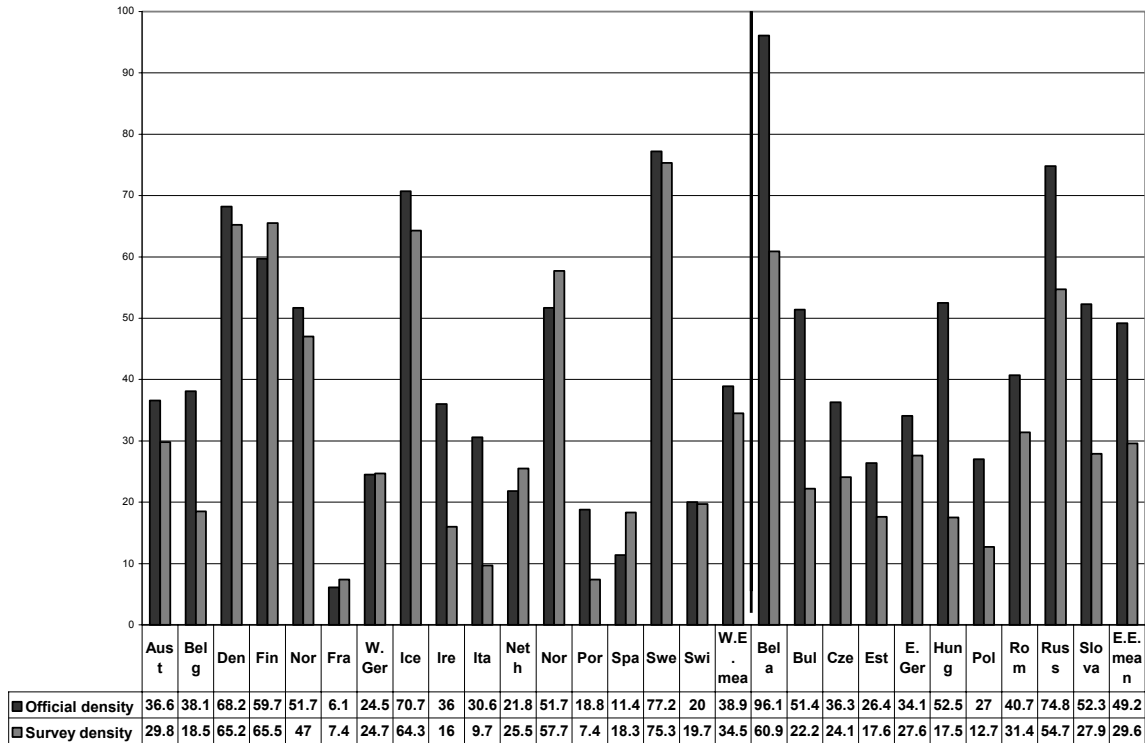
There are several other points worth noting about the east European union density figures (see fig. 2A). First, and rather surprisingly, Poland is the least unionized of those post-communist countries surveyed (and a close second to Estonia according to the ILO data). Second, only the post-Soviet states of Belarus and Russia have density figures that are higher than the west European average. Moreover, as we will discuss below, since trends in union membership do not bode well for labor, the density rates have almost certainly declined further since these surveys were completed in 1995-1997. And yet, despite starting from much higher union membership rates, within a few years post-communist societies

<sup>7</sup> Howard (2002) reports a lower figure of 19.6 percent for post-communist union membership, but I have adjusted the survey data so it reflects only the non-agricultural labor force.



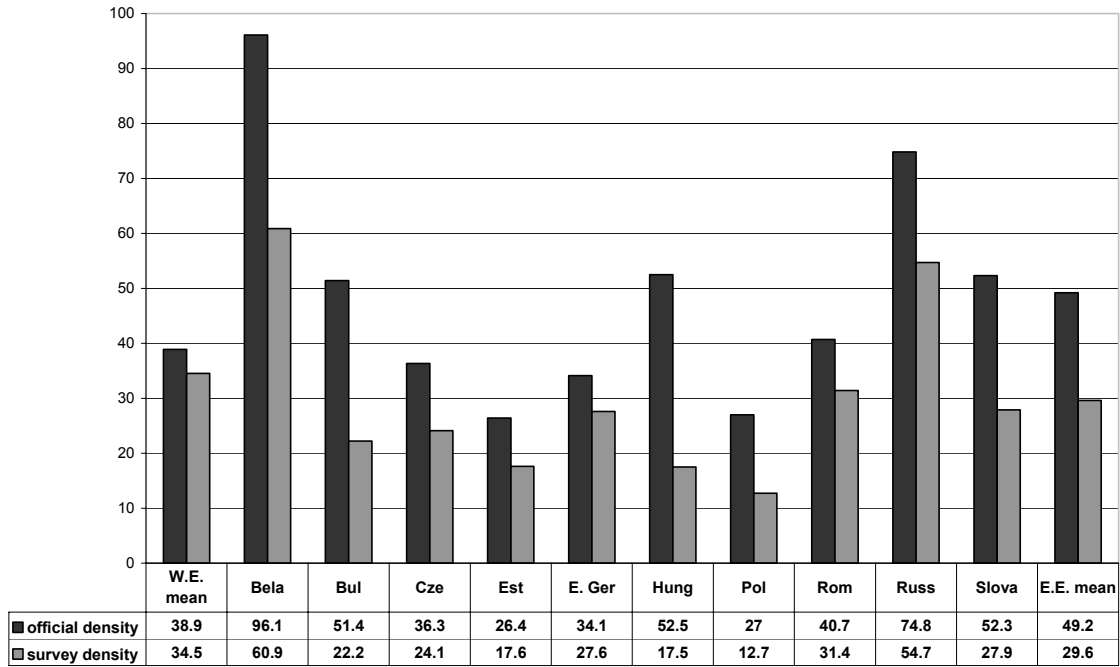
were already at lower average density rates than their west European counterparts. Far from converging to west European norms, post-communist countries have overshot the mark, and appear headed towards Anglo-American levels of union density.

Figure 2: Union Density, Official and Survey Rates



However, unionization rates can only tell part of the story. Another logical place to look for signs of labor militancy or quiescence is strike activity. Intuitively at least, given the extent of the transition depression, one would expect to see signs of labor unrest and strike activity in the region, if not universally, then at least in certain countries or sectors.

A good indicator for making cross-national comparisons of strike statistics is relative volume, or the number of workers involved in labor disputes, relative to the total number of

**Fig. 2A: Union Density, Official and Survey Data**

workers employed (cf. Shalev, 1992). Figure 2 shows the rates of strikes thus measured for western and eastern European countries for which there is comparable data.<sup>8</sup>

The results are rather surprising. The unweighted average strike rate for these west European countries is 116 days not worked per thousand workers per year. The comparable figure for east European countries is twenty-one.<sup>9</sup> Certainly there is great variation in the strike rates for west European countries. What is most surprising is that even the most strike-prone east European countries come nowhere near the strike rates of the most strike-prone west European countries.<sup>10</sup>

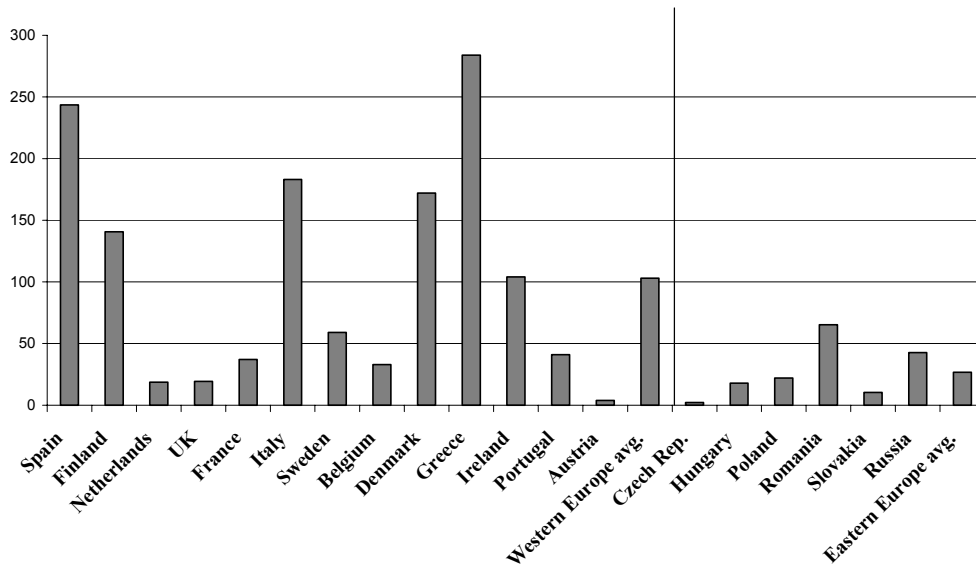
<sup>8</sup> Exact comparisons between countries are difficult since different methods are used for compiling statistics. Nevertheless, the difference between western and eastern Europe are large enough to suggest a real difference in the phenomenon being measured. As Shalev (1992) notes, the limitations of strike statistics well-known, but so is the equally well rehearsed reply – they are better than nothing. In her discussion of the Russian case, Javeline (forthcoming) finds that survey evidence supports the general parameters of the official strike data.

