

Structure and Agency during Transition: Labor Representation Strength in Slovenia and Serbia

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Abstract

This paper makes an overview and summarizes previous findings within the literature on labor representation strength during transition for two post-Yugoslavian cases, Slovenia and Serbia. Even though both countries shared the same socialist legacy of self-management and relative labor strength during socialism, they ended up as opposite cases of labor representation strength during transition, Slovenia being a case of labor representation success, while Serbia a case of labor representation weakness. The main aim of this paper is to show how different transitional trajectories led to profoundly different outcomes in terms of labor representation strength. In terms of theory, this paper utilizes structure and agency centered approaches in explaining the polar outcomes.

Key words: trade unions, labor representation strength, transition, Slovenia, Serbia, structure, agency

After the fall of communist regimes in Central and South Eastern Europe, trade unions found themselves in a crisis of identity. Trade unions during the economic and democratic transitions were faced with the necessity of redefining their organizations, tasks and position within the new political and economic system. This paper is a summary of findings on two post Yugoslavian countries, Serbia and Slovenia and their transitional experiences with labor representation strength seen through the structural and agency centered theoretical accounts that dominate the literature on labor strength in post-communist countries.

It is puzzling how these two labor movements, which for decades shared the same experience with workers self-management within the Yugoslavian type of “deregulated communism” (through workers councils participation and trade unions), end up having profoundly different outcomes in terms of labor representation strength during transition. The main question leading this paper is what accounts for the different positions that trade unions had in Slovenia and Serbia after the breakup of Yugoslavia. The paper, additionally, aims to depict how the different transitional trajectories shaped the position of labor representation organizations in terms of strength. By looking closely at the main actors and their

pathways during transition, we can also learn about their role, if any, in shaping the economic and social processes and furthermore, understand their recent position as a function of their actions and choices during transition.

Slovenia and Serbia had a common institutional experience with Yugoslavian self-management and thus, according to Mesman (2012), labor organizations in both countries have positive socialist legacy. The working class in Yugoslavia had a relevant social position due to the “economic democracy” via the working councils where workers participated in the decision making process within companies (Stanojevic in Dimitrova, Vilroks ed. 2005, Stanojevic 1999). Workers were given extensive security benefits and secure jobs in return for political support of the political elites.

During the economic transformation, this positive legacy from socialism was converted into contrasting scenery, where Slovenian labor appears in the role of *winner* while Serbian labor appears in the role of *loser*. I argue that a combination of structural factors (unemployment rate, economy performance, mode of privatization, presence of armed conflict etc.) and the presence or lack of union strategies for revival during the economic transition (internal organization reform, political maneuvering) accounts for the different outcomes in terms of labor representation strength.

The main argument of this paper is that the different transitional trajectories of Slovenia and Serbia led to profoundly different outcomes in terms of labor representation strength in the new economic and political systems. Transitional trajectories refer to the structural economic and political changes through which these countries moved in the first decade of their transitions. Labor representation organizations are examined in both the role of *condition -takers* during the transition, constrained by the hostile political and economic circumstances, and in the role of *condition- creators* that had the opportunity to shape the new economic and social order.

Most of the research on unionism in post-communist countries is based on cross-national comparisons of in-depth case studies. Because of the specificity of each country`s transition towards capitalism and democracy, one can aim at discovering patterns of diversity and similarity. The cases placed in comparative perspective represent polar cases in terms of labor representation strength, Slovenia being a case of success, while Serbia being a case of labor representation weakness (Stanojevic 2003b).

In the next part of the paper, the dominant theoretical accounts of labor representation strength in post-communist countries are presented. These theoretical accounts will help explain the different positions of trade unions during transitions of Slovenia and Serbia. This is followed by two separate sections giving an overview on the transition trajectories of Slovenia and Serbia with an emphasis on the position of labor representation organizations at the time of the transition. In the

end, a brief discussion of the patterns of diversity derived from the comparative overview of findings will be given.

2. Theoretical Accounts on Labor Representation Strength

The dominant conclusion revolving around the position of labor representation in the post-communist countries is that the process of transition resulted into a general weakness of labor. As Crowley has commented, "There is a little doubt; labor is a weak social actor in post-communist Europe." (2004, 407). An even more illustrative take on the position of labor in the post-communist world is given by Kubicek: "If democratization and economic liberalization were expected to produce winners and losers, organized labor certainly would rank among losers" (2004, 3).

