

# Illusory Corporatism in Eastern Europe: Neoliberal Tripartism and Postcommunist Class Identities<sup>1</sup>

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## Abstract

*The plethora of tripartite bodies in postcommunist countries seems to suggest the emergence of an East European corporatism. Analysis of arrangements in Bulgaria, Czech Republic, Hungary, Slovakia, and Poland indicates instead the prevalence of illusory corporatism. Token negotiations, non-binding agreements, and exclusion of the private sector demonstrate that tripartite procedures are deployed to introduce neoliberal, not social democratic, outcomes. A path-dependent argument stressing labour's weak class identity best explains these outcomes. East European labour, unlike historic western counterparts, is marked by a weak sense of class interests, disinclination to organize the private sector, and declining support from the workforce, making it unable to emerge as a strong force. It is not labour but the new elites that seek tripartism, hoping thereby to share burdens, conform to European norms, and demonstrate responsiveness to society. Formal tripartism also follows from the legacy of state socialism, giving symbolic voice to the formerly included now headed for exclusion. In the end, tripartism helps secure labour's acceptance of its own marginalization.*

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If mimicry is the greatest form of flattery, East European countries would seem to be quite enamoured of West European-style corporatism.<sup>2</sup> In the years after 1989, all postcommunist countries in Eastern Europe invested heavily in tripartism. In Hungary, a tripartite commission was actually introduced in 1988, then reconstituted for the new conditions two years later. In Bulgaria, Czech Republic, and Slovakia, tripartite bodies began in 1990. The Russian Tripartite Commission held its first meeting in November 1991, while the Polish Tripartite Commission was convened in early 1994. Everywhere, tripartism has become a regular feature of the social landscape. As a symbol of the neocorporatist organization of interests, tripartism is unmatched. Indeed, the prevalence of this form of institution has led one observer to characterize the changes in Eastern Europe as ‘transformative corporatism’ (Iankova 1998; Seleny 1999; Tatur 1994)<sup>3</sup>.

What I want to argue, however, is that instead of transformative corporatism, postcommunist Eastern Europe is better described as in the midst of **illusory corporatism**. While the facade of tripartism is present throughout the region, with duly constituted commissions holding regular meetings bringing together formal representatives of the state, trade unions, and employers, this is in no position to bring about the politically stabilizing and economically inclusionary class compromise that was West European neocorporatism’s great achievement. In Eastern Europe, on the contrary, neocorporatist forms are being used to generate neoliberal outcomes.

Neocorporatism has been important as a way of consolidating liberal democracy. As a mode of organizing interests that serves to moderate class antagonisms in capitalist societies by coordinating and ameliorating the conflicting interests of labour and capital, it taught the two dominant classes of industrial society to tolerate each other’s existence, demonstrating to them that working together (compromise) was in each one’s selfish interest. Moderating class antagonisms within a liberal democratic polity has been the hallmark of social democracy ever since Bernstein, Kautsky, and the Mensheviks,<sup>4</sup> and so it is no surprise that neocorporatism in western

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<sup>3</sup> The Polish press frequently speaks of Poland as the corporatist country par excellence. (For example Janicki, M. (1998), ‘Zwiazkokracja’, in: *Polityka*, December 12.

<sup>4</sup> The latter two are critically important to the development of social democracy because each of them at first strongly opposed Bernstein’s original reformist heresy only to discover that the logic

Europe has always been closely linked to social democratic politics. Social democratic parties have been its greatest proponents, and the chances of implementation dramatically increased (at least until recently) when social democratic parties won elections. Neocorporatist agreements meet social democracy's ideological predilections for a pro-labour arrangement in a non-authoritarian political system. By institutionalizing labour input into policy-making, neocorporatism satisfies socialist demands to counteract the inherent privileges of capital over labour, and its success helps generate deep support for political democracy. Such support grows as a function of inclusiveness, and neocorporatism has expanded inclusion by extending to the economic realm the inclusiveness that earlier democratizing innovations (such as the franchise) had limited to the political (Schmitter 1983). To claim that post-communist Europe has embraced neocorporatist models, as those who point to the prevalence of tripartism do, is to claim that it is moving toward this economic and political inclusiveness that produced, for so long, such growth and stability in the West. And that is precisely the argument that cannot be sustained.

In what follows, I discuss the tacit assumptions in the western literature on corporatism, the specifics of tripartite arrangements in five countries (Hungary, the Czech Republic, Slovakia, Bulgaria and Poland), and ask why formal inclusion in east and west leads to such different outcomes. I choose these countries because they cover a gamut of experiences in the region, including tripartism with centralized unions and without, promoted by socialists or liberals, started early or late, with more or less privatization, in economies at different levels of growth. If we can show similarities despite these differences, we can more persuasively claim the common socialist legacy as a determining factor. I then look at various explanations for how this illusory corporatism was able to take hold, and how it can be so different from tripartism in the West, focusing on a path-dependent argument that looks to communist-era legacies producing weak labour class identity, pro-capitalist predilections, and a consequent undermining conception of self. Other factors such as global economic pressure, unfavourable international political environment, and the general crisis of social democracy certainly also contribute to the weakness of neocorporatist arrangements. But weak class consciousness best helps explain labour's **acceptance** of the bad deal. I emphasize this point also because it has received the least attention, because it is contrary to usual ways of looking at labour in postcommunism (which assume labour militancy), and because it switches the focus from familiar structural explanations

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of their activity, and their differences with the Bolsheviks, led to the same essential reformism that Bernstein, Engels' heir apparent, had proposed in the first place.

and reinjects the centrality of human agency into discussions of comparative political economy.

## Tripartism as a Spurious Symbol of Corporatism

Neocorporatism refers to much more than the existence of a commission where the state can work with representatives of employees and employers. In its modern West European usage, it refers to the social and political arrangement whereby labour is integrated into the polity. The arrangement offers benefits to all sides: to labour, it offers material gains and political dignity; to employers, manageable industrial relations allowing business to plan long-term investments; to the state, social peace in the sectors that are so vulnerable to massive disruption. Labour seems to be the chief beneficiary. This is because neocorporatism is a political arrangement created specifically for a capitalist system, which otherwise offers labour no guaranteed, institutionalized input. Corporatist arrangements are a way of evening out the playing field. As workers demand political inclusion, and capital is unwilling to provide it, the state steps in with its tripartite commissions, entailing institutionalized access to political decision-making in return for labour quiescence.

One can argue, of course, that capital needs social democratic arrangements too. Swedish capital proved so responsive to social democratic pressure for labour inclusion because it sought to avoid strikes, while Austrian and Swiss business saw corporatist arrangements as ways to promote their own expansion<sup>5</sup>. But even if capital supported these arrangements, it did so only because labour had already organized itself as a class opponent determined to defend its own interests. Capital got aboard once it became clear that labour's interests would be met one way or another. That capital ultimately supported labour inclusion means only that it accepted a **fait accompli**, not that inclusion was a sham. This might have been unclear in the 1970s, during the heyday of western neocorporatism, when capital's assent to partial inclusion led some socialists to believe that much more was achievable, and that corporatism was thus class collaboration working to the disadvantage of labour (Panitch, 1977; Panitch 1979; for the contrary argument see: Dow, Clegg, Boreham 1984). In the context of the early 21<sup>st</sup>-century global capitalism, marked by hegemonic neoliberalism's assault on

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<sup>5</sup> On Swedish elite support for social democracy, see: Baldwin, 1990; on Austria and Switzerland, see: Katzenstein 1984.

labour's postwar gains, such a claim seems quite out of place. Neocorporatism and neoliberalism seem to be opposite ends of the pole, opposing possibilities for labour in capitalist society.