<sup>9</sup> The figures for western Europe are from 1989-1998, and for eastern Europe for 1991-1999, though data are missing for some countries in some years. (ILO, 2000a; Davies, 2000.)

<sup>10</sup> In their study of protest events in four east central European countries, Gregorz Ekiert and Jan Kubik found that “the magnitude of protest *is by and large lower than in more established democracies*” (1998: 573, original emphasis). Since their study relied on the content analysis of newspaper accounts, it provides another indirect support for the general shape of the strike data. Moreover, since their study looked at protest generally, their findings suggest that quiescence is not confined to workers, a conclusion that might also be extended to civil society generally (Howard, 2002).

Moreover, the finding of labor quiescence among industrial workers is furthered when we break down the strike data by sector. In Russia, which has the highest strike rate in the region, a majority of those on strike have been teachers. More precisely, from 1992-1999, 54 percent and 56 percent of strikes when measured by days not worked and workers involved respectively, took place in the education sector (ILO, 2000a).

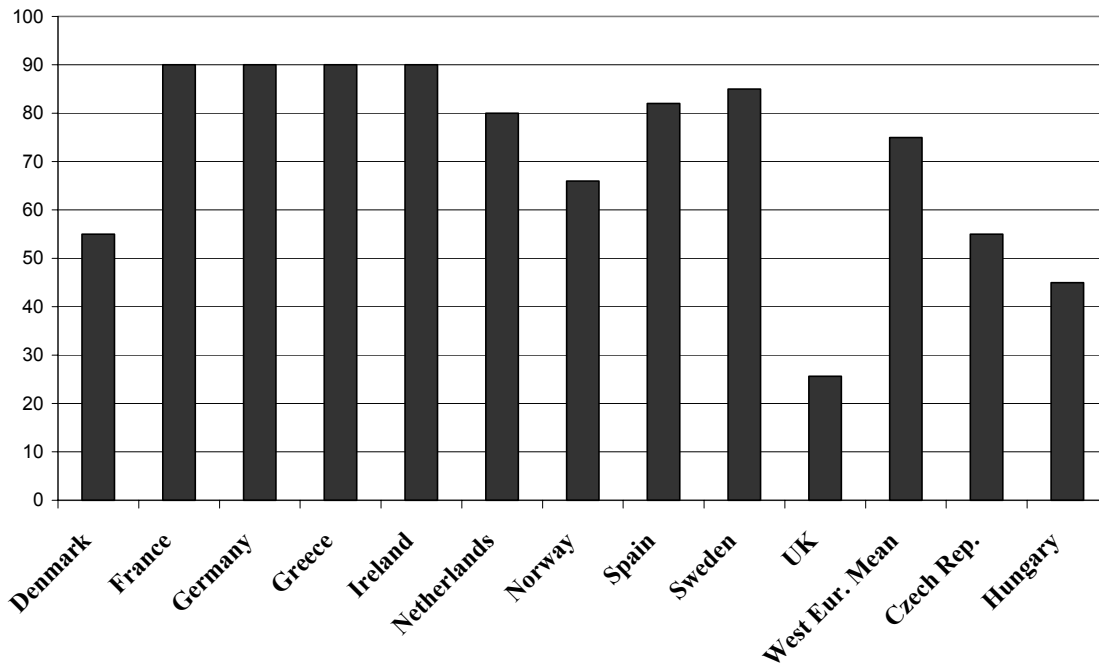
**Fig. 3: Strike rates, days not worked per thousand workers, 1990-00  
Western Europe and Eastern Europe**



In addition to union density and strike rates, there are a number of other signs of weakness as well: there was a sharp decline in real wages throughout the region over the last decade, and while wages have since risen in many countries, wages are still quite low in comparative terms, even for those countries slated to join the EU in the near future (Havlik, 2000). Just as staggering has been the decline in the number of employees covered by collective bargaining agreements, a trend that is significant since “substantial declines in union coverage would indicate an erosion of the ability of trade unions to influence wage levels” (Golden, Wallerstein and Lange, 1999: 202). While collective agreements were virtually com-

pulsory if fairly meaningless in the communist period, one hope was that these agreements might be filled with real meaning in a market economy. Yet by 1995 the percentage of employees covered by such agreements had declined to 55 percent in the Czech Republic and 45 percent in Hungary (see fig. 4). The comparable figure for available west European countries was 75 percent (ILO, 1997: 248).<sup>11</sup>

**Fig. 4: Collective Bargaining Coverage Rates (1995)**



Even these figures appear misleading when probed more closely. A recent study by Laszlo Neumann (2002) of collective bargaining in Hungary finds that agreements cover 51 percent of Hungarian employees in the private sector, a higher percentage than that in fig. 4. Yet when these agreements were investigated further, it was discovered that 80 percent of the agreements were at the company level, roughly opposite of the experience of continental western Europe (where most agreements are still made at the sectoral if not the central

<sup>11</sup> In Germany collective bargaining rates have declined as well, according to one study to 70.1 percent of all employees in 2000, still about the west European average cited here. In east Germany the coverage was significantly lower, at 55.4 per-

level). Moreover, in Hungary “many company agreements are far from being real negotiated agreements, but are either defined unilaterally by employers or, following state socialist traditions, simply repeat the law” (Neumann: 12). Further still, in 37 percent of Hungarian collective agreements, there is no stipulation for wages. Since this would appear to make the Hungarian collective bargaining system more like the U.S. model than that of most other advanced capitalist economies, Neumann follows the practice of U.S. industrial relations studies and examines the union wage gap, or the wage premium that, after controlling for sector and occupation, unionized workers receive over their non-unionized counterparts. In the U.S. the wage gap is typically somewhere between 5-25 percent. In Hungary, the gap is a mere 3-5 percent, suggesting that, on the issue of collective bargaining, even when the point of comparison is the U.S., Hungarian unions don’t fare well.

More broadly, case studies of individual countries focusing on the question of labor strength and weakness have reached similar conclusions (Crowley and Ost, 2001). While there is variation in labor mobilization within post-communist countries, the available suggests that the most important variation is that between eastern European and western European norms. In short, labor does indeed appear to be a weak social actor in post-communist Europe. The question we must now address is why.

As we have seen, a number of explanations have been proposed to account for labor weakness in post-communist societies. Given space limitations, we can only present a cursory discussion of these arguments here, since to fully discuss their merits would require a full-length article in each case. Nevertheless, we intend to present enough discussion to justify the claim that the impact of communist-era legacies better explain the phenomenon of labor weakness than the other proposed explanations.

## Post-Communist Corporatism

In interpreting the indicators of labor weakness we have just seen, some might argue that such figures as strike rates can be interpreted in a number of different ways. A low strike rate might not be a sign of the weakness of organized labor, but rather a sign of strength (Kelly, 1998: 10). Several of the western European countries in figure 3 have relatively low strike rates, in some cases lower than the average for eastern Europe. The traditional explanation for low strike rates in certain western European countries is the strength of those countries' corporatist institutions (Wallace and Jenkins, 1995; Schmitter, 1981; Cameron, 1984).

Post-communist societies explicitly sought to build corporatist institutions, in no small part from their desire to "join Europe." Indeed, throughout eastern Europe tripartism — the institutionalized intermediation of the interests of labor, capital, and the state — "has become a regular feature of the social landscape" (Ost, 2000: 504). The issue of corporatism is a crucial one, not only because applicant countries to the EU want to be seen as adopting European institutions, but because the future of "Social Europe" rests to a considerable extent on the quality of interest representation among its new entrants.<sup>12</sup>

Not only have tripartite institutions been widespread in the region, the question of corporatism has been the most widely discussed aspect of labor relations in post-communist countries. Given this extensive literature, we will review it only very briefly here, and will focus on changes over time in tripartite institutions, to ask whether such changes have resulted in changes in labor peace or mobilization.

A number of commentators have argued that tripartism has indeed contributed to labor peace in the region (Hethy, 1994; Iankova, 1998). Iankova and Turner (2000) argue

that, despite setbacks, tripartism has “helped shape the coming of markets everywhere in eastern Europe, in processes we call ‘transformative corporatism’.”<sup>13</sup> Hungary in particular has been cited as a strong case of corporatism: Kornai (1996, cited in Ekiert and Kubik, 1998) referred to tripartism as a second government, while Hethy (1995: 92) characterized it as a rival to parliament.