Weakness of labor in post-communist societies can be defined as a general deprivation of labor from their decision making power within the enterprises and on the level of state institutions, the decline of the social safety nets and the security in the workplace, the ideological and symbolic marginalization of labor and the loss of the prestige that (at least formally) workers enjoyed under communism. Within the studies on labor representation strength, one of the outliers from the whole story of "workers as losers" during transition is Slovenia. The concept of labor weakness, however, applies to the case of Serbia (Arandarenko in Crowley, Ost ed. 2001).

Nevertheless, there is a variation of labor representation strength throughout the post-communist world (Varga 2011). In this regard, I follow Varga's (2011) logic in defining labor representation strength as the capacity of trade unions to influence economic and social policies both on the level of enterprises and on central level as better grounded than the famous notion of weakness of labor concept. The terms trade unions and labor representation organizations are used interchangeably in the text.

The explanations of labor representation strength/weakness in post-communist countries cluster around two dominant approaches. Firstly, the structural approach contests that capitalism by itself is inimical to labor. Bohle and Greskovits argue that the eastern transformation economies are structurally hostile to unions (Upchurch 2006, 44). Kubicek (2004) for example, contests that marketization, privatization and globalization affect labor strength in post-communist countries. Hence, changes within the economic and political structure of the new states is what is taken as determinant influences of labor strength.

Secondly, there is an agency-centered approach complementary to the structural account of labor representation strength. Here the accent is put on the trajectories of particular peak unions within the particular economic and political context of post-communist countries (Mesman, 2012). One of the most influential

accounts for labor weakness is Crowley and Ost's emphasis on the negative ideological legacies of trade unions (2001, 45). Therefore, labor weakness is accounted for by the lack of *know-how* by the trade union leadership in terms of ideas, visions and modes of organizing needed in the new economic and political environment. Old (socialist) unions, according to Crowley and Ost (2001), remain within their old roles of social benefit providers and do not manage to reposition themselves as influential interest organizations. Within this agency focused account on labor representation strength, the capacity of trade unions to protect labor and influence the decision making process is seen as a function of their strategies for "internal reorganization and political repositioning" (Mesman 2012).

3. Labor Representation Success: The case of Slovenia

Slovenia is the outlier in the post-communist world, with labor representation organizations playing a crucial role during the process of transition (Stanojevic, 2005, ed. Dimtrova and Vilroks). Only Slovenia, according to Stanojevic, "was a successful transformation of workers power inherited from the old system into a trade union power" (2005, 206). Slovenia, along with Croatia, is the only former Yugoslav country in the region in which the previous tradition of workers' self-management has remained vivid (Kohl 2009, 170). Therefore, besides the authoritative position of trade unions, a very important trait of labor representation in Slovenia is the existence of a highly effective works council model.

There are structural and agency determinants such as the geographic position of the country, the local economy traits after the Yugoslav separation and the readiness of the political elites to collaborate with the labor representative organizations in order to prevent social unrest that help us understand the labor representation success in Slovenia. . One should certainly have in mind that after Slovenia left the federation, it lost the internal common market, which caused a blow to the economic system similar to other post-communist countries (Stanojevic 1999, 43). Nevertheless, the external export oriented economy, as well as the absence of war and ethno nationalistic clashes within the country due to its homogeneous structure, placed Slovenia in a far better position than other post Yugoslavian countries.

Many aspects of the Slovenian economy were positive grounds for adopting capitalist market economy. In the presentation of the Slovenian case, it is essential to recognise the simple historical fact that it was the most developed part of the former Yugoslav federation. Slovenian manufacturing industry produced the major part of the total exports of the federation. This country, during Yugoslavian times had extensive trading ties with neighbouring countries such as Italy and Austria that allowed managers to adopt western standards of working (Grdesic, 2008). "The

borders of former Yugoslavia were not the borders of the 'iron curtain'; Slovenians were included in interactions with neighbouring Western countries" (Stanojevic, 1999, 46). The position on the European geographical map was an additional benefit for the small country not only in the sense of economic, but also in terms of cultural exchange.

Labor representative organizations participated in shaping the economic reforms during transition. The radicalization of trade unions related to wage increase demands during the time of the economic recession (1989-1993) positioning the trade unions as a serious actors whose interest were taken in consideration by the political elites. The highest level of strikes was reached in 1992, a key year for Slovenia (Stanojevic, 2003b). This resulted in inclusion of these interest organizations within the negotiations on economic reforms and labor legislation, which led to the adoption of a gradual path towards capitalist economy. In order to preserve the social peace and assure political legitimacy, the political leaders from the Liberal Democratic party (LDP), a centre left coalition that came to power in 1992, following the country-wide mobilization of trade union protests, included labor representation organizations in the making of the law on privatization and labor legislation. "Knowing that employee collectives were strongly attached to their companies, the post- communist political elite, primarily oriented towards its legitimising needs, offered employees participation in the privatisation process" (Stanojevic 1999, 47). LDP was willing to cooperate with the unions and take workers' interests into consideration, which resulted in a privatization policy that turned "striking workers into owners" (Stanojevic, 2003a).