The argument that post-communist society is experiencing a neocorporatist revival is based on the observable phenomenon that tripartite commissions arose throughout the region almost immediately after the fall of communism. Does the pervasiveness of tripartism really signify the presence of neocorporatism? If neocorporatism is chiefly about procedures, then it would be hard to deny the claim. And indeed, much of the literature does in fact focus on procedural issues, and on tripartism in particular. Thus the German case has been, in Kathleen Thelen's words, so 'baffling' to many scholars. Since its 'peak-level bargaining... was always a pale imitation of tripartite negotiations' elsewhere, scholars have tended to hold back the neocorporatist label from Germany despite obvious similarities in outcomes with 'acknowledged' neocorporatist countries<sup>6</sup>.

As the German riddle demonstrates, a procedural definition of neocorporatism is inadequate. The emphasis on procedures seems to be a product of the switch from what Schmitter would later call 'corporatism [1]' to 'corporatism [2]' (Schmitter 1982: 263). The original emphasis of corporatist theory ('corporatism [1]') was on the structure of interest intermediation. In that view, neocorporatism denotes the existence of compulsory, non-competitive institutions of interest representation granted representational monopolies in order to bargain centrally under the aegis of the state. But such a definition of corporatism did not prevail for very long. Too few countries that otherwise seemed to resemble neocorporatism, in terms of liberal polities and the integration of labour, had compulsory and monopolistic interest associations, while some that did have representational monopolies also had authoritarian (late-fascist or late-communist) political structures, which in the eyes of most theorists disqualified them from the neocorporatist camp. And so writers began focusing on outcomes instead. Only one of them was explicitly theorized. That is what came to be known as 'concertation', or 'corporatism [2]', which Schmitter defined as a policy-making model in which societal interests are 'incorporated within the policy process as recognized, indispensable negotiators and are made co-responsible... for the implementation of policy decisions' (Ibidem).

It was this emphasis on concertation, or the turn to 'corporatism [2]', that turned the focus to procedures. Instead of looking for monopolistic interest representation

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<sup>6</sup> Thelen is speaking here of the assessments of scholars such as Harold Wilensky, David Cameron, and Walter Korpi and Michael Shalev (Thelen 1991: 39, 43).

organizations, researchers looked to the way concertation was achieved. In the search for how 'social partners'<sup>7</sup> became integrated into the polity and co-responsible for policy implementation, tripartite bodies appeared to be of central importance. Here was where societal interests meet, as powerful autonomous actors if not quite as equals, in order to work out the wage, workplace, and macrosocial policies necessary to ensure social peace and economic growth. As Thelen's comment indicates, tripartism had become the classic emblem of concertation.

But not all tripartite bodies are the same. Similar institutions in different political contexts do not necessarily play similar roles or have a similar significance. The same outward form can mask very different contents. Just as elections can cover for an undemocratic regime, or regulatory agencies can hide corporate control, so tripartite commissions do not necessarily entail the labour strength that they seem to signify. And so the existence of tripartite commissions tells us little about their real powers and effects. As Stykow has noted, the 'successful imitation of institutions that work smoothly in some contexts depends on [conditions] that are hardly to be created by 'political engineering' in other national-historical contexts' (Stykow 1996: 4). What makes tripartite bodies inclusive, neocorporatist institutions are the degree to which they facilitate concertation, or joint policy-making. As I will show below, however, East Europe's tripartites have offered only symbolic inclusion, and have systematically rebuked any labour aspiration towards co-responsibility in policy formation. On the contrary, governments have repeatedly sought to use tripartite bodies to rubber-stamp and legitimate neoliberal policies decided elsewhere. Tripartite bodies are emblematic of democratic neocorporatism when they lead to concertation. When they lead to disempowerment, they are symbols only of illusory corporatism.

I noted before that only one of the two outcomes was actually theorized. For there is another 'outcome', central to the literature on neocorporatism, that is never theorized but is arguably even more central to its political success. This is the material benefits accruing to labour. As noted above, although the literature stresses procedures, it assumes outcomes – social democratic ones in particular, such as increased prosperity for organized labour, restraint on the prerogatives of capital, and state intervention favouring full employment. In other words, neocorporatism only makes sense if it is understood not just as centralized wage-bargaining or joint influence over policy-making, but as comprehensive welfare states providing material benefits to workers. Most theorists, writing about countries where rising labour standards of living were common enough to be taken for granted, did not

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<sup>7</sup> This term already assumes the reality of concertation.

recognize this as a key factor of effective neocorporatism. They certainly noted its pervasiveness. Indeed, every discussion of corporatism **assumes** labour benefits. Katzenstein distinguishes a 'liberal' from a 'social democratic' corporatism, but even in the former labour obtains not only an institutionalized influence over public policy but material results as measured by wage and consumption levels that would satisfy the most radical social democrat (Katzenstein 1984). Even the left-wing critiques that denounce corporatist arrangements usually acknowledge that workers do better with them than without, their objection being only that it is less than labour could have under 'real' socialism (Teepie 1995; Wallerstein 1995). Indeed, had substantial labour benefits and real influence on policy-formation not been part of the package, there would never have been much to-do about corporatism in the first place. Social scientists would not have debated neocorporatism so passionately if all that was at stake was a mode of interest articulation. Neocorporatism mattered because social scientists were trying to explain the phenomenal postwar rise of the working class. To say that genuine neocorporatism entails social democratic outcomes is only a matter of making explicit what other literature on the topic only assumes.

Tripartism is an indicator of genuine or effective neocorporatism only if it leads to joint influence on policy-making and concrete benefits for labour. Otherwise it signifies only illusory corporatism. This is what I argue is the case in Eastern Europe. Instead of leading to concertation and concrete material benefits, East European tripartism has legitimized the marginalization of labour and the decline of wages and benefits. Far from enhancing labour's class power, such pseudo-corporatist arrangements offer symbolic inclusion in return for acceptance of a weakening of labour and a radical decline of the welfare state.

## Eastern Europe's Tripartite Experiences

The first tripartite commissions in Eastern Europe were in fact not tripartite at all. Rather, they were aimed at achieving broad social accord in face of the looming demise of state socialism. Initiated by Party reformers as a way to manage, or delay, their impending fall from power, these were bodies where organized social actors came together to articulate not so much their interests but their hopes for the future. These were institutions of systemic legitimation, not arenas for conflict resolution or class compromise. Labour was not the central social actor in the process, and economic issues were only one of many that were discussed. Hungary's National

Interest Reconciliation Council in 1988–1989 included representatives of youth organizations but not those of the newly-formed League of Independent Trade Unions. Poland's Round Table discussions of 1989 included student representatives as well as farmers and the Catholic Church. Bulgaria's first tripartite commission in 1990 was open to 'any interested organization or institution', and the National Student Confederation regularly attended the meetings (Iankova 1997: 48).

Very soon, however, the commissions began focusing on economic concerns. Formally, elections had now become the vehicles for political legitimation. But declines of 20–40% in earnings and living standards posed obvious dangers to any democratically elected government, especially given patterns of weak or non-existent party loyalty. Here is where tripartite bodies began taking the shape of West European corporatist bodies, bringing together representatives of labour, employers (not the same as 'capital'), and the state.

East Europe's first tripartite commission, the National Interest Reconciliation Council in Hungary, was explicitly aimed at enabling the move to a market economy. It arose in December 1988, still formally under the old regime, when the Party-led government announced the suspension of central wage regulation. Needing a new mechanism for wage setting after the central planners, those planners decided to create a forum where ostensibly competing sides, designated 'social partners' in line with fashionable European lingo, could work out the details themselves. As one inside observer puts it, the 'NIRC was both a means for and the immediate outcome of' wage deregulation (Lado 1997: 3). The commission had a strong political component, aimed at helping the Party in future competitive elections by demonstrating its social concerns. It was also a way of propping up the official trade unions, given sole representation of labour while the new unofficial unions were excluded (though in the absence of full systemic democratization, the latter would have refused an invitation anyway).