Such statements notwithstanding, the majority of the studies of post-communist corporatism have found these institutions to be rather weak and ineffective. Indeed, the language used is often quite strong: corporatism in the region has been described as “paternalist” (Tatur, 1995), “illusory” (Ost, 2000), and a “sham” (Rutland). Rather than leading to social democratic outcomes, the process has been described as “fragile tripartism subordinate to neo-liberal dictates” (Pollert, 1999: 165) and a “political shell for a neo-liberal economic strategy” (Thirkell, Petkov and Vickerstaff, 1998: 166).<sup>14</sup>

Ekiert and Kubik, in what is certainly the most impressive empirical study of protest in post-communism to date, tackle the question of why Poland appears so much more strike prone than Hungary (1998; 1999; see also Seleny, 1999). They argue that protest is a rational response to lack of access, such as the lack of corporatist inclusion, and they hypothesize that one could expect fewer strikes where there is institutionalized tripartism. They argue quite plausibly for the period of 1989-1993 that the difference between strike-prone Poland and quiescent Hungary is a social democratic party and institutionalized access to policy-making in the latter case, but not in the former. Moreover, Poland’s strike rates drop dra-

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<sup>12</sup> Iankova and Turner (2000); Kowalsky (2000).

<sup>13</sup> See also (ILO, 1997). A more equivocal account of corporatism in the region is given by Orenstein and Hale (2001).

<sup>14</sup> Other studies reaching similar conclusions include Kubicek, 1999; Crowley and Ost, 2001; Heinisch; Connor, 1996.

matically after the establishment of tripartism in mid-decade and the coming to power of the SLD, a left/social democratic party.<sup>15</sup>

While this is a significant correlation, the evidence for the second half of the decade does not sustain the argument. In Hungary the Socialist government in 1995 abandoned talks aimed at establishing a social pact when an agreement appeared out of reach, and unilaterally enacted austerity measures and other neo-liberal policies. As one source put it, “the most ambitious corporatist experiment to date in the region ended in failure” (Kubicek, 1999: 223; see also Toth, 2001; Greskovits, 1998). While there was subsequently a significant railway workers’ strike in Hungary, when tripartism was reestablished it was “reduced to consultation and information rather than negotiation and decision-making,” a far cry from being a second parliament, and this was before a right-wing government openly hostile to labor came to power in 1998 (Pollert, 1999: 144; Ost, 2000; Toth, 2001). Further, in Poland, the establishment of tripartism in 1994 may have contributed to a decline in strikes (Orenstein and Hale, 2001: 277-78), but the subsequent virtual breakdown of negotiations, and a walkout by the leading OPZZ union federation, did not lead to an increase in strikes or other significant reaction from labor.<sup>16</sup> If corporatism appears able to explain labor peace at one time, it is not able to explain it in another.

Moreover, even if corporatism could provide an explanation for labor peace in certain times and places, it is unable to account for the low rates of mobilization relative to western Europe that we have seen throughout the region. In other words, corporatism

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<sup>15</sup> Poland’s strike rate (days not worked per thousand workers per year) for 1993-1994 was 60.5, while it was 5.8 in Hungary (and Polish data is unavailable for 1992, which would bring the figure higher). But for 1995-1999 the Polish rate drops substantially to 5.3, while the Hungarian rate rises to 21.5. (ILO, 2000). Thus by this measure, Seleny’s contention that “Labor mobilization, then, has become a conspicuous and enduring characteristic of political life in Poland” (1999:490) appears unwarranted.

<sup>16</sup> (Ost, 2000).



cannot be invoked as it has been in western Europe to explain the considerable variation in labor activity, simply because in eastern Europe that variation is so much more limited.

### **Union Competition**

Ekiert and Kubik raise a second argument to explain the difference in strike activity between Poland and its east central European neighbors. Citing social movement theory that suggests movements in competition will adopt more radical tactics in search of support, they argue: “We expect more strikes if there are many unions competing for the same ‘audience’” (1999: 189) and likewise, “The higher the number of unions, the higher the probability of protest” (1998). This explains the Polish case, they argue, because from 1989-1993 at least “Poland had the most pluralistic and competitive union sector in eastern Europe” (1999: 106)

While in their view “fragmentation leads to competition” (1999:106) and then to mobilization, the standard view in labor relations suggests just the opposite, since fragmentation and rivalry lessen solidarity, labor’s central resource (Cameron, 1984). Others see just such a problem in post-communist societies (Heinisch, 1999; Orenstein and Hale, 2001; Kubicek, 1999; Chen and Sil, 2001). In the view of some, while there may be benefits to union pluralism, there is a dilemma of pluralism versus fragmentation, and “the second trend is gaining ground and fragmentation is already a fact in most countries.”<sup>17</sup>

Indeed, not only is there a theoretical debate about the impact of union pluralism, but also about the empirical question of which countries have fragmented unions and which do not. Hungary, one of the cases Ekiert and Kubik argue has a “centralized labor sector,” is said by another study to have “the greatest degree of union pluralism in the region,” with

over a hundred trade union organizations united into several confederations, with nine participating in the national tripartite negotiations (Kubicek, 1999; see also Frege and Toth, 1999 :120-121; Orenstein and Hale, 2001; Toth, 2001; Pollert, 1999 : 165-166).

Still the argument about union competition spurring mobilization would stress rivalry within sectors and firms, rather than at the national level. A slight revision of the Ekiert and Kubik hypothesis states that “where there are multiple labor unions seeking a following within the same sector of the labor force, and these unions represent a real threat to each other, unions will compete for support” (Robertson, 2001:7). And Greskovits argues that for Hungary, “while pluralism was characteristic at the national level, ... in most cases only one of the unions was present at the industrial sector level and in the workplace” (1998: 160-1). This appears to overstate the case, however, since union rivalry at the workplace level in Hungary was sufficient to lead to workplace elections in 1993 to determine worker representation within firms, a step sought in part by employers who wanted “to avoid chaotic multi-unionism and the continuous emergence of new unions” (Toth, 2001: 44).<sup>18</sup> Nonetheless, multiple unions within the workplace appear much more common in Poland and Bulgaria, two countries where labor has often mobilized (Eikert and Kubik, 1999; Robertson, 2001). Yet relative labor militancy is also apparent in Romania, perhaps the most consistently assertive workforce in the region. Here there is union fragmentation as well, with “many mini-unions, federations, and confederations at all levels of society.” Yet, “though there are degrees of overlap, the main confederations are still somewhat based in industrial sectors with different ownership principles and production profiles, differences that produce different in-

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<sup>17</sup> (Thirkell, Petkov and Vickerstaff, 1998: 87). In their view, “fragmentation results in a numerical decline depriving some union centers of the critical mass of members needed for mobilization and pressure through branch and national actions,” almost precisely the opposite hypothesis of Eikert and Kubik.

<sup>18</sup> While the main union MSZOSZ dominated those elections, the puzzle of labor peace in Hungary begins before the elections in 1993.

terests and orientations” (Kideckel, 2001: 104).<sup>19</sup> Thus the differences in union pluralism between these countries may be differences in degree rather than in kind.

Also problematic for the union competition argument is the unstated assumption that unions, at least when faced with rivals, seek to increase their membership. Yet in many cases, including Poland, there has been a virtual lack of attempts by post-communist unions to organize new members, whether in non-unionized or in unionized firms, since recruiting new members is too reminiscent of the compulsory membership of the past (Pollert, 1999; Ost, 2001).

### **Unemployment and Labor Protest**

Certainly, the tremendous economic transformation in post-communist societies has had a profound impact on labor. Intuitively, we would expect to see some signs of labor unrest in conditions of economic depression, falling real wages and high unemployment. However, the economic theory of strikes states that workers act collectively not when they are weak but when they are strong, that is, when unemployment is low and it is easier to pressure employers (Kennan, 1986; Soskice, 1978; for a critical discussion, see Hyman and Edwards, 1994; Franzosi). In the industrial relations literature, “That unemployment undermines union bargaining power is axiomatic” (Ross and Martin, 1999: 14).

Despite economic growth, some ten years into the transformation workers in the region remain in a clearly weakened bargaining position. As of 2001, unemployment was 10 percent throughout most of the region, and in Poland, Slovakia, and much of Balkans it was 20 percent, with little sign of improvement in the offing.<sup>20</sup>

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<sup>19</sup> Likewise, Thompson and Traxler (1997) find that, “rivalling Hungary for complexity,” in Romania “independent confederations formed largely from autonomous and sectoral bodies.”

<sup>20</sup> *Business Central Europe*. See also Boeri and Bruno (1997).

