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Book Author(s): Paul J. Kubicek

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Organized Labor in Ukraine

UKRAINIAN TRADE UNIONS HAVE MUCH in common with their Russian counterparts. It could hardly be otherwise, given their common Soviet experience. For the most part, Ukrainian trade unions are the inheritors of the republic-level structures from Soviet times, although there are also some newer unions in a few sectors (mostly mining and transport) whose lineage can be traced to all-Union workers' organizations in the late 1980s. As in Russia, Ukrainian unions are attempting to overcome negative aspects of the Soviet period while at the same time adjusting to the still uncertain environment created by both economic dislocations and nascent marketization.

There are, however, some differences that are worth mentioning at the outset. The first is the general slower pace of economic reform in Ukraine. While Boris Yeltsin and Yegor Gaidar launched shock therapy in Russia in 1992, Ukrainian leaders in the first years of independence tended to dither on economic reform questions, with Leonid Kravchuk, the first post-Soviet president, at one point admitting that Ukraine lacked an individual with reform credentials such as Gaidar or Boris Fedorov.¹ While Russia encountered its

own problems, the results of nonreform in Ukraine were arguably more disastrous, with the verb “to Ukrainianize” entering the Russian lexicon, meaning to bring to ruin. President Leonid Kuchma did push through an economic reform program in 1994–1995, and at the same time Ukraine began to receive substantial funds from Western states and organizations. However, on several significant measures (levels of privatization and marketization, foreign investment, trade, growth), Ukraine remains well behind most of her neighbors. Although economic reform has not brought ruin to Ukraine’s trade unions (they were quite weak well before economic changes were launched), the impact on unions of the economic “reform” that has occurred in the country must be considered.

Moreover, political conflict in Ukraine has been much more subdued than in the Russian case. Regional and constitutional disputes have been settled peacefully, and political polarization has been much less pronounced. This is not to say that Ukraine has a stronger record on democratic reforms. Clans with roots in the Soviet *nomenklatura* dominate economic and political life in the country. The rule of law has yet to be established, and the president has resorted to political and electoral intimidation to push through measures to augment his powers. In 2000, matters reached a nadir when cassette tapes were aired with President Kuchma, apparently, openly ordering the intimidation of judges and regional officials, engaging in electoral fraud, accepting bribes, and advocating that a prominent opposition journalist, who was later found dead, be “dealt with” by the Chechens or the Ukrainian security service.² Kuchma was able to remain in power, a testament to the weakness of political opposition in the country. This broader political context is quite important from the perspective of civil society and trade unions, because there has yet to be any sort of “democratic breakthrough” that would thoroughly dismantle the structures of the old Soviet system.

Finally, Ukraine, arguably more so than in Russia, and certainly more so than in Hungary and Poland, has been occupied with nation- and state-building projects in addition to tasks of political and economic reform.³ Neither of these concerns will be the focus of our discussion, but much of the state-building project in Ukraine is less from scratch and more from the ruins of the Soviet state, hence the presence of “residual corporatism” in the country.⁴ Also, regional and ethnic disputes, particularly widely noted East-West, ethnic Russian-Ukrainian divides, manifest themselves in many of the broader political and economic debates in the country. These schisms have

had some relevance as well in the trade union movement and at times have prevented workers' solidarity.

Union Issues in Ukraine

Ukrainian workers, like their Russian counterparts, are overwhelmingly represented by unions that are successors to the Soviet-era communist-dominated unions. Most of these unions belong to the Federation of Ukrainian Trade Unions (FPU), which occupies the old union building (still adorned with a hammer and sickle) on Kyiv's Maidan Nezalezhnosti and inherited most of the property of the old unions. The FPU is structured along both branch and regional lines, and its forty-one branch unions are for the most part the same unions that existed under Soviet times. Its membership has dwindled since the Soviet collapse, falling from twenty-five million in 1990 to twenty-one million in 1994 to under fourteen and a half million in 2001.⁵ Hardest hit in terms of membership decline since 1994 have been those in the agroindustrial sector (-46 percent), auto construction (-48 percent), coal (-49 percent), textile and light industry (-53 percent), engineering (-57 percent), consumers' cooperatives (-68 percent), and radio electronics (-75 percent). Union membership has held steady in education and in oil and gas but has increased in no sizable sector. Union leaders attribute most of the decline to job loss from downsizing, and in most industrial sectors unions continue to represent upward of 95 percent of the current workforce. Thus, in Ukraine the problem has been workers moving from unionized jobs to jobs without trade unions rather than choosing not to belong to a union. Indeed, movement to nonunionized jobs in small businesses (legal or in the shadow economy) has been quite pronounced, given the official figures of deunionization together with officially quite low (4.2 percent at beginning of 2001) unemployment figures.⁶

There are some non-FPU alternative trade unions. Most are in the same sectors as in Russia (miners, air and rail transport workers, longshoremen), but there also are a handful of small, company-based regional trade unions that do not belong to the FPU. According to the ILO, many of these smaller unions have formed because the traditional, "official" unions "have been unable to reform themselves for work in a market economy and realize their stated goal of protecting workers."⁷ While some of these unions claim highly

inflated, impossible figures of hundreds of thousands, even millions, of members,⁸ by far the most visible of these alternative unions is the Independent Miners' Union of Ukraine (NPGU), which claims 52,100 members, a mere 10 percent of the members of the FPU coal industry union. Independent unions for railway, air transport workers, and air traffic controllers count fewer than five thousand members each, and numerous others (e.g., long-shoremen at Illichivsk, Kyiv metro drivers, female agroindustrial workers, workers at the Donetsk textile plant) are primarily local and far smaller in size.⁹

These groups, built from scratch, have had much trouble getting off the ground. Part of the problem is the simple collective action dilemma, along with fears among workers that joining a new union may jeopardize benefits such as housing, access to consumer goods, day care, and vacation packages. These newer unions lack such "selective incentives" to offer members, and given the realities of the labor market, workers appear to be loathe to rock the boat and leave their old unions, which enjoyed in the past a cozy relationship with management and distributed various goods at the enterprise. Of more concern, perhaps, are the widespread allegations of harassment and intimidation against would-be union organizers led by local authorities, plant management, and leaders of the established unions. In 1993, the leader of an independent pilots' union was defenestrated from his flat on the ninth floor; graffiti at the railway depot warned Semen Karikov, head of the Independent Railway Drivers Union, that he would be next.¹⁰ Viktor Stepanov, deputy leader of the dockers' union outside of Odessa, noted that the enterprise management and existing unions, in collusion with the local administration, have refused to recognize his trade union and have attempted to intimidate and bribe him to stop his organizing efforts.¹¹ Mikhail Volynets, head of the NPGU, has noted threats against him and his family, which he attributes to enterprise management, rival unions, local officials, and members of the secret police that all work to protect a "coal mafia." He has also suggested that prominent officials have worked to intimidate NPGU members into voting against him as NPGU president.¹² A leader of the Capital-Regions union in Volyn oblast' noted that even though Ukrainian laws do offer rights to organize, "nothing really has changed. These laws exist for you [the United States], for Europe. They're just pieces of paper. If a manager wants to dismiss a leader of a union, it is illegal, but he can and does, and nothing can stop him."¹³ This complaint was echoed by many, who noted

that the general *bardak* into which Ukraine has descended has undermined the ability of unions to exercise their rights to organize workers.