Hobbled by its links to an obsolescent system, the NIRC lasted only till the first democratic elections in spring 1990. But it did spawn an heir: the Interest Reconciliation Council (IRC), established by the new government in 1990, with the participation of several national trade unions and employers organizations. As elsewhere in the region, with the partial exception of Poland, these were not embedded social organizations entrenched in their respective communities with a loyal, committed, and disciplined following. Instead, they were largely the organizational remnants of the past. Among unions, the old official federation maintained its dominant place, due to inertia and continuing labour passivity rather than to any grand mobilizing prowess. (In the late communist period, Hungarian



workers sought to better themselves by taking advantage of economic opportunities, not by trying to open up political ones). As for employer organizations, these mostly brought together managers of state-owned industry, still uncertain of their interests. Tripartism began not as a result of the government trying to mediate the conflicting interests of labour and capital, but as a way of providing societal support for the government to reform the economy as it wished.

Even after authorizing the IRC, the new government was hardly committed to it. The government saw the job of social transformation as its own business, not that of the unions or anyone else, and proceeded to introduce its economically liberalizing agenda without public consultation (see: Stark, Bruszt 1998: 142–154). But government plans ran into popular opposition, which came together in a street blockade by Budapest taxi drivers protesting the high price of gasoline. Despite the huge inconvenience of the protest, it enjoyed great public support. Accused of ignoring discontent rather than managing it, the government cautiously reembraced the tripartite structures. Just how cautiously became clear in the scope of policy issues the government left it to the IRC to decide. Aside from helping draw up a new labour code confirming the state's withdrawal from enterprise micromanagement, the IRC's chief contribution to industrial relations was to propose minimal wage guidelines. Plenary tripartite meetings discussed minimum wages and selected legislative issues, while working sessions dealt with sectoral concerns. Ensuing sectoral collective agreements set low national industrial standards, frequently just restating legal regulations, which in any case were poorly enforced, and established non-binding guidelines on wage, price and taxing policy. Even tripartite supporters considered the agreements of small significance (Lado 1997: 17).

So did voters. The decrease in living standards and the rapid increase in bankruptcies and unemployment made the call for a 'social pact' the watchword of the 1994 electoral campaign – almost as if no tripartite mechanism had already existed. All opposition parties supported the concept, and when the (ex-communist) Socialist Party won, it set out to bring it to life. The problem was determining with whom exactly a pact was to be made: IRC members only or all of society? The lack of embeddedness of the proclaimed social partners proved to be a major obstacle. Lacking widespread legitimacy or even stable constituencies, and unable to command adherence to any agreement, the unions and employers organizations were clearly not the social partners they aspired to be. On the other hand, they were the ones that officially existed, with bureaucratic resources and an institution (the IRC) that, however weak, had been created for the purpose of attaining social harmony. The new government chose simultaneously to use and dilute the IRC: a Social Economic

Agreement (SEA) was to be negotiated within the tripartite institutional framework, but IRC members were charged with integrating other social groups outside of the council (Ibidem: 13).

With six trade union federations and nine employer organizations to begin with, expansion would seem to make a binding accord even more unlikely. On the other hand, the inherent weakness of the organizations made expansion a condition for producing a socially binding accord. The ensuing confusion surprised no one. Begun in high profile in July 1994, the two sides took till October, the scheduled concluding date, just to agree on an agenda. With the budget due the following month, the government simply acted alone, pushing through harsh austerity measures that made subsequent SEA negotiations even more difficult. Talks aimed at a broad social pact dragged on into February 1995, when the government itself called it quits, withdrawing from the negotiations it had started with such fanfare. Committed to introducing new fiscal discipline and to cutting real wages, the Socialist government unilaterally imposed its austerity budget and reinstated wage controls, bypassing the IRC while continuing to claim commitment to the tripartite process.

The SEA fiasco initiated the decline of tripartism in Hungary. Sessions continued to be held, but in an atmosphere marked by what has been described as official 'contempt for deliberations': the Socialist Finance Minister would 'invite comments about details' but present their program as 'nonnegotiable' (Stark, Bruszt 1998: 174). No agreement could be reached in 1995 or 1996, and the government now acted regularly on its own, as if its social democratic label were sufficient proof of its good will. With regular tripartite meetings still taking place, the Socialist government passed laws reducing employee protection at the workplace and turned a blind eye to job safety and forced overtime violations, being particularly lax in dealing with foreign-owned business. Some, though not all, government proposals were brought before the tripartite commissions, but even if the union side wanted to mount opposition, it was barely able to do so, as official documentation was regularly delivered to tripartite participants just a day or two before the meeting. Sometimes it was even worse. Maria Lado, director of the Labour Research Institute in Hungary, describes tripartite meetings where 'everyone is gathered for supposedly serious discussions on serious matters, but in fact the union representatives are seeing the documents pertaining to the day's agenda for the very first time at the meeting itself'<sup>8</sup>. More often than not, the unions end up signing the documents. Experience has taught the unions not to take tripartism too seriously. Its chief benefit, according

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<sup>8</sup> Conversation with Maria Lado, Budapest, December 1997.

to Lado, has been in providing a space for representatives of key groups simply to meet each other, thereby creating a network that, while increasing opportunities for corruption, also facilitates the resolution of conflicts on an informal basis. It bodes ill for East European corporatism (and worse for labour relations in general) if the best that can be said about tripartism is that it facilitates the informal contacts able to resolve select conflicts without government participation.

By 1998, the IRC turned essentially into an informal consultative body legitimizing government-imposed neoliberalism. When elections that year ousted the Socialists and brought the neoliberal Fidesz party to power, in coalition with a conservative farmers' party, tripartism went into even further decline. Apparently feeling that market rules were secure, the new government sought to dismantle the few ways in which labour could still articulate its interests in public forums. It eliminated tripartite bodies dealing with pension and health insurance issues, and proposed a restructuring of IRC that would further reduce its scope. Hungary may have had over a decade's experience with tripartism, but it has certainly not produced the concertation, much less the economic growth and security, that effective neocorporatism signifies in the West. Instead, the Hungarian experience is one of weak tripartites passing unenforceable agreements, treated instrumentally and imperiously by the government, impotent in defending workers' interests and serving as cover for the onset of a neoliberal economy. With few differences, this is the same pattern we see elsewhere in the region<sup>9</sup>.

In the initial post-1989 years, labour did better in the Czech Republic than in any other country of the region, with low unemployment, pro-active labour market policies, and citizen privatization (Orenstein 2000; Ost 1997). Stark & Bruszt and Melanie Tatur see it as Eastern Europe's corporatist country par excellence (Stark, Bruszt 1998; Tatur 1994). A closer look, however, shows that any real benefits labour has won, it has won outside of the tripartite process, while the latter has served chiefly to contain labour.

This was first apparent at the inaugural session of the Czechoslovak tripartite body, the Council of Economic and Social Agreement (CESA). The unions had high hopes for CESA when it met for the first time in September 1990. In the previous

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<sup>9</sup> Besides the quoted sources, information for the following accounts come from participants in a May 1999 Warsaw conference on labor quiescence in postcommunist societies, including Mihail Arandarenko, Stephen Crowley, Grigor Gradev, David Kideckel, Evgenii Kopatko, Anna Pollert, Jonathan Stein, Andras Toth, and Włodzimierz Pankow. For their papers see Crowley, Ost 2001. Thanks to the National Council of Eurasian and East European Research and to the Institute of Public Affairs (Warsaw) for helping fund the conference.

months, the government had proposed measures depriving unions of the power to block dismissals and limiting access to company information. CSKOS (the Czechoslovak trade union federation) saw CESA as a way to counter such proposals. But after the first tripartite sessions, the government brought the bills to parliament with only cosmetic changes. The union did manage to secure changes in the bills, but only thanks to a general strike threat in November 1990. In CESA, labour's voice was heard, and then ignored. The government saw tripartism not as an invitation to discuss to discuss the road to be taken, but as a way of securing labour's assent.