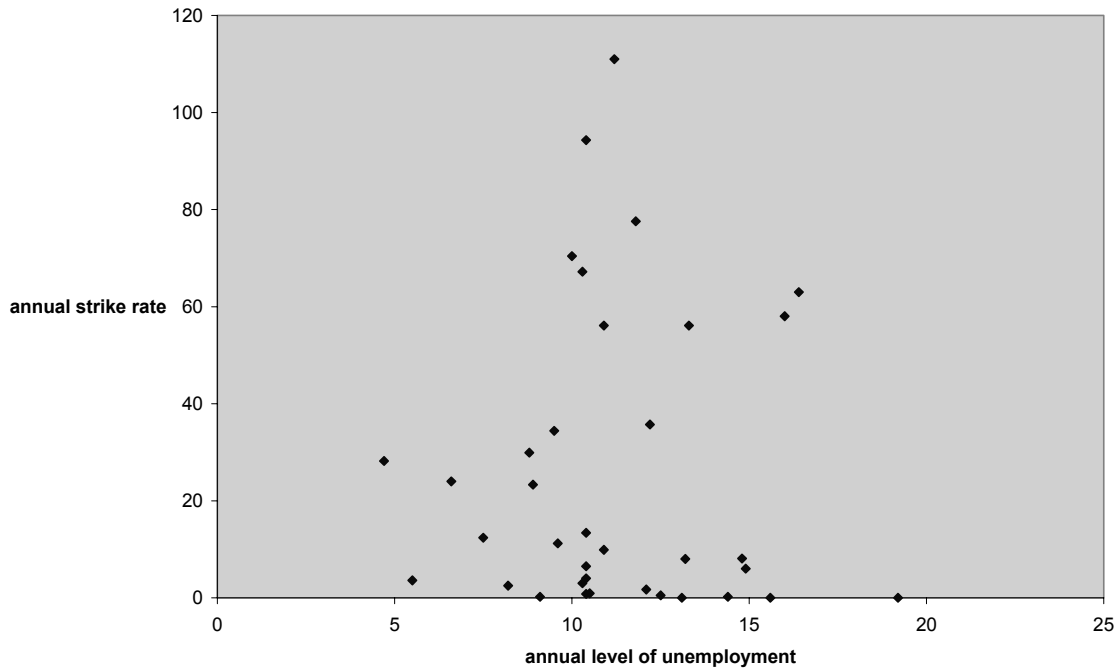
If weak labor markets are the explanation for labor quiescence in post-communist societies, we would expect to see an inverse relationship between the levels of unemployment and strike activity. When comparing across countries however this relationship does not hold. In fact, the relationship often seems to work in the opposite direction of that expected: looking at the average of annual rates unemployment and strikes through the 1990s, relatively low unemployment in the Czech Republic (3.3 percent on average) coincided with low levels of labor activity (2.1 strike days per thousand workers), while in Romania unemployment was quite a bit higher (9.2 percent), but the strike rate much more so (32.5). Yet even this pattern is not consistent: unemployment has been even higher in Slovakia (14.3 percent) than in Romania, with few signs of labor unrest (UN, 2000; ILO, 2000a). For the region as a whole, the correlation between annual unemployment levels and strike rates is close to zero (see figure 5).

Perhaps it is not entirely surprising that unemployment figures cannot explain cross-national variations in labor movement activity. National traditions and institutions are important. However, changes in individual countries over time appear to have little impact either: while the number of data points per country is quite small, to the extent there are correlations, they are in the opposite direction of that expected by the economic theory of strikes. To flesh out one example, in Hungary unemployment has declined somewhat, from a high of 12.3 percent in 1992 to under 8 percent in 2000, but there has been little sign that unions have used any relative tightening in the labor market to press for higher wages (Toth, 2001). At the very least, we can conclude there is no simple relationship between unemployment and labor activity in post-communist Europe.<sup>21</sup>

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<sup>21</sup> Command and McHale find little consistent correlation between unemployment and wages in transition countries, whether aggregate or regional data is used (1996: 301). More broadly, Eikert and Kubik (1999) find little support for relative deprivation hypotheses in their comparisons of protest in the region.

**Fig. 5: Unemployment and Strike Rates, eastern Europe, 1992-1999**



## Exit

A number of people have pointed to another component of the labor market not captured by unemployment statistics – the existence of individual “exit” options such as work in the informal economy (Hirschman, 1970). Thus Greskovits argues that “rather than voice, it has been exit that has dominated the pattern of social responses to economic stress in the east,” and that “the most frequent response has been not strikes..., but a “shift to the informal economy” (1998: 87, 17) which has involved a “massive exit from formal economy” (92; Nelson, 1997).

Yet there are grounds for questioning just how extensive the use of “exit” is.<sup>22</sup> One place to look for the extent of exit is turnover data, or the inflows and outflows between em-

<sup>22</sup> There are also theoretical grounds for questioning the characterization of “exit” as a matter of rational choice, since in many if not most cases, particularly outside of central Europe, these “options” appear largely undesired outcomes, and not

ployment, unemployment, and non-participation in the labor force. If exit levels were high in post-communist countries, we would expect to find high levels of turnover. Yet this does not appear to be the case. According to a study of labor force surveys in the Czech Republic, Poland, Slovenia and Slovakia, “transition economies display, on average, significantly lower rates of turnover than their western counterparts” (see table 1). Differences in churning rates – a measure of the amount of job reallocation beyond that needed to meet net change in employment -- “are even more marked” (Boeri and Bruno, 1997). Turnover in Russia appears a bit higher than in these east European cases, but not more so than is typical in OECD countries (Gimpelson and Lippoldt, 2001).

However, turnover rates may not fully reflect the extent of exit, since the informal sector is only partly captured by the labor force surveys from which turnover data is derived (Boeri and Bruno, 1997). For that we can look at estimates of the size of the informal economy in various countries (see Table 2, from Johnson, Kaufman and Shleifer, 1997). This measure would indeed seem to explain some of the cases. For example, the level is high in Hungary, and low Poland, and as we have seen Hungary certainly has a much lower level of labor mobilization than Poland (at least for the first half of the 1990’s). In Russia and Ukraine the informal economy is large, consistent with the argument that despite severe economic conditions in those countries, protest has been relatively low. However, the size of the informal economy in Bulgaria is also quite high, and so is the amount of labor protest; conversely in Slovakia the size of the informal economy is much lower than in Hungary, but with few signs of unrest. Moreover, changes in the size of the informal economy over time with few signs of unrest. Moreover, changes in the size of the informal economy over time within countries do not appear to correlate with labor activity. For example, according to

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so much chosen as adopted out of desperation because collective options are so difficult to bring about. This idea is ex-

**Table 1: Labor turnover, 1995**

	Labor turnover (6 months)	Churning index
Czech Rep.	27.5	9.6
Poland	29.8	14.5
Slovakia	22.8	6.1
Slovenia	11.4	3.7
ECE avg.	22.9	8.5
EU avg	41.5	19.4

(Boeri and Bruno, 1997: 161)

these figures the underground economy in Poland shrinks over time, but then so do strike rates – the opposite of the trend one would expect. Likewise, in Bulgaria the informal economy peaks (for the years measured) in 1995 at 36.2 percent of total GDP, but the next year Bulgaria witnessed “massive labor protests” (Iankova and Turner, 2000; Robertson, 2001).

Yet the size of the informal economy can be only an imperfect measure, in part because, almost by definition, it is so difficult to estimate. Moreover, the size of the informal economy as a whole is only a rough indicator of the availability of exit on the labor market. For that we might look, in addition to turnover data, at informal sector employment as measured by surveys. According the ILO, the average level of urban informal sector employment in selected post-communist countries was on average 10.1 percent of total urban sector employment (see figure 6). Yet this level is far below that of levels in Third World countries, where the informal sector is quite high indeed: in Latin America urban informal

sector employment is 43.2 percent of total urban employment, in Asia it is 32.6 percent, and in Africa it is 52.2 percent (ILO, 2000b).<sup>23</sup>

While this last measure is also imperfect, when combined with the data on turnover and the size of the informal economy, we must question how much the notion of exit can explain labor peace in the region. Indeed, as we have seen in figure 3, a low level of labor activity holds across the region despite what are now significantly different macro-economic

**Table 2: Estimates of the underground economy, 1989-1995  
(Unofficial GDP as a percentage of total GDP)**

	1989	1990	1991	1992	1993	1994	1995
Poland	15.7	19.6	23.5	19.7	18.5	15.2	12.6
Czech Rep.	6.0	6.7	12.9	16.9	16.9	17.6	11.3
Slovakia	6.0	7.7	15.1	17.6	16.2	14.6	5.8
Hungary	27.0	28.0	32.9	30.6	28.5	27.7	29.0
Romania	22.3	13.7	15.7	18.0	16.4	17.4	19.1
Bulgaria	22.8	25.1	23.9	25.0	29.9	29.1	36.2
Russia	12.0	14.7	23.5	32.8	36.7	40.3	41.6
Ukraine	12.0	16.3	25.6	33.6	38.0	45.7	48.9

(Johnson, Kaufman, and Shleifer, 1997: 183)

conditions, as well as varying levels of unemployment, labor turnover and informal economic activity in individual countries.