Despite problems of falling membership, Ukrainian trade unions remain by far the largest organizations in civil society. Their more significant problem is the inability to mobilize the members they have to protect workers' interests. Indeed, as in other cases, workers' passivity in the wake of an assault on workers' living standards and job security has been the norm. There are numerous reasons for this: workers' fear of reprisals if they engage in protests or strikes; a belief, perhaps, that no action would do any good; unfavorable labor markets; and an unwillingness of union leaders, especially those from the FPU, to call for workers' action. However, one serious problem is the lack of trust in trade unions. Surveys in 1994–2000 show that confidence in both traditional trade unions (12–14 percent expressing full or some confidence) and new unions (7–9 percent) is markedly and consistently low. More telling, perhaps, is the fact that only 43 percent of employed respondents in a fall 2000 survey claimed membership in trade unions, a figure that does not jive with FPU claims of 94 percent representation of Ukrainian workers.¹⁴ Obviously, either membership figures are inflated or many workers simply do not know they are members of a union. Membership is more assumed, a habit, a fact acknowledged and lamented by many union leaders.

What do workers think of unions? Unions could find some solace in the fact that in the above-mentioned survey from 2000 workers stated that they could appeal to unions on more localized issues such as work safety (34 percent), unfair dismissals (25 percent), and violation of labor contracts (26 percent). These, however, were the exact same issues that unions purported to serve in Soviet times, and few union leaders would claim that they are regularly effective in resolving such issues. On broader issues outside of the enterprise—on those factors that establish the general environment for Ukrainian workers—workers judged appeals to unions to be far less useful: only 11 percent mentioned an appeal to unions for wage arrears, 3 percent to protest price increases, and 2 percent to deal with utility cut-offs. And, not surprisingly, workers were more apt to think that local trade union organizations (33 percent) were best able to protect their interests (as opposed to 2 percent who cited the national union or 10 percent the branch level). Still, 52 percent did not know what union (if any) protected them, and 42 percent claimed management takes care of workers' interests, higher than the figure for the enterprise trade union.¹⁵

Part of the problem, at least for the top union leadership, is a widespread perception that unions have not shed their communist past and are still either too attached to management or too engaged with their own corporate interests separate from workers' interests. Ihor Kharchenko, a former head of the department of social and labor questions in the Cabinet of Ministers, had little good to say of the unions, especially the FPU, which he viewed as a commercial structure, concerned with managing and dipping into income from union property and control over the social insurance funds.¹⁶ A Western adviser working with the newer unions accused the FPU of being little more than the "labor relations branch of the government . . . They have dotted their i's and crossed their t's to create the facade of a legitimate structure. However, this has never corresponded to reality."¹⁷ Even the leader of the coal miners of the FPU accused the top leadership of being a "bunch of communists" for their passivity in the wake of economic depression, and the leader of the cultural workers lamented the continuation of democratic centralism that restricts union independence.¹⁸ The leader of the L'viv FPU organization conceded that the FPU is the "most conservative social organization" in Ukraine.¹⁹ Meanwhile, as might be expected, leaders of the new unions continue to refer to the FPU as a state or official union, and, indeed ties between its national and local leaders, enterprise directors, and government officials make many people question if it is an organization for workers.

The FPU is aware of these concerns and at the same time has undertaken efforts to preserve its unity against would-be internal dissidents. Valentin Pozhidayev, vice chairman of the FPU, reacting to some of the criticisms voiced above, noted that the "union organism is like a cloth," and little rips in it would soon result in "no cloth at all."²⁰ He later noted that "no one can be satisfied with the organizational structure of the unions," because they have become too amorphous, too divided, and need to remake themselves into a "powerful organism."²¹ Local union officials noted in the main FPU newspaper that unions have lost their dynamism and unity and that they must "overcome the principle of pseudodemocracy" and maintain the "principle of democratic centralism" to maintain unity and financial strength.²² While the hierarchy of the FPU complains that branch and regional unions are prone to "pull the blanket over themselves," many branch union leaders concede they have no choice, because they must fight for resources from the state budget and because the FPU as a whole may be incapable of defending workers in their sector.²³ Much of this fighting, however, is over union money, with the

leadership demanding that more money be transferred to them and local or regional unions fighting to keep their union dues. In February of 2000, this split came to a head, as many regional FPU unions refused to participate in protests over social insurance funds that were organized by the central union leadership. Even leaders within the FPU were left wondering how the FPU can hope to be a major political player when it is constantly fighting internal battles to keep its members unified.²⁴

The alternative unions outside the FPU have fared little better in terms of unity. A coalition, Free Trade Unions of Ukraine (VPU), under the leadership of Alexandr Mril' of the NPGU was created in 1994 but collapsed a year later due to personality disputes and endless debates on "trivial issues."²⁵ In 1998, a new Confederation of Ukrainian Free Trade Unions was formed (KVPU), and as of 2001 it unified seventeen different unions. However, it is dominated by the NPGU,²⁶ and several important unions (e.g., air transport, air traffic controllers, most of the interregional Capital-Regions union) are not part of it. The independent railway union, once one of the more active ones in Ukraine, is now split into two unions, only one of which belongs to the KVPU. However, even within the KVPU, there are notable divisions, with the coal miners being far more politicized and willing to mobilize members for protests and the remainder far more removed from the political arena. For example, in 2001 the NPGU was very active in the "Ukraine without Kuchma" movement and has forged an alliance with Yulia Tymoshenko's anti-Kuchma National Salvation Front. Other union leaders in the KVPU note with some condescension that such actions are in part political grandstanding and that they themselves prefer to eschew such political battles.²⁷