CESA then moved on to the more prosaic task of preparing an annual General Agreement, which quickly became the primary activity of Czech tripartism. Each year, participants devoted long hours and many sessions to coming up with broad guidelines on wages and job standards. Yet the guidelines were largely unenforceable, since they applied only to the state-owned economy, which declined precipitously (albeit only formally) due to the sleight of hand of voucher privatization<sup>10</sup>. The government did consider itself bound by agreements concerning the public sector (chiefly health, education and transport), yet even here enforcement was a problem. The 1991 General Agreement, for example, specified that real wages would fall by no more than 10%. (This being initial post-communism, social actors negotiated not wage hikes but wage cuts.) The actual decline was 26% (Cziria 1995: 75).

CESA did sponsor collective bargaining in the 'privatized' industrial sectors, but agreements here also amounted to little, as enterprises could and did opt out simply by informing others of their intention. The government, meanwhile, exerted little effort to get enterprises to comply. Indeed, in 1993 the government of the newly-truncated Czech Republic proposed withdrawing entirely from the Council on the grounds that what happened in a private economy was the business of labour and capital alone. So much for a corporatist sense of 'organic unity'.

The record seems to bear out the view of Vladislav Flek, an industrial relations expert with the Czech National Bank, that union experience in CESA has been 'embarrassing, its influence near zero'<sup>11</sup>. But how then to explain the better deal that Czech unions got? A crucial factor, clearly, is the country's pre-existing economic conditions. Almost alone of the former communist countries, Czechoslovakia

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<sup>10</sup> Banks run by the state quickly gained control of most of the vouchers given to citizens, thus giving the state dominant control of ostensibly 'private' enterprises. In fact, the Czech state controlled private firms more than the Polish state controlled state firms, which were legally governed by employee councils(see: Orenstein, Brom; 1994).

<sup>11</sup> Conversation with Flek in Prague, October 1996.

had virtually no foreign debt. Labour also appears to have been slightly more class-conscious in postcommunist Czechoslovakia than in neighbouring countries, perhaps because of the lesser degree to which pro-market ideology had penetrated society, and because the still-centralized unions needed some common enemy against which to define themselves (see: Ost 1997). Most union gains, however, came not because unions demanded them, or won them through negotiations, but because the elite wanted to maintain social peace and could afford to do so<sup>12</sup>. The record for labour may have been slightly better than elsewhere, but the record of tripartism was not.

Although the Czech government retreated on its threat to quit tripartism in 1993, it quit being interested in securing any deals. The draft legislation that was supposed to be submitted to CESA came irregularly and incomplete. Government officials presented their proposals as firm plans, not as the basis for discussion<sup>13</sup> (Orenstein 1995). When the General Agreement negotiations of 1994 continued this pattern, CMKOS (the Czech union confederation after the split with Slovakia) withdrew from CESA, and tripartism seemed dead. It was only when the government needed to push enterprises toward the painful restructuring it had avoided earlier that liberals showed renewed interest in tripartism. With the Social Democrats playing the issue for political purposes, the commission was revived in 1997 with a new name and minor structural changes (Pullet 2001). CMKOS rejoined, but duly chastened, grateful for the symbolic 're-recognition' and demanding little in return.

In Slovakia, meanwhile, the situation has been even worse. Like the Czech Republic, Slovakia maintained its tripartite institution after the breakup of the country in 1993. But the Meciar government began a pattern of systematic disregard of the unions and of the tripartite council. CESA statutes said the council would meet 'as necessary', which in practice meant once every month or two. Yet Meciar now kept postponing tripartite meetings. When they did take place, the government was not prepared. When General Agreements were finally signed, they were not respected. Union demands for labour courts, for example, were included in successive General Agreements, but the government never took action to introduce them<sup>14</sup>.

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<sup>12</sup> It also sought to divert attention from rampant insider corruption. As for Czech labor's gains, they did not amount to much: chiefly lower unemployment rates, paid for by substantial real wage losses and, in 1993, by the jettisoning of Slovakia (Orenstein 1998).

<sup>13</sup> Orenstein acknowledges all this, yet continues to call Czech labor relations corporatist.

<sup>14</sup> Conversation with Jonathan Stein of Prague's East-West Centre, May 1999.

Even symbolic labour incorporation broke down in 1997, when the government unilaterally imposed wage controls, after having explicitly promised in the General Agreement not to do so without consultation. The unions responded by withdrawing from the tripartite council. Meciar then tried to set up his own tripartism, with the participation of a few small pro-government yellow unions, but this only politicized the entire situation. The unions now allied with opposition political parties who promised to reinvigorate tripartism if they won, and when they did, in October 1998, tripartite meetings soon resumed. Under the watchful eyes of western international institutions, however, the new government did little more than reaffirm unions' basic democratic rights.

Pressure from international forces magnified tripartite problems in Bulgaria as well. Here, like in Hungary, it was the communist government (though after the resignation of Todor Zhivkov in November 1989) that initiated tripartism as a way of managing the political transition. Seeking to undermine the oppositionist trade union 'Podkrepa', whose power was based on organizing strikes and direct action, the government embraced a formal tripartism, whose style of bureaucratic negotiations and decision-making would, it thought, help revive the official union confederation (Gradev 2001). Podkrepa thus opposed the formation of the tripartite commission. The government defended it as a sign of its commitment to 'European norms', and to ILO regulations.

In 1991, the tripartite commission gave its approval to a radical macroeconomic stabilization program allowing broad social cutbacks. The government rewarded the unions by adopting a new labour code institutionalizing the role of tripartism. The discussions that ensued, however, amounted to little more than the government insisting on more and more concessions from the unions. Owing to the poor economic situation, benefits to labour were always said to be coming in the future, and for the most part the unions agreed. The trump card here was the IMF. Having accepted a large bailout program, the government regularly cited the IMF as the grounds for keeping all societal demands off the agenda. Tripartism itself became little more than a shell. As the sociologist and union adviser Grigor Gradev has argued, its sessions were 'not tripartite but quadripartite, with the main partner, the IMF, outside the system'.<sup>1</sup> (Ibidem). The tripartites, therefore, were not the place for negotiating the incorporation of labour. As Gradev notes, tripartism in Bulgaria did not solve any major labour conflicts or impart any positive dynamism to the economy. And most important: 'In terms of quality of work and life, tripartism could not deliver gains, however small, to any of the social partners'. At best, it helped produce a fairer 'distribution of losses'.

Despite the insignificance of the tripartite's decision-making power, the government still preferred keeping its members away from vital information. The same kind of official disrespect of the institution as elsewhere led to frequent union walkouts: first in 1994, and then regularly in 1996. Tripartism was revived only in 1997, when a new liberal government sought to use its structures to help sell its austerity package to the public.

Significantly, Poland was the only country in which formal tripartite boards were **not** introduced soon after 1989. But this merely supports the point that the new elites deployed tripartism as a way of winning workers over to neoliberalism. For in Poland, tripartite boards were not necessary to win labour over; Solidarity had already done it for them. Indeed, for the Party and Solidarity, the Round Table negotiations of spring 1989 were the functional equivalent of a tripartite arrangement, albeit a once-only shot. In these talks, representatives of state and employer (the two were still the same) met with representatives of labour to decide on policy that would be binding on all. Solidarity, and particularly its intellectual leaders, interpreted 1989 as the moment when workers had won. And the workers, loyal to their leaders who had withstood martial law, jail terms, and constant persecution without capitulating, went along. Support for the Balcerowicz Plan of shock therapy reached over 80% in early 1990, an astonishing figure that workers confirmed in practice by weathering a 40% decline in living standards for the next two years with record low levels of strikes (Kloc 1992). The Polish elite did not need tripartism because workers embraced the transition themselves. Only when workers were turning away from the elite's program in 1999–1993, and Solidarity as trade union began breaking from Solidarity as reformist government, did the government offer tripartism as a mode of soothing workers.