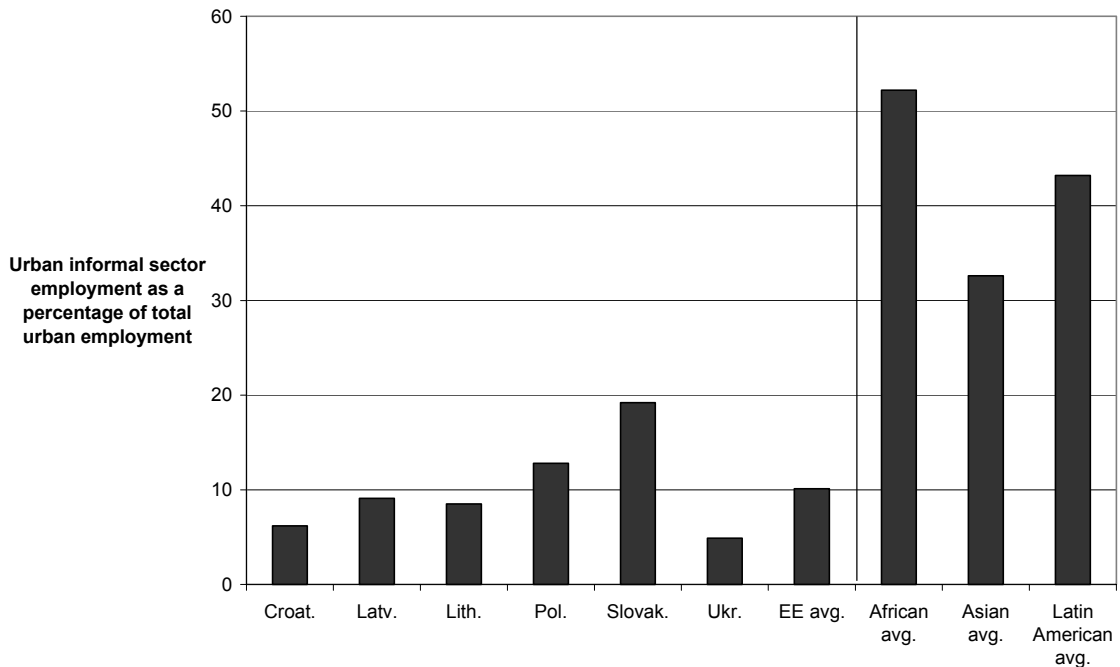
In this short discussion, we cannot give each of these arguments the full elaboration it deserves, nor can we claim to have ruled out these various explanations on their merits.

<sup>23</sup> This data does support the argument by Greskovits that there are fewer urban poor in eastern Europe, a group that in



However, for present purposes, the most compelling reason to question the explanations we have reviewed so far – whether economic explanations focusing on unemployment and the labor market, political explanations focusing on corporatism and union competition – is not that they fail to explain anything, but rather that they explain the wrong thing. That is, these explanations have been proposed to help explain variations within the post-communist cases, and to a certain extent and in some combination, they may well do so. Yet recall that in figure 2 we saw the much more rapid decline in union density in eastern Europe, to levels below that of western Europe, and that in figure 3, while there was a wide variety of strike rates in western Europe, the rates in eastern Europe were universally low. This strongly suggests that the most compelling task is not explaining how the post-communist cases differ, but explaining what they have in common.

**Fig. 6: Informal sector employment**




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Latin America has often to led rioting or other contentious actions.

This is all the more compelling when we recall that more than a decade after the end of Communism, the political and economic landscape in the region is quite diverse. In fact, some have argued that this political and economic diversity is the most striking feature of the post-communist transformations (Bunce, 1999) while others, pointing to this diversity, have even questioned whether there any longer remains something we can call “post-communism” (King, 2000; Rupnik, 1999). The politics of the region are diverse enough to include both democrats and dictators, embodied in Vaclav Havel and Aleksandr Lukashenko. Economically, by 1998 Poland’s GDP had grown to 117 percent of its 1989 level, while in neighboring Ukraine the comparable figure was 39 percent (UN, 2000). Moreover, this considerable diversity within post-communist cases extends not only to broad political and economic indicators, but also more narrowly to what we might call industrial relations variables – both centralized and pluralist union movements, various modes of privatization, the influence of old versus new unions, among other differences (Ost and Crowley, 2001). That labor in the region appears to be a weak social actor across such varied political and economic conditions suggests there is a factor this region has in common that can help explain this common weakness. That factor, I would suggest, is the continued legacy of the communist period.

### **Institutional and Ideological Legacies**

Perhaps nowhere is the impact of the communist legacy greater than when concerning labor and trade unions. After all, the old regime claimed to rule on behalf of the working class. Moreover, more than a decade after the collapse, the largest trade union in every post-communist society, including Poland – indeed, in most cases the largest single component of civil society – is the union formed and reformed out of the old communist-led union federation.

The impact of this legacy is twofold: institutional and ideological (though these are closely intertwined). Institutionally, these trade unions were first established as entirely different organizations, to operate in an entirely different political economy. The unions were typically allies of management, encouraging increased production, and often operated as social welfare agencies, dispensing benefits to members, who often viewed such benefits as the one advantage of union membership.

In a market economy, unions need to provide “market/bargaining resources” – concessions like higher wages, job security, work conditions, and limitations to managerial authority. These are “the heart of what unions promise to supporters. If unions deliver, they earn enthusiasm, willingness to mobilize, financial support, and loyalty” (Ross and Martin, 1999: 3). Unfortunately, this is precisely what post-communist unions have thus far failed to do. Certainly managers find little hindrance from unions: In Hungary, one of the better performing post-communist economies, one survey of managers found that trade unions and labor issues were almost of no concern; trade unions were described as “irrelevant” and having “no influence” on managers’ decisions (Ellingstad, 1997).

Post-communist unions have faced the daunting challenge not only of reorienting themselves to a capitalist economy, but doing so, at least initially, during a period of economic depression. But their challenges come not only from economic decline or even from the constraints placed by globalization. Rather, union members were facing these issues for the first time, and were simultaneously reacting to the legacy of communist-era trade unionism. Once the various communist parties were removed from power, trade unions became the largest communist-era institutions, and as such they faced significant problems with legitimacy (Greskovits, 1998). In Pollert’s study of Czech trade unions, for example, she discovered “a fundamentally contradictory conception of what workplace trade unionism

should now be about” between leaders and members, “related to a desire to break with the past.” Since unions in the communist period were part of the production bureaucracy, members preferred that unions stay out of such issues, and confine themselves to such areas as health and safety and breaches of the labor code. Questions such as work intensity and pay “were not a matter for the union, but a private issue for the workers and their *mistr* (foreman),” a point with which union chairs agreed (Pollert, 1999: 196).

Yet the problem is not simply that union members are unsure of what unions should now do, but also that union leaders and activists, a number of whom helped bring about the end of communism, are unsure of what stance to take towards capitalism. In short, they have been unsure about whether they should be defending their workers against capitalism, or helping to bring it about. As Pollert has termed the dilemma, post-communist labor’s “ambiguous embrace of the transformation to capitalism” makes unions, in the words of a leading Czech unionist, “schizophrenic” (Pollert, 2001: 23). In Poland, in a survey of ninety-five manufacturing enterprises, Ost and Weinstein (2000) found that, at a time when the internal organization of the firm was up for grabs, enterprise-level union leaders were consciously acquiescing to management’s desire for vastly increased authority and to a general weakening of trade union influence at the workplace. And if this is the case in Poland, where unions have long had a strong presence in the workplace, what of unions elsewhere?<sup>24</sup>

Taken together, these legacies have left unions – though often with significant institutional resources and memberships – with extremely weak links to their members. Let us recall in figure 2 the difference between the membership figures reported by the unions themselves and those obtained from surveys. While it may be true that that former figure is