In general, the alternative unions have been better able to mobilize their members to strike, both for political economic demands. Transport unions struck in September 1992 and won government recognition along with salary increases. A June 1993 miners' strike in eastern Ukraine, in which the NPGU and nonunion strike committees were very active, resulted in the government's making a host of concessions. However, in retrospect it is apparent that this event was the zenith for organized labor in Ukraine. Since that time, strikes (mainly by doctors, miners, and teachers) have been more spontaneous than organized by unions (mostly local) and have won only the most modest of gains for workers—typically the salaries that the government owed them. One NPGU leader noted that it took eighteen months of wage arrears to finally spark sustained action, and now, after back wages have been

paid, workers go back to work, not thinking of their future or of rectifying the situation that led to wage arrears.²⁸ The alternative unions, despite sustained criticism of state policies and enterprise management, have been unable to lead anything close to a national- or sector-level strike since 1993. Mikhail Volnyets, head of the NPGU, noted in 2001 that efforts to generate sustained protests among miners failed, as miners at a given enterprise ceased actions after their mine had been temporarily bought off by authorities.²⁹

Last, Ukrainian unions, in particular alternative ones, have also been hampered by the regional and ethnic divisions in the country. This was most apparent in the miners' strike of 1993, when coal miners in the Russified Donetsk region put forward a number of political and economic demands, including referendums of confidence in president and parliament and a referendum for regional economic autonomy for Donetsk and Luhansk in eastern Ukraine. Coal miners in the more nationalist western Ukraine, even those affiliated with the NPGU, looked upon such activity with suspicion, as they feared this event would benefit Russia and undermine Ukrainian statehood.³⁰ Some unions, such as VOST (All-Ukrainian Union of Workers' Solidarity) have aligned themselves with national-democratic parties such as Rukh, which are strong in western Ukraine but have little support in the more Russified eastern and southern regions. The acute regionalism that was manifested in 1994 and 1998 elections also undermined the ability of unions to organize workers across the country for political goals.³¹

In short, Ukrainian unions continue to suffer from a variety of organizational problems: maintaining membership, establishing their organizations, and creating unity within their respective blocs, not to speak of cooperation between the FPU and the alternative unions, which has been very rare.³² These factors have contributed to their circumscribed political and economic role in the country.

Trade Unions and Politics

Ukrainian unions have been far more reticent to enter the political arena than their Polish or Russian counterparts. Russian unions, of course, are by no means politically powerful, but at least they do appear occasionally on the political radar screen. Since 1993, Ukrainian unions have not been visible, despite Ukrainians' widespread disappointment with the condition of their

country.³³ Of course, unions are not the only passive group in Ukraine. Civil society in Ukraine today is a mere shadow of what it was in 1990–1991 during public movements for autonomy or independence from Moscow.³⁴

While there are a variety of factors that might explain general Ukrainian passivity (political culture, focus on survival, widespread cynicism of politics), our question is more specific. Why have the unions been unable to channel immense public dissatisfaction into political protest? Some would claim that the answer is that unions—especially FPU unions—simply have no desire to do so. The lines of argument on this front are several. Some would note that Oleksandr Stoian, head of the FPU, was an adviser to then-President Leonid Kravchuk before he was named to his current post in 1992. Some might point to engrained habits from Soviet times—that union leaders thought of themselves more as agents of the state bureaucracy than as representatives of workers. The more likely reason, in my view, is that the state has held a strong hand and the unions a very weak one, especially on the question of union property. As in Russia, the threat to take away union property and control of social insurance funds (the latter was finally transferred to a tripartite body in 2001) prevented the union leadership from taking a hard line against the state, even as “Ukrainianization” of the economy devastated millions of workers.³⁵ Indeed, it is notable that symbolic one-day national protests aside, the FPU has yet to call for any nationwide or sectorwide strikes or protests. V. V. Postolatij notes, “The trade union elite is in no hurry to enter into opposition to the [current] regime and expend energy for the social defense of the population and interest of laborers, since that would require significant effort to remake the whole trade union movement, not the least of which would be to lose a sizable degree of their current comfort.”³⁶ Unions thus restrain themselves, because they know it would be costly to push the envelope too far. Indeed, as one FPU leader in L’viv succinctly remarked, “Unions still exist only because they don’t bother anyone.”³⁷

The FPU, as might be expected, offers different explanations. One widespread argument is that the FPU cannot assume a political role because it represents such a wide spectrum of society that if it takes a particular political position it would alienate many of its own members.³⁸ In all likelihood, this is a sober recognition of regional divisions in the country, but the argument seems rather specious given Stoian’s ill-fated attempt to create a Ukrainian Workers Party in 1997 (it won less than 1 percent of the vote in the 1998 parliamentary elections), and taken to its logical conclusion, it would prevent

the FPU from taking any position on any controversial question of public interest. More likely, as one adviser to Stoian conceded, is that the FPU has no political capital, and thus it would be foolish to stick out its neck when it cannot depend on societal support. In his words, "Trade unions today cannot afford to get into politics unless we know there will be some concrete achievement."³⁹ Of course, given the prevailing belief that any sort of popular political activity will fail, the unions become paralyzed in the political arena. Indeed, the silence of the FPU in the wake of the "Kuchmagate" tape scandal was deafening (and stood in stark contrast to the action of the NPGU), with the FPU education workers' union even calling off strikes so they would "not be used for political purposes."⁴⁰

Rather than engage in protests or in overt political activity, the FPU—like the FNPR in Russia—emphasizes the need to pursue social partnership with the government and to conclude agreements to improve living standards for workers. Indeed, the FPU's newspaper, *Profsplykovi visti*, has printed numerous articles discussing the status of national and sectoral agreements and how the FPU has pushed issues such as wage and pension increases, unemployment insurance, payment of wage arrears, and work safety. Some of this work is centered in the *Verkhovna Rada* (parliament), to which Stoian and a handful of other union leaders have been elected, where they have tended to belong to centrist, propresidential blocs.⁴¹ There, they have put forward bills on socioeconomic issues and on the tripartite National Committee for Social Partnership, which was established in 1993 and as of 2001 included twenty-two union representatives, ten of whom are from the FPU.⁴²