In 1994, its first year, the Tripartite Commission did not accomplish much, partly because Solidarity rejected it in favour of bilateral negotiations between itself and the government. It sought direct negotiations without other trade unions and employers' organizations, and refused to be considered part of the same side as the former official union organization OPZZ. In January 1995, the Socialist government used the occasion of conflicts in the health sector to break the impasse: offering higher wages and more funding to the public sector in general in return for a moratorium on strike activity. The deal lasted for two years, until Solidarity, in preparation for upcoming elections, blocked a 1997 agreement. When the Solidarity-supported coalition won the elections, OPZZ returned the favour the next year. By 1999, tripartite activity had almost completely broken down: OPZZ regularly boycotted plenary sessions, and even some Solidarity delegates tacitly supported them. (One Solidarity representative huffed about "the arrogance of the ministers – 'our' ministers – who come into

a meeting and say ‘we can offer 2%, nothing more, take it or leave it, and I can’t waste any time talking to you’. I’m not surprised, she continued, ‘OPZZ no longer shows up’<sup>15</sup>. As elsewhere, the main task of Poland’s tripartite commission has been to secure labour’s consent to its own marginalization.

## The Nature of East European Tripartism

All in all, actually-existing tripartism in postcommunist Europe shows a consistent pattern of belittling of unions, non-binding agreements, restrictions to the state sector, and general tripartite impotence. Official intransigence has led to union boycotts in Poland, Bulgaria, the Czech Republic, and Slovakia which, even when they succeed, bring about little more than a kinder, gentler demeanour, rather than a better deal for labour.

In an effective neocorporatist framework, tripartism is a forum for labour, employers, and the state to engage in a bargained exchange over employment, wages, and income policy, with the expectation that the ensuing agreements will be realized. In Eastern Europe, the best that can be said is that tripartism means formal negotiations over very broad issues, with no guarantee that the agreements will become law or be respected by employers<sup>16</sup>). To hear labour participants tell it, equally likely are tripartite sessions where the government simply informs ‘social partners’ of its intentions and seeks labour assent to **fait accompli**.

In the end, tripartism has played an almost entirely symbolic role. By implying that bourgeois class formation and upward distribution of wealth are more contested than is actually the case, tripartism helps elicit popular support for neoliberal transformation. Its low content but high symbolic power is evident in tripartism’s continual ups and downs: offered with great fanfare after 1989, it is soon downplayed by decision makers, until labour dissatisfaction causes it to be trotted out once again. The actual pace is different in each country: embraced early in Hungary, only to be minimized in the mid-‘90s by the Socialist government and openly challenged

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<sup>15</sup> Conversation with Ewa Tomaszewska, May 1999.

<sup>16</sup> Jelle Visser and Anton Hemerijck argue that soft recommendations can sometimes facilitate stable corporatist agreements better than binding pacts by drawing in skeptical, militant unionists who might feel they have to oppose a binding deal. In Eastern Europe, however, the problem was not to bring union elites to the bargaining table (all eagerly accepted all offers) but to provide the concrete benefits that would make tripartism seem worthwhile to their constituents(see: Visser, Hemerijck 1997: 82).



by the agrarian-liberal administration of the late-'90s; rejected early in Poland, then embraced in the middle of the decade by the Socialist government before being minimized by the conservative Solidarity government<sup>17</sup> (see: *Donosy* 1999); in the Czech Republic embraced, renounced, and re-embraced by liberals between 1990 and 1997. But everywhere the pattern of acceptance and rejection holds true, while macroeconomic policy remains constant. Tripartism should be seen as one of the mechanisms through which capitalism legitimizes itself, rather than as a forum for a real negotiation of interests<sup>18</sup>.

Perhaps the biggest obstacle to a genuine 'transformative corporatism' is that tripartite commissions affect mostly the state sphere. Private owners are barely represented. And when they are, it is for the most part only **domestic** owners that are represented. Each country in the region is actively soliciting foreign capital, but the latter is largely absent from the region's tripartite councils<sup>19</sup>. Tripartite discussions thus concern policy for the state sphere, where the chief issue is how to manage long-term decline. In the private sphere, tripartites try to establish minimum ground rules, and then push matters to bilateral collective bargaining (if business agrees), with capital having the upper hand. For the most part, then, tripartism does not affect that sector where the long-term stability of industrial relations will be established. It is too early to tell whether tripartites will even survive the consolidation of a private economy<sup>20</sup>.

The dearth of negotiations in the private sphere is perhaps the best evidence that the real aim of post-communist tripartism is to get workers to buy into the new system, and not to secure a stake in it. In Poland, one of the main issues in the tripartite bodies has been negotiating the terms of privatization, specifically the shares of privatized enterprises that workers are entitled to receive. While no doubt a real benefit to workers, this is a one-time deal only, with no effect on the way

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<sup>17</sup> In December 1999, in another typical reversal, this time in response to a new round of labor protests, the Polish Ministry of Labor sought to revive and reorganize the Tripartite Commission, 'whose activity', it was reported, 'has practically ceased in recent months'.

<sup>18</sup> The empirical evidence shows that labor has rarely won anything except formal representation for its elites. Petra Stykow is right when she presents East European tripartites as 'elite cooperation projects' rather than corporatist arrangements (Stykov 1996: 10).

<sup>19</sup> In exceptional cases, such as in Hungary, multinationals have their own employers organization, which has little to do with tripartite meetings chiefly concerned with setting minimum wages.

<sup>20</sup> The Russian Tripartite Commission had already by 1995 become 'dead for all practical purposes, declared to be nothing more than a 'decorative' body even by pro-Yeltsin labor leaders who had signed the original agreement' (Sil 1996: 13).

workplace relations will be organized in the future. Tripartism here serves chiefly to buy workers' acceptance of a private economy, not to negotiate the terms of that economy or to secure labour's long-term, consensual integration into it.

In the end, this is what tripartism seems to be doing everywhere in the region: emergency room duty to limit discontent, aimed chiefly to bring labour in on its own decline, and offering no long-term, institutional solutions on how industrial relations are to be organized in the new private economy. In the short-run, this strategy may reduce discontent. But by producing no rules for the future, the question of integrating labour into the political system is still unresolved.

It should be noted that while tripartism has helped legitimate an essentially neoliberal agenda, it was not originally a neoliberal idea. On the contrary, neoliberals hoped to introduce their changes without any citizen participation. They favoured 'shock therapy', and saw civic involvement as something that would only delay necessary changes. This of course followed naturally from their aim: to carry out a transformation 'in the interests of a class that does not exist', as numerous neoliberal politicians put it (Balcerowicz 1996). By posing matters in this way, they **defined** existing social groups as part of the problem. If their constituency did not yet exist, any civic involvement necessarily favoured anti-reformers. They wanted not tripartism but rule by decree.

The problem, however, was that they **had** to deal with citizens – with real groups who, even if they believed in the neoliberal agenda, had interests that opposed it. They may have wanted to represent a future constituency, but they needed to represent the actual one if they were to be reelected. Then there were the political opponents. Standing against the neoliberals were a small but initially influential group of democratic or 'civic' socialists (usually former dissidents), who favoured citizen participation rather than state-imposed shock therapy, as well as various 'gradualists' or 'interactionists' (including socialists and populists) who stressed the importance of an embedded transformation that utilized rather than eliminated existing networks<sup>21</sup>. Tripartism appealed to both groups as a way to increase civic involvement. The former saw it as a means of involving labour in processes of democratic self-government, while for the latter tripartism was a way to marshal existing social networks in order to create a durable national capitalism.

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<sup>21</sup> See Beverley Crawford's discussion of gradualism (Crawford 1995); also Stark and Bruszt, who speak of 'interactionism' (Stark, Bruszt 1998); and Jerzy Hausner, Bob Jessop, and Klaus Nielsen's network analysis (Hausner, Jessop, Nielsen 1995).