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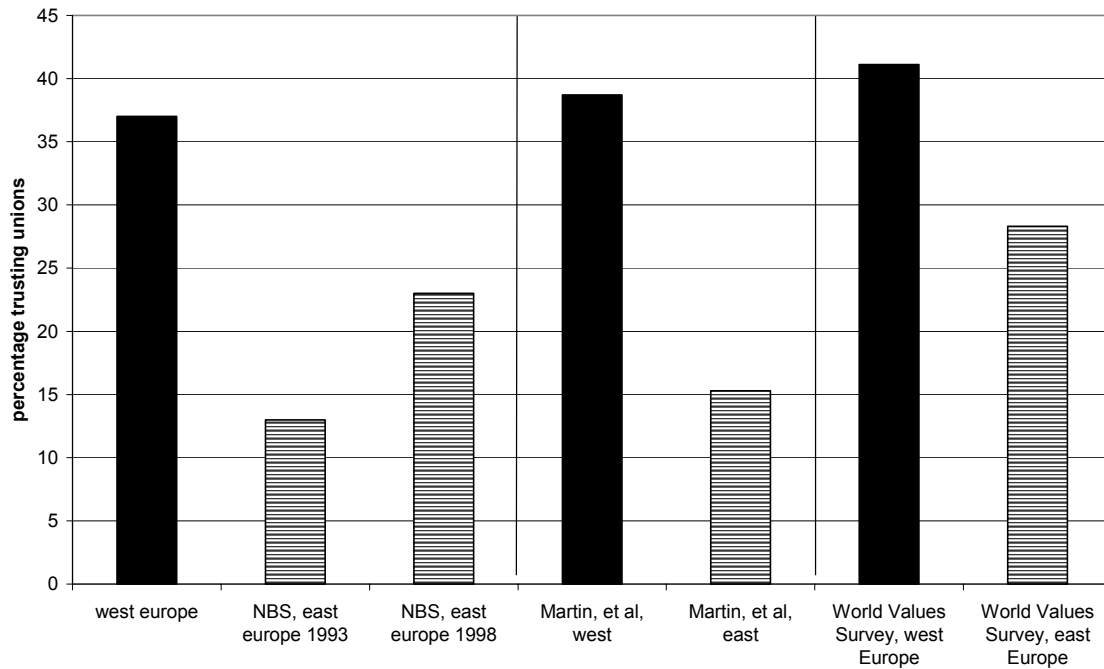
<sup>24</sup> According to Commander and McHale, while “managers have generally acquired significant discretion in firm decisions” throughout the post-communist region, a “clear difference between Poland, on the one hand, and the Czech Republic and

more technically correct, in that it reflects dues-paying members, the nearly 20 percent differential between officially reported membership and those willing to claim union membership in a survey suggests a weak link indeed between these organizations and those they profess to represent.

Moreover, this weak link is also suggested by additional survey data. Surveys throughout the region have found that unions are the least trusted civic institutions in each case. For example, the New Barometer Survey, conducted in nine east European countries in 1993-94, found that unions received the greatest distrust among civic institutions, exceeded only by the political parties and tied for second in distrust with parliaments out of a total of fifteen political and civic institutions (Mishler and Rose, 1997). In a rough comparison with such attitudes in western Europe, Mishler and Rose found that while 37 percent of respondents “trusted” trade unions in western Europe, only 13 percent of those in eastern Europe did. By 1998 the numbers of those placing trust in trade unions in eastern Europe rose significantly to 23 percent, yet 53 percent of respondents stated that they did not trust them. Moreover, unions remained the least trusted of civic institutions (Rose and Haerper, 1998). This lack of trust is all the more troubling when one recalls that unions are the largest single example of civil society in virtually every country in the region. (see figure 7).

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Hungary, on the other, was evident. In the former, workers or workers’ collectives had a clear voice in both the short- and long-term decisions of firms, something that was almost completely absent in the other two countries” (1996: 3030).

**Fig. 7: Trust in Unions, East and West**

This finding has been confirmed by other surveys as well. A fourteen-country survey, though confined to the electronics and electric machinery industries, found that while “employee satisfaction with union activities” was 38.7 percent in western European countries, it was only 15. percent in eastern European countries (Martin, 1998). Further, according to the World Values Survey, in west European societies, 41.1 percent of respondents had confidence in trade unions, while only 28.3 percent of post-communist respondents did so (Inglehart, et al, 2000).<sup>25</sup> Overall, this suggests a considerable gap in the amount of trust placed in trade unions between eastern and western Europe.

### **How long do legacies last?**

It is the legacy of the communist period that best explains this relative lack of trust in unions, as well as the overall weakness of labor in post-communist societies. After all, this

communist legacy is about the only thing these increasingly diverse societies have in common.<sup>26</sup>

However, the concept of legacy implies that the influence of the past will attenuate over time, as the transition progresses, as capitalist class relations solidify, and as old habits and institutions are transformed or die out. This concept also implies that we should expect to see less of this legacy where communism itself was less deep, as in the countries of eastern Europe as compared to the former Soviet republics. Following this, one might hypothesize that as these countries develop more “normal” capitalist relations, unions will reorient themselves and prove better able to defend their members’ interests.<sup>27</sup> Moving farther away from communist-era institutions might erode the pathological effects of communist legacies on the relative strength of labor, such as workers’ skeptical relationship to trade unions themselves.

However, the concept of legacy, as well as notions of a linear transition and convergence to western norms (which are often implicit in many analyses, as well as in plans for EU expansion) fails to adequately capture the extent of labor weakness or the trends that have occurred over time.

Rather than making unions stronger, as reforms have proceeded, unions have gotten weaker, or at least certainly smaller. In countries across the region, the more private the economy, the less the union representation (Ost and Crowley, 2001). Unions are strongest in large enterprises in the state sector, a part of the economy clearly in decline. Unions often survive in privatized former state firms, but their position is much more tenuous. And they are almost non-existent in the new private firms that have risen in the last decade, as

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<sup>25</sup> More precisely, as in the other surveys, the figures are the unweighted average of country means in each case. The surveys were taken in 1995-97. The post-communist average does not include war-torn Bosnia, in which case the average would rise to 29.7 percent.

well as in smaller firms, and it is these smaller private firms where most future job creation is expected (Kubicek, 1999). Moreover, these trends do not simply represent convergence from compulsory unionization to west European norms: according to the survey data presented in figure 2, just a few years after the end of communism, east European societies were already less unionized than those in west Europe.

In a fascinating sociological study, Guglielmo Meardi (2000) has compared union activists in Poland and Italy (home respectively of Solidarity and the *autunno caldo*). Meardi concludes that in terms of class consciousness, union activists in Italy and Poland were more alike *before* the end of communism than at present. While unions in both countries have suffered from global economic shifts, Italian unionists have experienced change gradually, and aim to preserve as much of their past successes as possible, whereas Polish unionists are caught up in a much deeper transformation that they themselves helped bring about, and explicitly reject past orientations and institutions. This means that far from being resistant to change, as some have suggested, Polish unionists embrace change, much of it counter to union members' material interests, including privatization, company-level bargaining, increased wage differentials, redundancy measures and overall flexibility. The result, Meardi argues, is rather than being "behind" Italy in its transition to capitalism, Polish industrial relations appear to be more "advanced" in the direction of US-style flexibility.

Taken together, this evidence suggests that labor weakness in eastern Europe cannot be explained simply by referring to the communist legacy, or suggesting that its impact has continued to over time unabated. In fact, such indicators as the relative lack of trust in unions as found in survey data appear to decline over time. At some point, union members

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<sup>26</sup> For an interesting and critical discussion of the notion of legacy, see Ekiert and Hanson (forthcoming).

<sup>27</sup> Much of this paragraph is drawn from Ost and Crowley, 2001.



and activists will likely change their stance toward capitalism and their role in it, if only gradually and over a long period.

Rather than the continued impact of legacies per se explaining weakness, here we might join a prevailing intellectual trend and employ a path-dependent argument to better explain the relationship between legacy and labor weakness. In contrast to western Europe, where unions met the global “post-Fordist” economy from a position of institutional strength, communist-era legacies meant that labor unions in eastern Europe were faced with the introduction of capitalism as well as globalization from an initially weak position. Those legacies will likely change over time, and perhaps they already have. Yet organizationally unions have declined to such an extent – in terms of membership, collective bargaining coverage, and the overall ability to deliver tangible rewards to members – that a change in the ideological stance of union members and activists will likely not be sufficient to stem further union decline.<sup>28</sup> Some have argued about west European unions that, despite their subsequent bureaucratization, “their identities, practices, and power remained profoundly marked by their origins” as social movement organizations built by grassroots mobilization (Ross and Martin, 1999:2). Such social and organizational capital, while hardly making them invulnerable, has allowed these unions to weather global economic changes. In contrast, the prevailing unions in eastern Europe have had quite different origins, which have more often served as handicaps than advantages.

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<sup>28</sup> This organizational decline should put to rest another potential objection to the argument raised here: that while members may have benefited little from postcommunist unions, union elites have often prospered, such as in becoming members of parliament, and have used their new positions to defend the organizational interests of unions. If union elites have indeed prospered, there is little evidence to suggest this has benefited union organizations rather than union leaders as individuals. For an elaboration of this point, see Crowley, 2002.

## Conclusion

We have seen that, contrary to expectations, labor has been a weak social and political actor throughout the region. We have seen this weakness in relative strike rates, declining union membership, as well as a number of more qualitative indicators of labor power. This relative lack of labor mobilization occurred despite an economic decline that by many indicators was equal to or worse than the Great Depression.