The Slovenian trade union scene was divided into "old reformed" and "new independent" camps (Stanojevic 1999, 48). The trade unions managed to reshape their strategies, conduct internal reorganization and improve communication with the rank and file (Mesman, 2012). The most powerful among the four representative federations was the old re-formed Association of Free Trade Unions of Slovenia (ZSSS). This peak union never become a political party ally and used the political circumstances to grow into an active social force (Mesman 2012, 8). The old trade union confederation managed to position itself as a powerful bargaining actor and a system of highly centralized industrial relations was adopted in 1994.

The labor representation success in Slovenia as shown by Mesman (2012) and Stanojevic (1999) has its roots in the strong position of trade unions in the self-management system. Therefore the trade unions starting position enabled their clear articulation of demands for inclusive and centralized wage bargaining system. The workers know- how experience from the time of the self-management, the timely repositioning of the trade unions' interests *vis a vis* the political parties is what accounts for the labor representation success. The emergence of new trade unions that competed with the old union confederation pressed the latter into immediate

strategies for revival. Hence, ideological similarity among different confederations on the trade union scene in Slovenia facilitated basic consensus among workers.

4. Labor Representation Weakness: The case of Serbia

The trade unions in Serbia did not play any decisive role in the restructuring of the economy during the first (1991-2000) and second phase (2001-2010) of transformation. As Kohl describes, the ethnic problems became a substitute for the socio-economic issues during the first phase of the transformation (2009, 153). In comparison to other post Yugoslav countries, the actual process of democratic consolidation of the country began after the fall of Milosevic in October 2000.

After the separation of Yugoslavia, during the period between 1992 and 2000, Serbia (at that time the Federal Republic of Yugoslavia) was hindered by armed conflict and international sanctions. As Upchurch argues, the experience of Serbia has been the most dramatic among the post Yugoslav countries in transition, “as it was additionally affected by UN sanctions, NATO bombing and, finally, the revolution of 5th October 2000” (2006, 46). During the 1990s the economy was trapped in continued stagnation since the political elite avoided starting the structural reforms and the process of privatization (Stanojevic 2003b, 286). The destruction of the internal Yugoslavian market led to increased levels of unemployment, poverty, inflation rate and dependence on external imports of goods. Many companies were closed and this contributed to the escalation of shadow economy, which occupied a 53.4 percent of the GDP in 1994 (Upchurch 2006). The growth of the informal economy, where people tried to make some money, additionally undermined the representational capacities of labor organizations. Many workers were left unprotected. These structural conditions in the first decade after the separation to a large extent accounted for the diminished capacities of trade unions to defend and protect workers’ rights.

Concerning labor representation organizations strategies during this initial period of transition one needs to understand that the old trade union – the Confederation of Trade Unions of Serbia (SSS) enjoyed close relations with the Milosevic Socialist Party. This was a guarantee for the trade union leadership status quo in terms of retaining property (offices, real estate, etc.) and positions of power (Upchurch 2006, 51). But as Grdesic points “Serbian elites led by Slobodan Milosevic ... while pretending to speak in the name of labor, they offered it no substantive gains (2008, 134). The old trade union confederation remained a social benefit provider for the workers during the war. The authoritarian elite domination over the trade unions in Serbia is the main reason why they failed to adopt new unionist strategies and internal organization reforms (Mesmaner 2012).

The new trade union confederation TUC Nezavisnost on the other hand was advocating radical political and economic reform while also criticizing the Milosevic regime as part of the democratic opposition. The newly formed unions supported marketization and privatization, for which citizens perceived them with distrust. This is an example of trade union identity crisis, where the old ideology of protecting labor was replaced by new radical neo-liberal discourse. The great ideological and political division within the labor movement, namely between the old and the newly formed trade union confederations also contributed to the continued marginalization of trade unions by the political parties.

Three important trade union confederations in the post-Milosevic period are the old and partly reformed Confederation of Trade Unions of Serbia (SSS), TUC Nezavisnost and Association of Free and Independent Trade Unions (ASNS). Regarding trade union density, there is a permanent decline to an overall rate of around 35 percent. The trade unions' opinion in Serbia is recognized by the political parties only during election time. This strongly indicates the lack of influence these organizations have in the creation of social and economic policies on central level. The structural weakness is partly because of the fragmentation and polarization of the unions' scene, which causes labor representation legitimacy problems. In sum, as Uvalic (2005) states, the trade unions in Serbia have problems with identity, high fragmentation, citizens' mistrust and lack internal organizational reform.