However, it would be a mistake to deem the existence of this body as evidence that social partnership is alive and well. Part of the problem, as elsewhere, is that social partnership itself may be a chimera when two of the partners—business and the state—are in a much stronger position than the third, labor.⁴³ Fears of unemployment are very real, and the state budget (\$5 billion) is minuscule compared to the numerous problems in the country. The FPU tries to put a positive spin on its efforts, but it is hard to cover up the vast failures of Ukrainian social partnership. General Agreements in 1993 and 1995 were violated by the government, but this engendered little protest from the FPU, with some officials stating that they were happy something had simply been signed.⁴⁴ By 1998, however, things were functioning so poorly that the FPU actually pulled out of the Social Partnership Committee briefly to protest its ineffectiveness. Since then, however, the FPU can point to few

fruits of social partnership. Stoian, in an article entitled “Laws Are Passed . . . and Not Implemented. Why?” noted that as of early 2000 wage arrears totaled 6.5 billion hrivna (about \$1.2 billion), a doubling since 1997. Moreover, according to him, 40 percent of workers failed to receive the established living minimum wage.⁴⁵ In the year 2000 itself—a year in which GDP rose by 6 percent and productivity rose 16 percent—the FPU noted that only 70 percent of the General Agreement was fulfilled, but the shortcomings were on the most important issues: minimum wage (118 hrivna a month, less than \$25), pensions, unemployment, child care, and other social payments. Indeed, the average wage (296 hrivna) continued to be below the living minimum (311 hrivna), and real wages actually fell 0.9 percent in the year. The FPU also reported an incredible two million violations of the labor code by national, regional, and local governments and employers, which makes any claims about the utility of collective agreements at the enterprise level also ring rather hollow.⁴⁶

FPU officials do concede disappointment with the progress of social partnership. They note that the Committee’s recommendations often do not get authorization in the state budget, that the country has been hampered by political instability and unpredictability, and that follow-through on signed deals is weak. Economic conditions also weaken labor’s hand. However, the government itself is not always a neutral arbiter. Grigorii Osovyj, an FPU official and cohead of the Social Partnership Committee, recognizes that there is a reticence to accept unions as partners: “Unfortunately, Ukrainian society is still not familiar with issues of the current trade union movement, and the attitude of the authorities and business toward unions is often based on obsolete ways of thinking that see unions exclusively in their former role in the command-administrative system and does not allow for the possibility of perceiving them as an equal partner.”⁴⁷

While few would haggle with this assessment, the more important question is what can the FPU do about this perception and make social partnership more effective. On this score, there are few answers, aside from the standard “it takes time” and “we must learn to adjust to new conditions,” refrains that were as prevalent in 1992–1993 as they are today. Serhei Donkriuk, FPU specialist on protection of workers’ economic interests, was more candid, if perhaps more pessimistic. He conceded that laws and agreements in Ukraine do not function very well, but he sees that the FPU has little choice but pursuit of social partnership: “What can we do? We really only have three

choices. Rebellion and confrontation will lead to nothing but more chaos, maybe civil war. Doing nothing and giving up would obviously be no good, and many would accuse us of being bought off by the authorities. So we must work for a middle ground of social partnership, and try to do what we can. Yes, it doesn't always work, and there are lots of problems. But, what else can we do?"⁴⁸ Comments such as this one recall Evgen Golovakha's about the "Ukrainian way" of postcommunist development. It is worth quoting at length:

The essence of the "Ukrainian model" of posttotalitarian development is found in the yearning of authority for social equilibrium, aided by minimum social change and preservation of old structures and mechanisms of social governance, in order to avoid social demand overload, which is an unfavorable result of fundamental changes of the social foundation. The result of this model, on the one hand, is the absence of widescale conflicts. On the other hand, it has also destroyed the economy and sociopolitical activism. Mass support for this social strategy is based on total fear of any sort of conflict, which is an unavoidable necessity of democratic development as conflict widens between the obsolete totalitarian structures and civil society. As a result of this fear of conflict, the population itself becomes a mechanism that restrains any sort of constructive action directed toward overcoming the socioeconomic crisis. Extremely afraid of possible social chaos from radical social changes, the majority of the population holds the same political line as the elite: support declarations of the idea of democratic society, market reform, and the construction of the rule of law, but do nothing to realize these aims. The final result is construction of a "bad peace," which may be better than a "good war."⁴⁹

Although Golovakha wrote these words in 1993, they have much resonance today, as the FPU (and many other civic associations and political parties) have been unwilling or unable to generate much challenge from below to the existing power structure.

While the FPU, for the most part, may have settled for a "bad peace," not all unions or workers have. Not only have there been strikes (although the strike wave peaked in 1993) but also some attempts by organized labor to assert a stronger political role. Again, this has mainly been the work of the alternative unions (especially the miners), although others (including a few in the FPU itself) have aligned themselves with various political causes. Perhaps organized labor's most visible foray into politics was during the 1993 miners' strikes. Strike committees, the NPGU, and (to a lesser extent) the FPU coal-

miners union put forward a number of demands, such as higher wages, state support for the coal industry, regional economic autonomy, and a referendum of confidence in the president and the parliament. This strike was highly controversial, not only because of regional tensions that it generated but also because many suspected that the mine directors themselves were behind the strike.⁵⁰ Indeed, this episode helped one of their own, Efim Zviagil's'ky, to become acting prime minister. However, the threat of massive civil disobedience, coupled with the economic shock of the strike, forced the authorities to concede to a referendum of confidence in both the president and *Verkhovna Rada*.

Looking back, one can see that this was the apex of workers' political activism, and also the only time since 1991 that a movement from below was able to force concessions from above. This victory, however, would prove to be short-lived. The referendums were cancelled, replaced by elections for both branches in 1994. Workers' protest over this action was minimal, and Stoian and FPU echoed the official line that any referendum would be too disruptive. In early 1994, the NPGU tried to launch a strike to have a reformist politician, Volodymyr Lanovy, named prime minister, but this fizzled.⁵¹ Afterward, union leaders such as Mril' and Karikov would castigate all political parties, claiming they have tried to turn unions into prostitutes and none represents the workers.⁵² These accusations, while perhaps extreme, did hold a grain of truth. No party—save those on the left—could offer anything to the workers, and thus the alternative trade unions, which claimed a natural alliance with democratic political parties, could find no party to support workers' causes. Again, the problem here is a disjuncture between political reform and economic reform, the latter of which, at least in the short run, could promise nothing to the workers except more hardship and dislocation. Thus, appeals from proreform parties (whose support was mainly in western Ukraine) never received mass support, and it did not help that many were perceived as Ukrainian nationalists, that they muted their opposition to the political authorities, and that they could not unify even themselves—Rukh being a case in point, which suffered two schisms in less than five years.⁵³ Although there would be sporadic strikes 1994–1999, none of these gained any political momentum, and authorities dismissed them as provocations from rogue politicians or clan leaders.