We examined a number of arguments that have been advanced to explain variations in labor mobilization in the region – economic explanations focusing on the labor market and individual exit, political explanations focusing on corporatism and union rivalry– and found each of them unable to fully explain that variation. But more importantly, when viewed in a broader comparative perspective, this weakness of labor holds throughout the post-communist region, and the more compelling task becomes not explaining variation within eastern Europe, but explaining this overall weakness in post-communist societies. Moreover, the need for such an explanation becomes all the more compelling when we consider that this labor quiescence has remained largely constant despite the rather sharp macro-economic and political variations that have emerged in eastern Europe and the former Soviet Union. Such variations focus our attention on what these societies have in common.

Those common features are the institutional and ideological legacies of communism, particularly as they impact trade unions. In every country in the region, the dominant trade union remains the one – though variously reformed in each case – that was created by the Communist party and that had a monopoly on worker representation under the old regime. This past has created significant problems of legitimacy, alongside the simultaneous task of restructuring these large organizations to the entirely different demands of the new political economy. We have also seen how the ideological legacy of communism has adversely im-

pacted trade unions and workers generally, as workers and union activists are unsure of what stance to take toward the capitalist transformations and what role unions might have within it. Perhaps not surprisingly then, surveys throughout the region find repeatedly that unions are among the least trusted institutions in society. When taken together, these legacies of the communist period help explain how this region-wide phenomenon – as illustrated by the strike data in figure 3 – holds despite the considerable variations in political and economic outcomes that have emerged. In their weakness unions are similar to other components of post-communist civil societies, which remain quite weak in comparative perspective (Howard, 2002).

Yet while the concept of legacy best explains this overall phenomenon, we have also found this concept wanting, for it is unable to explain the trends apparent in union weakness. For example, unions are not stronger, but in important ways weaker, in east central Europe where that legacy should have less of an impact. And by a number of indicators unions throughout the region have become less strong over time, even as those communist-era legacies appear to attenuate. This would appear to present problems for attempts to expand not only the EU, but also the model of “social Europe” to the east. Far from a linear transition to west European norms, by some accounts these unions, despite their apparent strengths in the communist period, appear to be moving towards a model of labor flexibility found in the U.S. and parts of the developing world. They may yet reconstitute themselves in the future as strong labor movements, but there is little evidence at present to suggest this will happen.

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Fig. 1: Union Density, Official Data