After the fall of the Milosevic regime, in contrast to Slovenia, the self-management was remembered as a symbol of the socialist and undemocratic legacy. Therefore, the self-management practices were something from which the trade unions confederations wanted to distance themselves. Because of the socialist ideology of the Milosevic regime and the close relationship of the old trade union (SSS) with the Milosevic party, trade unions are perceived as trouble from the past and still unpopular.

5. Structure and Agency: Patterns of Diversity

Following the two dominant theoretical accounts for labor representation strength in post-communist countries - structural and agency centered approaches; one can trace different trajectories even though the cases chosen have shared institutional experience with self-management. According to Stanojevic (2003b) this experience should be treated as positive legacy, since labor in Yugoslavia was a strong actor having a say in the enterprise management through the system of works councils. In sum, Serbia and Slovenia's trade unions had property, finances and, infrastructure that could be used as resources for maintaining their strength during the period of transition. Therefore the key question is what happened during the

process of transition so the two countries end up as polar cases in terms of labor representation strength?

5.1. Structure

The Slovenian economic situation was much more favorable in the first decade after the separation in comparison to other post –Yugoslav countries. The absence of armed conflict and the high export rates favored peaceful transition with focus on socio- economic issues. Even though there was an initial fall in the employment rate, the successful restructuring of the industrial sector brought fast economic growth and prosperity. As Stanojevic comments, “Slovenia differed markedly from the common pattern of ‘shock therapy’ employed in other post communist countries” (2003b, 290). The ruling elite of Slovenia chose a gradual path towards capitalism and included labor into the process of drafting the major laws regulating social and labor concerns.

On the other hand, in Serbia, we can observe a different pace of economic reform. The political elite did not choose market reform immediately after the separation of Yugoslavia. Instead, Milosevic regime opted for a socialist economic program that led to corrupted and criminal practices. “The key factor behind (...) the abortive transition in Serbia in general, was not labor at all, but the political elite, who rigidly rejected market reforms” (Stanojevic 2003b, 299). The territorial disintegration of Yugoslavia coupled with armed ethnic conflicts reinforced the economic deterioration, leaving many people without jobs and social security benefits. The populist political elite managed to transform the accumulated social anger into a strong wave of nationalism (Ost, 2005; Stanojevic 2003b, 298). Therefore, labor representation strength declined and trade unions were placed in position of subordination. These structural factors caused hard times for Serbian labor in terms of mobilization and protection.

5.2. Agency

In Slovenia we can observe a different pattern of attitudes by the political elite towards labor organizations. However, this was due to the power that unions had in terms of mobilization of workers strikes during 1991-93. The trade unions leadership managed to reform its internal organization and to redefine its strategic interests during the process of economic transition. In this sense, trade unions in Slovenia effectively used the self –management experience in the new environment (Mesman 2012). In terms of agency, trade unions in Slovenia managed to assure their strength within the political system by actively shaping the economic reforms and the labor policy of the country during the first years of the transition.

During the first phase of transition, the Serbian old SSS confederation leadership, in contrast to the Slovenian old confederation ZSSS, accepted the role of transmitter of interests of the authoritarian political leadership. During the process

of transition new trade union confederations emerged which led to fragmentation of the trade union scene. This was followed by political and ideological clashes between the old and the new union confederations that finally harmed labor interests. However, for Serbia turning into a case of labor representation weakness, the trade unions confederations themselves have a great share of responsibility. By acting as puppets of the political elite, they failed to become masters of their own destiny. In the years after 2000, instead of using the opportunity of healing economic performance to reposition themselves *vis a vis* the political parties, they ended up with ideological divisions and quarrels over the inherited unions property. Not only structure, but also agency was a determinant of weak labor representation strength during Serbian transition.

6. Conclusion

This paper demonstrated how the different transitional trajectories of Slovenia and Serbia led to profoundly different outcomes in terms of labor representation strength in the new economic and political systems. Through the perspective of structure and agency centered accounts of labor representation strength one can observe the patterns of diversity between Slovenia and Serbia. Even though these countries shared the same socialist legacy of self management and relative labor strength, they ended as polar cases of labor representation strength during transition, Slovenia being a case of labor representation success, while Serbia a prominent case of labor representation weakness. However, this comparison is time restrained since the new occurrences in the global economy, following the world economic crises, brought new challenges for labor in both countries. Depending on the interplay between structure and agency, new outcomes in terms of labor representation strength worth further research may follow.

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