The scandals of Kuchmagate in 2000–2001 would provide a pretext for a revival of civic activism. A grassroots movement, Ukraine without Kuchma, was formed, and tent cities were established for protestors in Kyiv. Some

speculated that this would be Ukraine's real democratic revolution, leading to the overthrow of a Soviet-era *nomenklatura* that had plundered the country and shown mere lip service to democratic principles. The NPGU, under Volnyets, was active in this movement, and marches, sit-ins, and even clashes with security forces occurred in Kyiv in early 2001. However, efforts to open an independent probe on the tape scandal went nowhere (despite Kuchma's waffling on whether that was his voice on the tape), and security forces dealt with the protesters in an often brutal manner, à la Belarus's Lukhashenko or Serbia's Milosevic. What is notable is that the only union that was visible in this activity was the NPGU. The FPU stood entirely on the sidelines, and most other unions in the KVPU opted against openly political activity. As one leader said: "Yes, we have a police-bureaucratic, immoral dictatorship. Our leaders have forfeited the right to lead, and all political parties have sold out. . . . But, as for free trade unions, our political action must have a point. There must be a light at the end of the tunnel. If I don't see it, I worry about what might be out there in the darkness."⁵⁴

In the end, of course, Kuchma prevailed. He held a far better hand than his opponents and played his cards skillfully. Nikolai Mitrov of the NPGU noted that in the Donetsk region municipal authorities restricted anti-Kuchma protests to certain times and places, and on the day of a major planned protest his mine organized buses to send pro-Kuchma people to the meeting. Meanwhile, because it was a Monday, many would-be protesters did not attend for fear of not getting paid or perhaps being fired from the mine.⁵⁵ This action speaks volumes about the current state of Ukrainian politics and the importance of business-government relations and how these two groups can work together to stifle voices from below. In case this be taken for an isolated incident, a certain letter will prove otherwise. Yurii Samoilenko, head of the Ukrainian security services for Donetsk oblast', writing during the period of protests, notes that the workers' movement is "the most dangerous force, capable of destabilizing the country," and that he "will not allow consolidation of various union structures."⁵⁶

Actions undertaken by the authorities during Kuchmagate are indicative of a broader assault on trade unions, particularly the alternative unions which have not been as tamed as the FPU. One hotly contested issue has been the law on trade unions, passed in September 1999 with the support of the FPU. Two provisions of the law—one requiring registration to conclude collective agreements and one mandating only one national union per branch of the

economy—flouted ILO conventions on freedom of association and were challenged in Ukrainian courts. Remarkably, perhaps, the court annulled these provisions, but as of late 2001 a new law has yet to be passed, and several unions, including the NPGU, remain unregistered and still are denied participation in social insurance programs. In February 2001, the government ignored the recommendations of the Social Partnership Committee and put forward a much more restrictive strike law, which would have prohibited strikes in fourteen different sectors of the economy, including mining, transport, and energy. Adoption of this measure would have crippled the unions. An ILO visit in spring 2001 forced the government to delay introduction of the bill, but it may yet be put up for a vote in parliament.⁵⁷ Ukraine's human rights ombudsman, Nina Karpachova, notes that in 1998–2001, of the 170,000 complaints her office received, 36 percent are violations of workers' rights, including the right to organize, which has been denied not only de facto by enterprise management but de jure by local officials.⁵⁸ While she did help win the case on the law on trade unions, it is uncertain how effective her office can be with these thousands of cases.

In sum, Ukrainian unions play at best a marginal role in politics, which has been the norm for all groups in civil society since Ukraine gained statehood. The FPU has explicitly refrained from playing a political role but in so doing of course bolsters the current authorities because there is less chance of workers' activism and protest. The rhetoric of social partnership has been upheld, even as the reality exposes social partnership to be rather hollow. The alternative unions, for their part, have fared little better, and only the NPGU can really be considered politically active. As in Russia, the alternative unions are viewed with suspicion by the authorities, and attempts have been made to essentially eradicate them. They have not yet succeeded, but nonetheless organized labor has found itself politically marginalized.

Trade Unions and Privatization

Looking beyond political questions, we can also ask how unions have been affected by economic changes in the country, particularly privatization. Again, as mentioned before, Ukraine is the reform laggard of all the countries considered in this study, and, indeed, of all countries (save Belarus) in Eastern Europe. While some early laws on business enterprises, foreign investment,

and privatization were passed in 1991–1992, reform moved at a glacial pace for several years. Several problems can be considered—excessive taxation on private business, bureaucratic delays, lack of a clear law on property, political uncertainty—but what is striking about Ukraine is that there was no real timetable for privatization of any enterprise. Buyers’ associations were free to choose when an enterprise should be privatized.⁵⁹ In fact, these buyers’ associations were usually workers and managers at a given enterprise, and since they controlled the timetable for privatization, there was wide room for corruption, such as stripping the enterprise of its assets.

In 1994, under President Kuchma, privatization was stepped up a bit, but much of it was “leasing with buy-outs” (*arenda s vykupom*), an option that did little to promote capital investment or change in enterprise leadership.⁶⁰ Plans for voucher privatization were delayed, and this process began in earnest only in 1995, but by then inflation had eaten away the value of the certificates, whose face value was eventually pushed up to 1,050,000 *kupony* (about \$4). However, as in Russia, vouchers were envisioned to be used for only a fraction of the total purchase of a firm, and multiple means of privatization (vouchers, insider purchasing, open auctions, renting with buy-out options) were eventually employed. By 1999, over sixty-nine thousand enterprises (mostly small enterprises) were in the nonstate sector of the economy, and this accounted for 55 percent of the GDP.⁶¹ According to ILO surveys from 2000, insider ownership in Ukraine remains prevalent (47.9 percent of total equity in firms surveyed was held by managers and other employees).⁶² However, this should be viewed as a victory from labor’s perspective, as most shares are not held by ordinary workers.

Where then were the workers in this process? On paper, the workers were deemed to be important, privileged players. All else being equal, workers at an enterprise would be the preferred buyer, and they were given privileges such as the right to pay for shares in installments and the right to buy additional shares at book value for cash.⁶³ The problem, of course, was that by 1994–1995, when privatization finally did get off the ground, years of hyperinflation had destroyed personal savings and wage arrears problems also meant workers had little extra cash on hand to purchase shares. The value of privatization vouchers was also measly, so that workers really were given nothing in the process. On the other hand, directors of the enterprises, treated as “workers” under the law as they too were technically employees, did have resources on hand and were able to use privileges designed for workers to pur-

chase shares and gain ownership of the enterprise. Kuchma, who prior to being elected president was the leader of the Ukrainian Union of Industrialists and Entrepreneurs, the largest industrial-business lobby, did nothing to stop this sort of takeover of enterprises, since, in the words of the organization's vice president, "yesterday's state directors are the most natural entrepreneurs."⁶⁴ Moreover, not all enterprises were subject to voucher privatization, which ended completely by 1998. Since then, privatization has been done by open bidding, and workers, still lacking resources, also do not have the privileges they had in the earlier stages of the process.