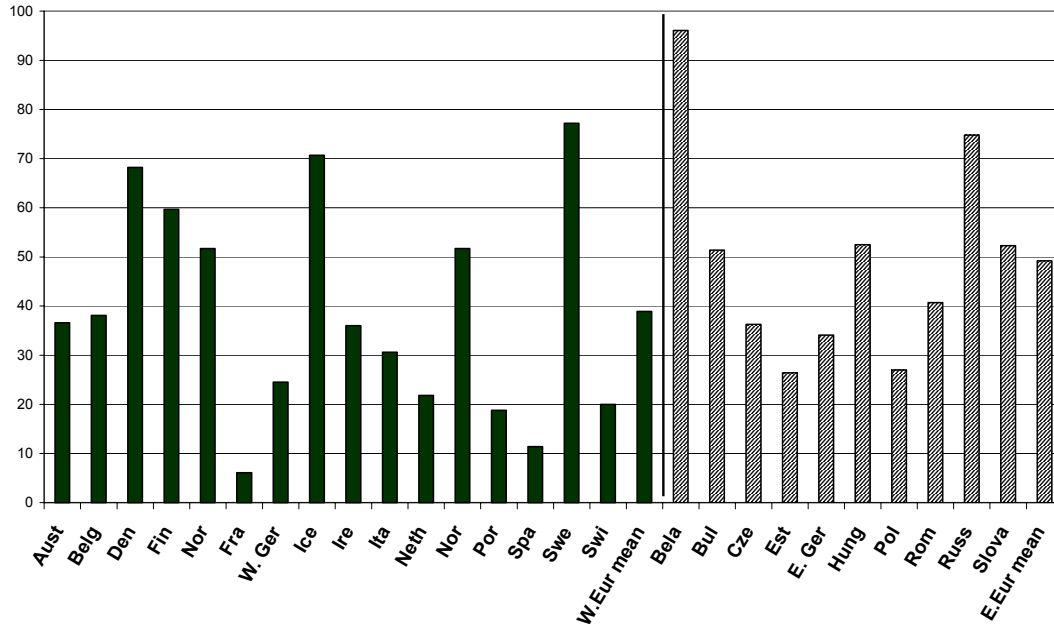


Figure 2: Union Density, Official and Survey Rates

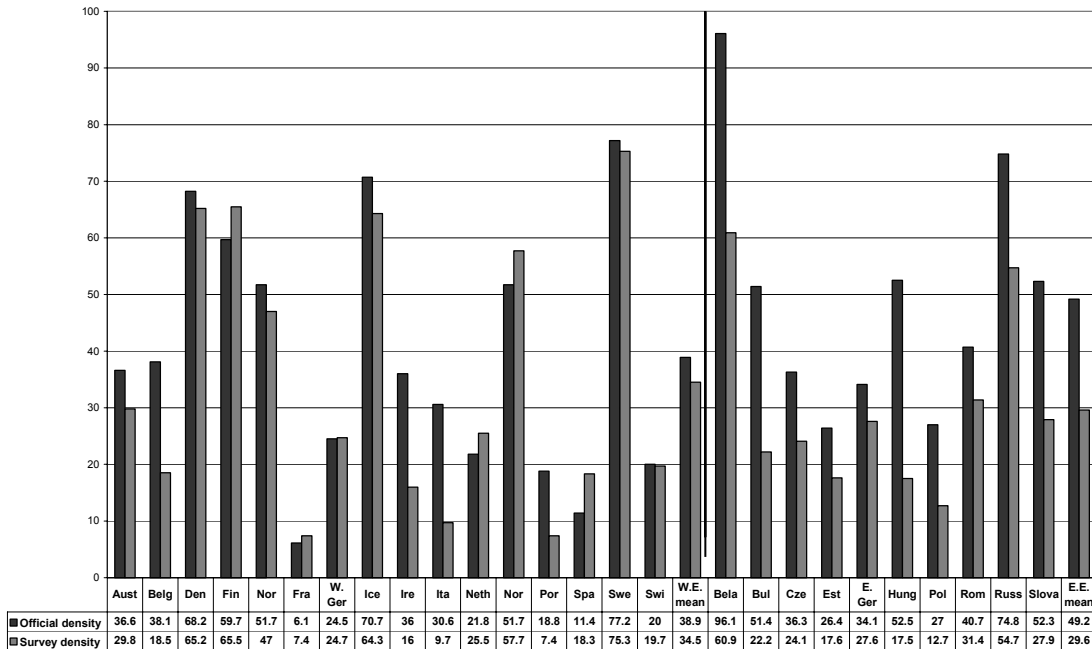




Figure 2: Union Density, Official and Survey Rates

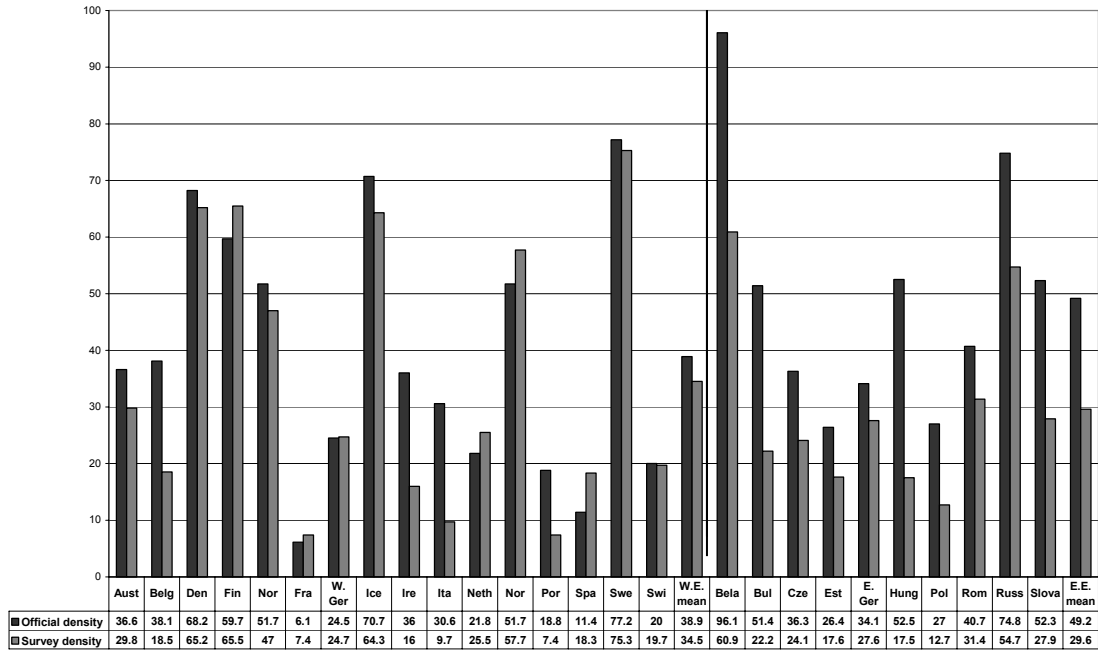
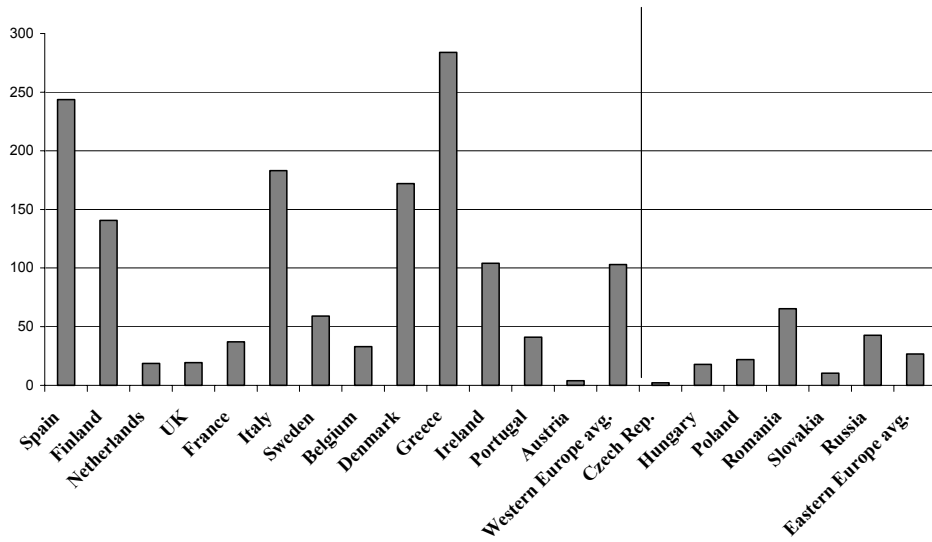
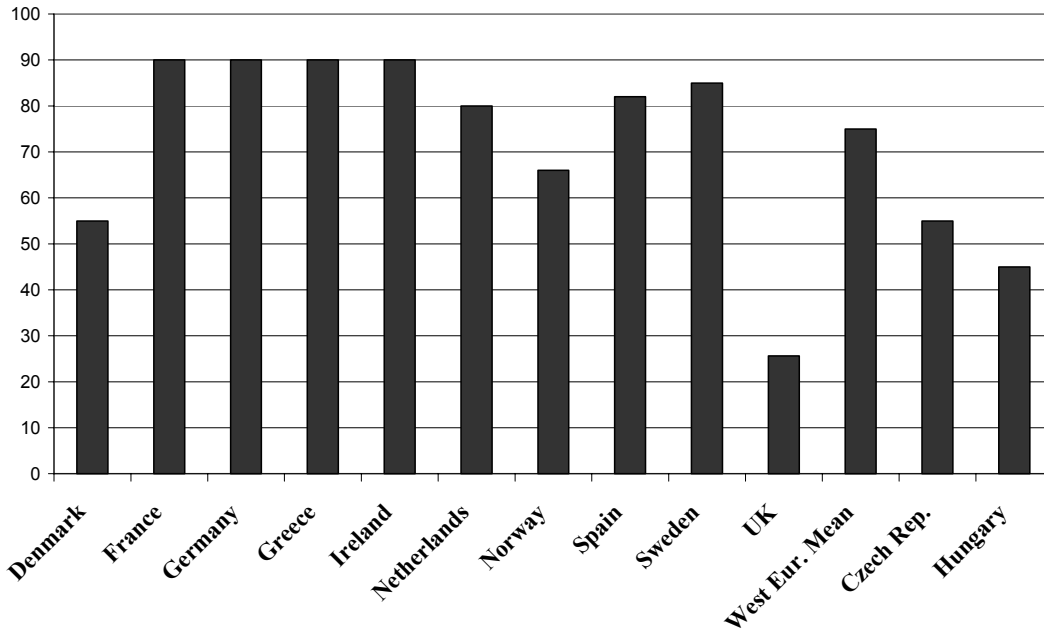


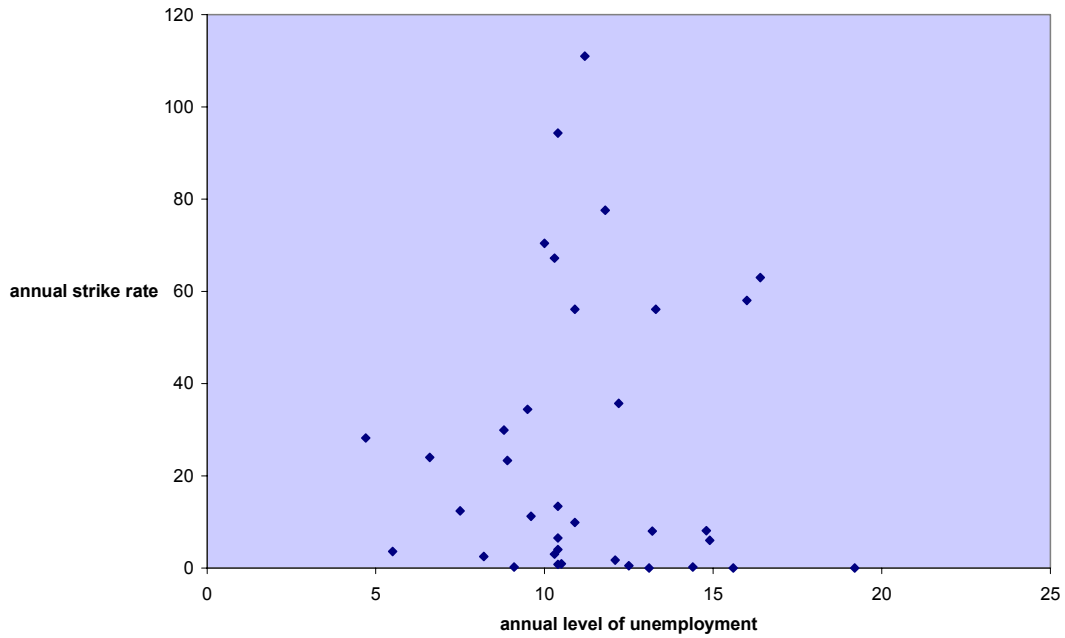
Fig. 3: Strike rates, days not worked per thousand workers, 1990-00  
Western Europe and Eastern Europe



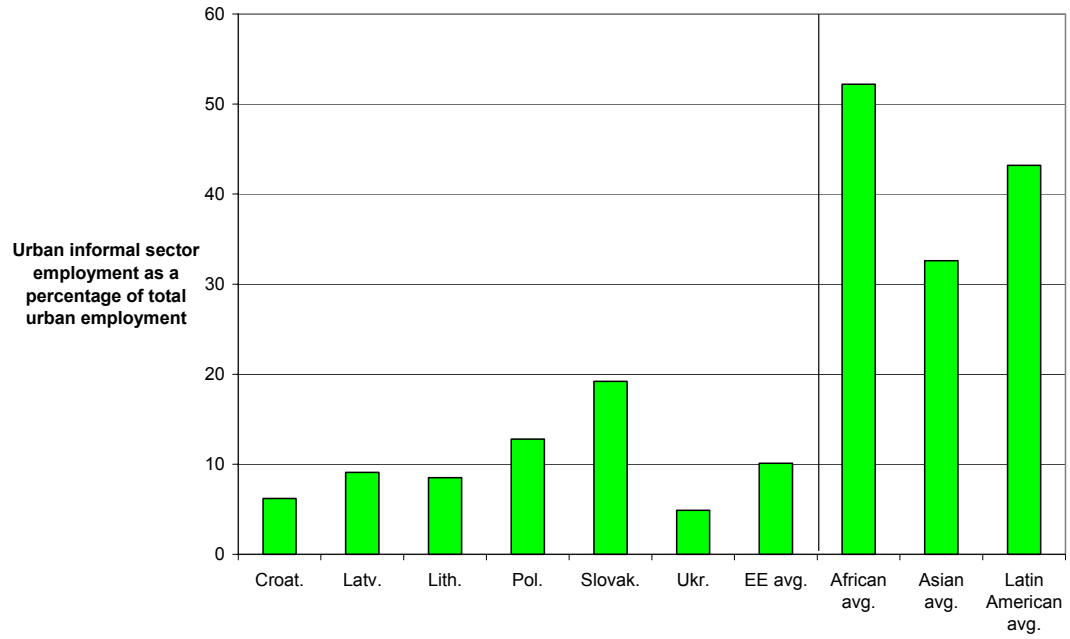
**Fig. 4: Collective Bargaining Coverage Rates (1995)**



**Fig. 5: Unemployment and Strike Rates, eastern Europe, 1992-1999**



**Fig. 6: Informal sector employment**



**Fig. 7: Trust in Unions, East and West**