Since neoliberals had no choice but to make concessions to present (as opposed to future) constituencies, tripartism appeared as one easy way to do so. They could accept tripartism because it came with strong west European credentials, thus proving its compatibility with a market economy, and because they, the neoliberals, already controlled the reins of economic power<sup>22</sup>. The latter meant that while tripartism might force them to listen to other social groups, it could not force them to obey. And as we have seen, this is exactly what happened.

## The Limits of Post-Communist Incorporation

Why has inclusion in postcommunist tripartite arrangements led to such different outcomes from inclusion in western neocorporatist systems? Why is one inclusion so different from the other inclusion?

A common view is that times are different, and that what was possible once in the West is not possible today in the East (or, for that matter, in the West), due to changes in the economy and in the class structure. According to this view, labour is not as able to assert its power as previously because of the move away from a heavy manufacturing economy and towards a postindustrial one. Bela Greskovits speaks of the growing 'tertiarization' of the East European economy, with its expanding service sector, and the rapid increase of part-time, non-benefited, and other 'precarious forms of employment'. (Greskovits 1996: 105). This process has of course weakened labour's effectiveness in the West, too (Martin, Ross 1999; Rifkin 1996). It does so by diluting labour's identity and robbing it of resources for collective action. The decline of the industrial economy of the past means the demise of the large factories based on standard, interchangeable work processes and secure employment that allowed workers to develop a sense of collective identity and gave them the strength to strike. As factories can do with less industrial labour, workers begin to treat other workers as competitors rather than as members of the same class. Smaller firms, meanwhile, always weaken class identities, because they tend to produce personalistic and clientelistic relations that counteract the abstractness of class relations.

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<sup>22</sup> Neoliberals dominated the all-powerful finance ministries throughout Eastern Europe in the immediate postcommunist period. Indeed, Bela Greskovits argues that this was the key to their triumph. They did so, he claims, not because their policies were best, but because they were well organized in tight-knit, entrenched, secluded bureaucratic teams, isolated from societal interests and united by personal ties stemming from common backgrounds (Greskovits 1998).

Yet to claim that objective economic characteristics of globalism and postindustrialism are determinate ignores the fact that objective conditions were so different east and west. The postindustrial process began in Eastern Europe only after 1989. Yet the labour movement in the initial postcommunist period was unwilling to assert its clout even when it still could, when East Europe still had a mostly state-owned heavy manufacturing and non-competitive economy. Labour incorporation has never been a result simply of a growing national industrial economy. It has required ideas as well: class-conscious unions fighting for incorporation. And this is what is notably lacking in Eastern Europe. Apart from objective conditions, the problem in Eastern Europe has been labour's own self-marginalization: its moderation and low self-confidence make it unable to secure a social democratic corporatist inclusion.

My argument, then, is that an ideational explanation is crucial for understanding why East European tripartism has led to such different outcomes than West European social partnership. Such an approach looks at the autonomous role of socially constructed ideas in shaping institutional patterns and policy outcomes. These ideas derive from East European labour's peculiar class position. Labour in postcommunist societies occupies a specific type of 'class habitus', which Bourdieu defines as 'the internalized form of class condition and of the conditionings it entails, (Bourdieu 1984: 101), that drives it to undermine its own role as a legitimate other in a capitalist economy. The experiences both of communism and of the exit from communism leave labour with a narrative of its role that is self-defeating (from the perspective of labour in a capitalist economy), and thus incapable of supplying the groundwork for an inclusive neocorporatist arrangement.

We see these ideas in both the discourse and the practices of workers. I am referring here first of all to the strong support 'capitalism' enjoys, by virtue of it being the putative opposite of the system that was in place for half a century. That support was so widespread that Lech Walesa was able to run a successful presidential campaign in 1990 by arguing that the pain workers were experiencing from the initial move towards capitalism could be solved only by more capitalism and more privatization. Or, as Aleksandr Sergeev, a leader of the Russian Independent Miners Union said in 1991, 'we naturally support the new bourgeoisie' (Mandel 1994: 184). I put 'capitalism' in quotes since the support is for the image and promise of capitalism more than for its real effects; for the ideals of capitalism rather than for 'really-existing' capitalism. But it is precisely this support for imaginary capitalism that contributes to a weak union identity<sup>23</sup>.

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<sup>23</sup> On ideas as a key explanation for union weakness in Eastern Europe, see also Frege 2000.

For capitalism is generally perceived by the populace in post-communist societies as a system in which rights flow to owners and in which workers have minimal input. Nothing imaginary there, of course, but it's the punchline that counts: that this system in which workers are excluded in the workplace somehow leads to their inclusion on payday. This might be seen as what James Scott calls the 'little tradition' within radical movements, referring to how followers understand the goals of a struggle very differently from their leaders (Scott 1977). Whereas the leaders of East Europe's anti-communist struggles came to understand and accept capitalism as a system in which workers would have to suffer, labour understood it as one in which hard work is rewarded with good pay. Instead of 'they pretend to pay us and we pretend to work', the new system was envisioned as 'they pay us well for our hard work'.

Such ideas were the result not simply of embracing the enemy's enemy. The neoliberal turn of the East European opposition during the 1980s, a response both to its previous failures and to newly fashionable western policy prescriptions, also played an important role here. But such ideas follow from real experiences too – in particular, that of hundreds of thousands of East Europeans in the 1970s and 1980s working as 'guestworkers' (legally or illegally) in the West. Any objective account would describe their terms of employment as extremely exploitative, as the illegals worked long hours for below minimum wages in awful conditions without any benefits.<sup>24</sup> Yet the pittance wages became gold when brought back home, where monthly pay rarely exceeded \$20 per month. The specificities of global labour migration and unequal trade combined to provide East European workers with a vision of capitalism in which exploitation has a silver lining and collective action is simply unimportant.

Ignorant of the real history of capitalism in the West, where workers won inclusion (the welfare state) not because of the largesse of owners but because they organized unions and parties that fought for inclusion – this was a lesson that neither side in the Cold War was interested in teaching – Central European workers have been reluctant to build strong unions because they fear this will hurt their chances to benefit from the new economic system. Although unions originated as part of the struggle against capital, in Eastern Europe they are associated with communism. Unions are treated not as part of a struggle for anything, but as part of the system against which people struggled. (Even Lech Walesa in 1989 argued against

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<sup>24</sup> Polish workers in New York, for example, were employed clearing asbestos. Poles were the most numerous of the illegal 'guestworkers', and Yugoslavs were the most numerous of the legal ones, but East Europeans from all countries heard their stories on the beaches of Bulgaria and saw the results on the Croatian coast (to name two of the few places where East Europeans were able to meet each other during the communist era).

the rebuilding of a strong Solidarity: ‘We will not catch up to Europe if we build a strong union’) (*Tygodnik Solidarnosc* 1989). Union membership has plummeted throughout the region not just because it is suddenly not obligatory, but because people don’t believe they **need** unions. When asked who best defends their interests in the workplace, workers – even those who are union members – overwhelmingly choose the category ‘no one’.