Where were the trade unions? According to one FPU official, the unions were extremely interested in the various aspects of economic reform, but "from the beginning of privatization unions were pushed away from participation in the process."⁶⁵ Unions had no legally defined role, as workers were empowered through their work collectives, not the unions. The work collectives, however, were usually poorly informed about their choices and easily manipulated by management. Although two-thirds of property was initially transferred to work collectives, "unfavorable economic conditions and the lack of experience working under new conditions did not give the workers the chance to take advantage of the results of privatization and become the real owners of their enterprises."⁶⁶ Inna Styrnyk, FPU expert on property reform questions, tries to paint a favorable portrait of the FPU in this process, claiming that the laws were adequate but that general ignorance and confusion led to workers selling their shares or being manipulated by management.⁶⁷

Many, however, had more unkind assessments of the unions, particularly the FPU. An ILO official, at one time head of a non-FPU union, claimed that the unions had "slept through" (*prospali*) the privatization process, lacking a clear position and feeling rather naively happy with the various formal rights given to the work collective that were meaningless in practice.⁶⁸ One former FPU official responsible for questions of economic reform, now working for the FPU Seafarers' Union, opined, "The trade unions made a mistake during the privatization process. They stood for the rights of all to receive property. However, this ended up creating businesses without funds, and a bankrupt state. It would have been better just to sell the property to the highest bidder. As it was, privatization benefited neither the workers nor the state."⁶⁹ Indeed, in surveys in 2001 with over twenty-five union leaders (from the FPU and the alternatives), no one was happy with the results of privatization. "Privatization gave us nothing," "we were shut out," "our role was purely formal,"

and “nothing has really changed” were familiar refrains. At best, unions are resigned to the inevitability of privatization and know that they will not be setting the rules of the new economic environment, although they will be forced to play by them.

This story, of course, is well-known and shares much in common with that of Russia and other postcommunist countries. Styrnyk notes “that the train has left the station” and now the unions must work with the conditions they have, since the process cannot be undone.⁷⁰ This may be fair enough now, but there is little indication from her or others that Ukrainian unions learned anything from the experience of their neighbors (which marketized and privatized before Ukraine did). It is puzzling how union leaders in Ukraine can genuinely express surprise at the outcome of the process, given what occurred elsewhere, especially in Russia.

Above all else, one item is clear: the current economic conditions have dramatically hurt organized labor. Given the bankruptcy of the state, the weaknesses of the legal system, and employee dependence upon employers and fear of job loss, there is little that unions can do for their members. These circumstances obviously affect the popular view of unions as ineffective, bloated behemoths. While privatization is by itself not to blame for the crisis in Ukraine (although it is arguable whether it has made the preexisting crisis better or worse), it has led to much confusion and buck passing to and from companies and government officials. The head of the construction workers’ union asked:

What can we do? People come to us. They say, “Help us. We want our wages. They are not paying us.” [Metallurgical] companies request work, and then refuse to pay. So we go the state, and the state says we have no money, and besides, it is not our business. We do not manage the firm. So we go to the managers, and they also say we have no money. Sure, we can take them to court, but this takes time and in the end, there is not a legal base in the country to enforce any decision. If the choice is between paying workers or bankruptcy, the state is not going to force a big company to go out of business. In the end, the worker sees how powerless we are, and of course we suffer for this.⁷¹

Economic conditions have caused other problems for union organizations in the country. Due to falling membership (and hence fewer union dues), union budgets have to be cut back. At the enterprise level, arguably the most important one, what this means is that the union can no longer offer full-

time support to union representatives. These individuals now must work part-time at the enterprise as well, which limits their time for union work as well as creating dependency upon the owners.⁷² Moreover, the shortage of state funds creates interunion battles as unions from various sectors attempt to “pull the blanket over themselves” and win benefits for their own members from the state budget.⁷³ In particular, divisions are being created among workers in the public sector with low salaries (e.g., doctors, teachers), those formerly in the state sector but still lobbying for state subsidies to boost production and salaries (e.g., miners, defense workers), and those fortunate few with high paying (by Ukrainian standards) jobs in sectors that do not need or want state support (oil and gas workers are the clearest case of this group). Thus, as elsewhere, organized labor as a whole is hampered in its ability to articulate a coherent strategy to deal with many of the common problems it faces.

The above are important and often mentioned concerns, but have privatization or private owners directly harmed unions in Ukraine? On this front the evidence is far sketchier. Inna Styrnyk does try to paint as rosy a picture as she can, noting that unions have representation on the State Property Board and on company boards, so that union voices are heard and the worst abuses can be prevented.⁷⁴ Again, however, most branch- and enterprise-level union leaders have little positive to report. The head of the Autoworkers’ Union notes that privatization has yet to result in clear ownership or responsibility, as even today he is not sure who is the true owner of a given enterprise.⁷⁵ One common refrain is that state owners “knew” the trade unions and that channels of communication and responsibility were far clearer under the old system. Under the new system, unions must work harder, and given multiple owners and the fracturing of the command-administrative system, coordination among enterprise-level unions within a branch becomes much more difficult.⁷⁶ Another problem, as we have seen elsewhere, is that privatization has often meant the breakup of large firms into smaller ones and that this has presented a major obstacle to the organizational capacity of trade unions. One leader noted that in the past in his sector (textiles) the average size of an enterprise was four thousand workers. Now, the largest employ only four hundred workers, and employment also tends to be far more temporary than in the past; thus, it has been harder for him to maintain and coordinate union activity.⁷⁷

For their part, private owners, many trade union leaders assert, either do

not want trade unions or are unfamiliar with them. For example, one union leader noted problems at the Klemenchutsky Truck Factory in Poltava. There, the owners typically do not respect collective agreements and grant unions only the power to administer social programs, as they did in the past. “If we bring up wages or work safety issues or something like this, they push us aside and ignore us, and they know they can get away with this.”⁷⁸ Svetlana Rodina of the Unions in the Agro-Industrial Sector, notes that her union—the largest branch union in the country—has had many problems with new, private owners. Not only do objective economic conditions give them the ability to control workers’ activism by threatening to fire workers, but important subjective factors can matter as well. “These owners do not appear out of nowhere,” she claims. “They do not become owners by accident and many are not, let’s say, very principled. They know the local authorities, judges, etc. All of them are in their favor, and we have been rather defenseless against them.”⁷⁹ This comment reveals one of the many problems with *nomenklatura* privatization: owners use their political connections to escape legal, social, and economic responsibility. It not only places workers in a worse position but is hardly economically efficient.

Of course, not all union leaders grouse about privatization. The leader of the oil and gas workers, for example, praised the management at Ukrnafta (the country’s largest company by value), where wages are the highest in the country (1,000 hryvna a month, about \$200) and benefits are of high quality.⁸⁰ However, among the industrial branch unions, his was the exception: that is, there is not much sectoral variation in the country, at least from the unions’ perspective. The traditional unions are struggling to preserve what they can, and they have been unable to seize any potential advantages offered by privatization. In particular, they (meaning the FPU unions and the branch alternative unions) have little interest in making overtures to nonunionized workers in the nonstate sector (mostly at new firms, many of which, because they are unregistered or pay no taxes, could be considered in the shadow economy). For example, in construction, one of the sectors with the largest number of small, start-up businesses, attempts to form unions in such companies have gone nowhere, with the owners refusing to extend the contracts of workers who express interest in trade unions.⁸¹

Several “unions” in the nonstate sector, most of which were founded in the early 1990s, purport to represent the workers at new, small businesses, enterprises typically ignored by or unable to fit into the FPU. According to

government data, as of 1999 there were 197,127 small businesses (generally with fewer than fifty employees) employing 1.68 million people, almost 10 percent of the nonagricultural workforce.⁸² Many of these workers had lost their jobs in the industrial sector, in which employment has declined precipitously since 1990. Most of these enterprises have no trade union, but some do belong to “union” organizations, the largest of which is the Union of Workers in Innovative and Small Businesses, numbering eighty thousand members. However, these unions appear to be much more interested in facilitating small business development than in protecting the rights of workers in the sector. The president of the aforementioned union was emphatic that there could be no conflict of interest between employees and employers in small businesses. In his view, the employees should count themselves lucky to have a job. As for the suggestion that employers could exploit the current economic downturn to their advantage, he replied, “*C’est la vie*. That is the reality of the transition period.”⁸³ Given this attitude, it would be fair to say that there are no true *workers’* unions in this sector.

However, while there have been some negative effects of privatization, it would be difficult to say that matters are that much, or any, better at state enterprises. Salaries tend to be lower, and chronic budget problems make wage arrears crises acute. True, workers such as teachers have shown a better capacity for organizing to put their salary demands to the state, and their protests do carry a certain amount of political resonance, but given their meager earnings, it would be hard to call the teachers privileged in any sense. Volnyets of the NPGU says that miners have suffered equally under private and state ownership, and in fact notes that he has been able to get along better with some (although by no means all) private owners than the state, which for political reasons has been openly hostile to his union.⁸⁴ Yan’shyn of the Construction Workers notes that the state will order work and then not pay and that given the multiple demands by the state, his union is near powerless to defend the workers.⁸⁵ Viktor Stepanov of the Longshoremen’s Union notes that nothing has changed at his state-owned port, where the director and the city mayor (both stalwarts in the Communist Party under Soviet times) have close ties, and this obviously hampers his efforts to use local courts to win recognition for his union.⁸⁶ Indeed, given the state’s general position toward the alternative unions, it is no surprise that they have tended to favor privatization. For the FPU’s part, the struggles in the state sector help explain why it has con-

tinued to support, in principle, privatization and has generally eschewed the reactionary positions of the Communist Party.

It is interesting, however, to consider some of the cases praised as successes by union leaders. One case is the Bukhovina Pastry Factory in Chernovsti oblast'. It has bolstered its production in recent years and has been hiring more workers. Its average wage is a meager 297 hrivna per month (less than \$40), but *Profspilkovi visti*, the FPU newspaper, praised management for giving birthday presents to workers and throwing evening parties on occasion.⁸⁷ The leader of the Aviation Workers' Union singled out Motor Sich in Zaporizhzhie as a very successful company, where production has grown in recent years and social activities have been preserved. However, according to his own data, the average salary at this "successful" enterprise is only 350 hrivna as of December 2000, 200 hrivna less than the minimum necessary salary according to the FPU estimates and thirty hrivna less than the average in his sector.⁸⁸

These examples lead to questions of what constitutes a success and what role the unions envision for themselves. Clearly, the emphasis is on job security and production, which is perhaps understandable but means that the union is still playing part of its Soviet-era "dual role." However, there also continues to be an emphasis on the social sphere even if, as in the examples above, its maintenance may cut into workers' salaries. From the union perspective, various social activities—sanatoria, kindergartens, clubs, control over social insurance monies—are at minimum an important tool to motivate membership, and, at worst, as some critics charge, they constitute a slush fund from which unions can skim off the top. For employers, delegating social work to the unions keeps them quiescent and is probably cheaper than raising salaries. In this regard, the paternalist firm continues to be the norm in Ukraine (as opposed to a Western-style "flexible firm"), confirmed by a 2000 ILO survey of nearly seventeen hundred establishments employing over one million workers. The investigators suggest that this style of firm governance (indicated by variables such as extensive social benefits, nonmonetary payment of wages) is conditioned by insider ownership.⁸⁹

Thus, at the firm level, there are fewer changes in Ukraine in management-labor relations than in our other cases, which is to be expected given Ukraine's slower pace of structural change. Most unions seemed satisfied with this arrangement, at least to the extent that they are working on familiar terrain and have not had to alter many of their most basic functions. However, a few

union leaders are recognizing that emphasis on social aspects may be misplaced. Revealing were comments by Vasil Yan'shyn of the Construction Workers Union:

When I went to Austria, I talked to union leaders about cooperation and exchanges, and I proposed to arrange sports competitions or send our children to each other's camps. These types of things, you understand, are traditionally what we have done. They had no idea what I was talking about. "We have nothing to do with such things," they said. . . . Then I saw the attention they gave to details of collective agreements, and how they were able to gain advantages for their workers, and how the average salary was so high. Now I think to myself, what the hell are we doing with these childrens' camps when we can't even get decent wages for our workers?⁹⁰

In 2001, control of social insurance monies—including distribution of vacation accommodations—was stripped from the unions and put into the hands of a tripartite (government, business, labor) commission. Most alternative unions cheered this decision, as they saw FPU control of these funds as a means for the FPU to coerce workers into staying with their union. The FPU, for its part, is worried about the consequences of this action, with some leaders frankly fearful that this will harm motivation for membership.⁹¹

Clearly, Ukraine still has a long way to go before its transition is complete. Union leaders are quick to note that they still must learn how to function in a marketized system, but that with time they will become more successful in gaining workers' trust and defending their members' rights. This sounds optimistic, except that this refrain was equally commonplace in 1993–1994, when I first began examining labor issues in the country. The years of economic changes that have followed since my initial research have yielded little for unions, and I wonder if it is too late to hope for the resurgence of organized labor in Ukraine.