A lack of interest in neocorporatist inclusion is evident also in the practices of trade unions. Here I want to share some observations from extensive field-work that I conducted in factories and industrial regions in Poland<sup>25</sup>. There are two features of postcommunist unionism that have profound implications for the future of trade unions in the area: the first concerns class consciousness, the second structural location. First, far from being proud of their organizations, union members tend to be apologetic about their allegiance. When I first started doing research in factories in the area, I expected it would be easy to find union members eager to talk about the changing roles of unions. It turned out that rank-and-file union members would only grudgingly admit to their status. They seemed particularly reluctant to admit this to an American, who was regularly perceived to be some sort of representative of a system that had ‘gone beyond’ unionism and had, for that very reason, become so successful. Being a union member is often perceived by unionists themselves as a sign of weakness, a sign that they and their enterprise lack the qualities that bring success. Workers often seek ‘excuses’ for membership, citing inertia (‘I’ve always belonged to the union’), or personal gain (‘the union gives me a loan’). The embarrassment extends even to union activists. Many local union leaders I have met rush to assure me that they, personally, could get ahead if they wanted to, but they are involved in union work out of concern for their co-workers. In this view, union activity is something to be done out of pity for the less fortunate. ‘I became head of Solidarity here’, said one union leader in a small Polish metal manufacturing plant in 1993, ‘because I knew that people here were going to suffer a great deal, and they needed someone to protect them’. Some unionists get tired of doing this. One

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<sup>25</sup> Between 1992 and 1995, I regularly visited manufacturing plants and talked with union leaders (enterprise and regional level) as well as unionists in six highly industrialized Polish cities – Mielec, Stalowa Wola, Rzeszow, Starachowice, Katowice, and Bytom – as well as Warsaw. (I have revisited since then only irregularly.) My observations are also based on a survey of unionists in ninety-five manufacturing enterprises conducted in 1994. On the latter, see Ost, Weinstein 1999. Neither study has been replicated outside of Poland, but the collection of essays edited by Crowley and Ost suggests that the conclusions concerning weak union identities and acquiescent labor sensibilities are largely generalizable across the region (Crowley, Ost 2001).

Solidarity official at a large aircraft manufacturing plant in southeastern Poland told me in 1994 that he was quitting the union because he was tired of helping out others at the cost of his own career. Instead of unions fighting to win justice for those who produce wealth, unions are seen as rearguard institutions protecting the weak until they don't need unions anymore.

The broader point here is that East European workers and unionists eschew class identities. They do not think of themselves as a separate class requiring separate organizations to defend their interests. This attitude is a legacy both of communism and of anti-communism. During the communist era, class boundaries were extremely fuzzy, arguably non-existent (see: Ost 1993). Class analysis of state socialist societies was never very successful. And no surprise, given that everyone was an employee of the state, with inequalities based on access to power rather than property, and privileges insecure and mostly non-inheritable (Szelenyi 1983). The class nature of trade unions, meanwhile, was diluted by the fact that managers were members, while claims about the 'working class nature' of the ruling Party had long been just a bad joke. But if communism was responsible for the absence of class cleavages, so was **anti**-communism. With its powerless civil society, communism insured that all opposition would be directed at the state, rather than against societal others. Even in Poland, where a trade union led the movement against the old regime, Solidarity explicitly and self-consciously muted its working class character in favour of a struggle for social rights for all, where workers as such would no longer have any privileged claim (see: Ost 1996). All this is hardly a basis on which to construct solid corporatist relations.

Besides weak class consciousness, the second important aspect of contemporary East European unionism is their structural location: they exist almost solely in state-owned and formerly state-owned enterprises. This is because, as non-capitalist firms, these are the ones considered weak and inefficient, and thus the only ones that really need unions. In a reversal of the logic with which unions were constructed in the West, workers feel they need unions not in order to resist owners but precisely because there are no owners. Lacking owners, enterprises remain public property that unions must help safeguard until owners emerge. Unions usually survive in state-owned firms that have become privatized, though they typically restrain their activities. The problem, however, is that they almost never arise in new private firms. In other words, just as the former communist economies are becoming private, the private sector is becoming union-free. In such firms, not only do workers not form unions, but national unions do not seek to organize them. In conversations in small industrial towns, unionists openly acknowledge their unwillingness to try to extend

their operations to the new private sphere<sup>26</sup>. This seems due to three factors: first, a lingering belief that private firms will operate better – for workers too – if unions are not present. Even when unionists are not convinced of this truth, they are willing to entertain it as a plausible hypothesis, and refrain from organizing as a kind of test to see if it's true. In other words, on the question of whether unions are needed in private firms, there appear to be only naysayers and skeptics, and few proponents. Second, there is a general 'allergy' against the notion of recruitment. Glad that the old days of obligatory unionism are over, unionists seem to see it as bad taste to try to convince others to join. 'We have our activity, our program', one Solidarity unionist in Rzeszow told me, 'and if workers like it, they can join us'. Third, there is a belief that different rules and customs apply in private and state firms. In particular, this seems to apply to strikes. In a survey Marc Weinstein and I organized in 1994, one Polish unionist in a privatized firm, when asked whether there were work stoppages in his plant, looked at the surveyor as if she were dim-witted. 'We can't stop work at this plant anymore. Don't you understand, it's **private** now!' There has yet to be a major strike against a private employer anywhere in postcommunist Eastern Europe. We have a major conundrum here: workers are reluctant to join unions, activists are reluctant to recruit, and so unions cannot win the victories that could possibly secure workforce loyalty in the future.

The combined result of these factors is that unions are unable to emerge as a convincing social partner. This is a poor basis on which to achieve a durable neocorporatist arrangement.

## Why Inclusion?

The question, then, is why integrate labour at all? Why did governments form tripartite commissions if they had no commitment to work with unions and if unions themselves were not strong? Interestingly, we see little correlation with such traditional explanatory factors as union centralization or links with political parties.

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<sup>26</sup> When they do try and are illegally rebuffed, they do not always protest. I asked a Warsaw Solidarity official in 1993 to give me the names of the three private firms she had been telling me about that had fired union organizers. She refused, even though she knew me to be a union supporter who might even be able, through the press, to exert some pressure on the union's behalf. The long struggle against communism had made unionists sympathetic to private business, even when their interests began to clash.



Unions are centralized only in the Czech Republic, but this hasn't produced a different or more effective tripartism than elsewhere. As for parties, social democrats promoted tripartism in Poland but assaulted it in Hungary, while liberals have supported it in Slovakia. Rather than in structural or conjunctural factors, we must seek the sources elsewhere.

Four reasons stand out: three stemming from the interests of the new elite, and a fourth based on legacies. First, there was a desire to share burdens. The neoliberal transformation was risky economically and politically, and the new governments sought to share responsibility for tough economic times. Tripartism could serve to deflect blame and divert the anger of those most deeply affected. Second, tripartism enhanced the 'European' credentials of the postcommunist states. Seen by the European Union and ILO as the paradigmatic form of inclusion, tripartism enabled postcommunist governments to demonstrate their institutional correspondence with modern western democracy, which was crucial to their applications for membership<sup>27</sup>.

Third, in conditions of new democracy, the governments needed to demonstrate that they were talking to **someone** about economic policy, and unions, with their bureaucratic structures and inherent interests in a growing economy, seemed a more responsible partner than fledgling organizations of other economic losers such as unemployed, retirees, or farmers. Tripartism is part of what Greskovits calls 'compensation', or the 'set of measures with which governments attempt to address the political tensions that arise from crisis, stabilization, and adjustment' (Greskovits 1998: 137). The question for governments is where to direct the resources and the political energies in order to best nip any potential budding opposition. Unions entered the postcommunist period with better organizational capacities than any other group in civil society<sup>28</sup>, **and** with an unwillingness to use them. It made sense for governments to work with them rather than with new and unpredictable groups emerging on the scene. Tripartite agreements with unions helped bring social peace and political stability at a low cost – lower than might have to be paid if and when dealing with the worst societal losers, who tended to be rural and unemployed, or with new radical groups pretending to speak for such constituencies. Pacts in Latin America have been made with established trade unions for the very same

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<sup>27</sup> Already in 1990, the EU aid program PHARE financed the 'Project "Social Dialogue"' instructing all postcommunist states on the details of west European social partnership (see: Pliszkiwicz 1996: 259).

<sup>28</sup> The old dissidents had had the best organization and the most valuable resources, but they had since become the new elites.

reasons (Nelson 1992). If the government can neutralize opposition coming from organizations with established resources, such as trade unions, it minimizes the threat coming from new and unpredictable ones<sup>29</sup>.

Finally, some sort of labour inclusion follows from the legacy of state socialism. In authoritarian non-communist countries, structural adjustment programs have been introduced without labour input. But in such countries workers do not begin as the fabled ruling class. Whereas neoliberalism in authoritarian capitalist countries **perpetuates** the exclusion of labour, the neoliberal project in communist countries **initiates** a profound exclusion, severing labour's crucial structural and symbolic position. In the face of cuts on wages and benefits far more severe than workers with their sunny expectations had anticipated, stability requires maintaining a semblance of inclusion. Since neoliberal arrangements demand the weakening of the employment guarantee, drastic price rises, erosion of state subsidies, preferential treatment of the private sector, and limits on labour's capacity to disrupt, there are not many ways that labour can be included. Symbolic inclusion thus becomes all the more important.

The sheer rapidity with which ostensibly tripartite commissions were established gives an indication of their role. Except for Poland, tripartite boards were introduced at the very beginning of the transformation process – not in response to demands by workers, but as part of the effort of reformers to introduce painful market reform. The marketizers understood that workers were going to pay a price for the transformation. Indeed, they identified labour, and not the old elite, as the major obstacle to successful transition. (The latter, seeking with considerable success to exchange political capital for economic capital, could be won over to the new system.) The task thus became how to win workers over to a cause that would exclude them<sup>30</sup>. Tripartism, a model readily available in Western Europe (and encouraged by West Europe on the East), appeared as the model of choice, a tried and tested forum in which labour could be included without posing threats to emerging capital. Tripartism was an attempt to secure loyalty by granting voice, hoping thereby to preclude the exit (ie, turn against marketization) that the reformers most feared.

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<sup>29</sup> Greskovits notes that during social protests in 1992, when the Hungarian government consciously 'upgraded' the unions' status and the tripartite board in order to avoid dealing with hunger strikers and to reach an easy accord that would prop up its shaky political coalition. Union bureaucrats, of course, shared an interest in marginalizing other contenders (see: Greskovits 1998).

<sup>30</sup> This is how Adam Przeworski identified the key dilemma of transition. See the final chapter of his *Democracy and the Market* (Przeworski 1991).

Thus, if tripartite arrangements in the West were about including the excluded, in post-communist society they are intended to give limited say to the **already** included now headed for marginalization. Unlike in the West, workers in Eastern Europe did not demand inclusion. Instead, they expected it. Both communists and anti-communists had valorised the working class: the former because it was the key part of their legitimacy, the latter because it was a way to undermine communism from within. The result was that 1989 left labour with more hopes and expectations than, from a neoliberal perspective, they had any right to have. Just as southeast Asian peasants expected capitalism to maintain pre-capitalist security, and rejected it when it did not (Scott 1976), East European labour expected capitalism to maintain some kind of substantive inclusion, and tripartism was offered to keep labour from rejecting capitalism when that substantive material inclusion was not forthcoming. The establishment of tripartite bodies was a means to control labour, not empower it. If social democratic tripartism resulted from workers resisting the lived realities of the capitalist experience, East Europe's neoliberal tripartism is the result of new elites responding to the formal inclusiveness of the communist experience.

This line of argument might seem contradictory. One might object that unionists who believe in capitalism do not need to be mollified, or that workers who mistrust trade unions could not be mollified by symbolic inclusion of its representatives, or that elites with a compliant labour force have no need to incorporate the latter at all. Besides the obvious point that labour, even if weak and compliant, always represents a potential disruptive threat, such objections miss both the specificities of the East European experience, as well as the way **all** institutions seek to preclude conflicts by managing discontent.

First of all, workers may enter the new era as supporters of capitalism, but as their understanding of it as a system that rewards hard work comes into conflict with the lived reality, the possibilities of major conflict are never far off. As the country studies show, tripartites have been a useful forum for managing discontent when it appears.

Second, East European workers are quite accustomed to being represented by organizations they do not trust. Mistrust of party and union organizations in the communist era did not prevent workers from turning to them when they needed assistance. They may not trust unions, but that does not mean they would consent to their abolition. They understand that unions are the institutions formally responsible for protecting workers. 'So let those organizations do their best to do so', they say, 'even if we're not going to help them'.

When governments publicly cite and promote tripartite agreements with union representatives, this signals non-elites that their interests are being taken into

account<sup>31</sup>. Such signals register even with workers who think little of trade unions. (My earlier point was only that workers do not believe in unions, not that they loathe them or see them as the enemy.) Formal inclusion, in other words, can mitigate discontent even among those who profess not to care. The janitor is grateful for the invitation to the company Christmas party just as much as the non-tenure-track professor likes being invited to the provost's picnic. They might even make some useful contacts there. Yet no one would call this evidence of meaningful inclusion. The roles of the labourer and the adjunct are sufficiently important to secure them some recognition, but not enough to give them influence over policy.

To offer one more comparison, there is no reason that Russia 'needs' to be invited to the G-7. Its GDP is lower than that of many excluded countries, while its citizens regularly profess disinterest in the state's embeddedness in international institutions. But historical legacies as well as severe disruptive potential make inclusion necessary despite Russia's weaknesses. That inclusion, to be sure, has been purely formal; Russia has no influence on any of the G-7's decisions. Yet its elites come to feel that they are not left out, while the sense that they live in a country still taken seriously serves as an occasional tonic for common citizens who otherwise say they don't care, and helps keep them from a dangerous despondency. Inclusion is necessary despite weakness, **and** that inclusion is symbolic.

Workers coming from a communist tradition feel they need some sort of inclusion. Their vision of capitalism leads them to believe that they will be included by the market, but as they find this to be untrue, they need to be included in some other fashion. Symbolic tripartism is not much. If we look at the outcomes produced by effective neocorporatism in the West, union influence over public policy (concertation) and increased standard of living for workers, it has not been very successful for labour. But that is precisely the point. It is a minimal inclusion to give the illusion of being counted. It probably does help preserve 'social peace', understood as the minimization of labour conflicts<sup>32</sup>. But given what has happened to labour in the decade since the fall of communism, minimal conflict has not been in labour's interests.

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<sup>31</sup> Murray Edelman writes eloquently on the conservatively affirmative significance of formal agreements (see: Edelman 1964; Edelman 1995).

<sup>32</sup> I was struck when a Polish union official in charge of tripartite negotiations told me he considered them 'very useful' – at the very moment his union was boycotting them on the grounds that they were not. Interview with Ryszard Lepik, Vice-President of OPZZ, Warsaw, July 1999.

## Conclusion

Neocorporatism integrates workers into the political system by realizing, within limits, labour's class interests<sup>33</sup>, in return for which labour promises to use its organizational discipline to provide for political and economic stability. What are its conditions? On the labour side, which has been the focus of this paper, corporatism requires the existence of authoritative representatives of labour committed to representing working class interests, able to command organizational loyalty, and structurally able to pose a convincing threat in order to make sure they are taken seriously. In Eastern Europe, these conditions are lacking. In response to the communist era, unions today eschew class ideology and refrain from organizing the private sphere. The region is marked instead by weak trade unions, with declining support from the workforce, unable to authoritatively represent class interests, unable to challenge emerging capital, and so unable to serve as the stabilizing linchpin of an inclusive neocorporatism.

Actually-existing tripartism is little more than a pseudo-corporatist facade that has so far done little to resolve the central political issue that neocorporatism in the West aimed to resolve: namely, how to guarantee labour input in a capitalist economy, thereby eliciting labour's acceptance of a system based on the hegemony of capital. Until it does so, tripartism is only an illusory corporatism, not a real one, and labour will remain a potential threat to the stability of the new order.

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<sup>33</sup> Not its 'historic' interests as a Marxist 'universal' class, but as a particular class within capitalist society. Corporatism is, after all, an arrangement that has always worked to stabilize capitalist society, even as it redistributes wealth towards labor's end.

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