Trade Unions and Globalization

In issues of globalization, it is apparent once again how Ukraine lags behind most of its neighbors. For example, Ukraine's total exports in 1999 totaled \$12.4 billion, compared to \$21.8 billion for Hungary and \$26.3 billion for Poland. This figure, it is worth mentioning, actually represents a drop from

the value of exports in 1993, whereas the value of exports in the two Central European countries doubled in the same period.⁹² While exports do amount to about 40 percent of GDP (higher than Poland's 25 percent), detailed studies show that Ukrainian firms have managed to gain few export markets outside the former Soviet republics.⁹³ For better or worse, Ukraine has also not been the most reliable candidate of the IMF and other international financial institutions, first winning substantial international support in 1994 after it signed the Non-Proliferation Treaty, but then subjected to repeated cut-offs due to political instability and failure to follow through on implementation guidelines. As for foreign investment, Ukraine attracted a mere \$3.9 billion in its first nine years of independence (1992–2000), about \$70 per capita, a pittance compared to Poland's \$518 and Hungary's \$1,764 per capita for the 1990s.⁹⁴ Part of the problem is geography and lack of natural resources, but other factors such as rapacious bureaucrats, unstable legislation, political uncertainty, the lack of a law on land ownership, and poor infrastructure have hampered the country's ability to attract the attention of investors.

How have the unions been affected by this? Given that trade patterns have not significantly altered in the past ten years and that Ukraine has been no slave to forceful dictates by the IMF,⁹⁵ it makes most sense to focus on foreign investment, which is a new variable for the unions. However, given its small volume, relative novelty, and concentration in just a few sectors (construction, food processing, and auto production), only tentative conclusions can be drawn. Indeed, the ILO representative in Kyiv noted that the Ukrainian government could not even produce a report on MNCs and labor practices in Ukraine for the ILO.⁹⁶

That being said, what is striking in Ukraine is the generally favorable view of foreign companies held by union leaders. In part, this is easily understandable. Most branches are in desperate need of investment; foreigners can provide what domestic sources cannot. In those few sectors where there has been foreign investment, the general impression is that unions are happy to have it. The head of the Autoworkers' Union spoke about his experience with Daewoo, in 2001 the largest single foreign investor in Ukraine, which has put millions of dollars into a formerly idle plant now employing sixteen thousand workers in Zaporizhzhie. He claims wages are relatively high and are paid on time (this was before Daewoo announced its bankruptcy in late 2001), and he has far more complaints against "New Ukrainians" who have purchased enterprises in his sector. He noted, "For us, the situation is a bit paradoxical. We

know about globalization and we know how Western unions are wary of it. However, if a factory is closed, and people are not working, and an investor comes in and puts in money, creates jobs, and production increases, how can we complain? The choice is obvious.⁹⁷ The president of the gas and oil workers echoed this sentiment, noting that for nationalistic reasons he may not be happy with Lukoil's prospective purchase of a refinery in Odessa and that he does have concerns about Lukoil's "company union" policy, but "Lukoil will buy the refinery, people will come back to work, and wages will be higher than they were before. As a union leader, I am in favor of this, of any owner or capital that can create jobs."⁹⁸ Yan'shyn of the Construction Workers' Union complained that Ukrainian laws are poor, and he wishes that Makoland, an Austrian firm that restored a building adjacent to Bezarabskyj Rynok, had been able to conclude more contracts in Kyiv.⁹⁹ Even in L'viv, often portrayed as a rabidly nationalist region, local union leaders conceded that they would support Russian efforts to buy the moribund L'viv Bus Factory, which has been unable to attract any domestic or Western investment.¹⁰⁰ In the agro-industrial sector, where there are many joint ventures in processing plants and breweries, investors have by and large been willing to work with the existing trade unions, and union leaders have a generally favorable view of foreign investors.¹⁰¹

There are, of course, exceptions, but most of these investments are at green-field sites where the foreign owners did not inherit a trade union. This has been true for Coca-Cola, as well as for the new joint ventures Ukraine International Airlines and Aerosvit, both of which (unlike the domestic air carriers in Ukraine) do not have trade unions. However, union leaders note that green-field investments in Ukraine have been the exception rather than the rule, as foreign investors have found it preferable to put money into an existing Ukrainian firm and find a Ukrainian partner to navigate the labyrinth of bureaucratic requirements.¹⁰² The most divisive case—one mentioned on three separate occasions by parties not even involved in the dispute—has been at the Lutsk Ball Bearing Plant, which was purchased by the Swedish firm STE. Here, according to one trade union leader at the plant,¹⁰³ the owners have physically attacked would-be union organizers, engaged the militia to have them followed, and sued them for defamation of character. These activists are from the alternative Capital-Regions union; the FPU union present at the plant has not been harassed, although its critics accuse it of being a toady for management. However, a problem such as this—intimidation of union

leaders, especially of those outside the FPU—is hardly unique to MNCs, and indeed it is questionable how important the variable of *foreign* ownership is here. In this case, as in some instances in the auto industry in L'viv, there has also been fear that the foreign owner is purchasing Ukrainian firms with the aim of destroying a potential competitor and thus ensuring the viability of the home country's firms. Unions have reported agreements with firms and local governments to ensure that this does not take place.¹⁰⁴

There is one union in Ukraine, the Union of Workers in Joint Ventures, which is specifically designed to unify firms with foreign capital. This union purports to represent about one thousand enterprises (employing fifteen thousand people) out of the approximately four thousand joint ventures in the country.¹⁰⁵ It thus focuses on smaller businesses. Its leader notes that some companies are rabidly antiunion (he pointed to the Bila retail chain) and that workers in joint ventures often see little need for a union since they typically receive higher salaries and other benefits. However, as with the Union of Workers in Small and Medium Size Businesses, to call this organization a trade union would be a stretch. Much of its efforts are involved in lobbying for a better business climate, and its greatest accomplishment was going to court to gain access to social insurance funds. Its leader insists that workers and owners should be represented by a single organization—this is “natural,” in his view. And, to top it off, the perks of membership include an on-site massage center and spa at union headquarters in Kyiv as well as access to a machine costing tens of thousands of dollars that can perform a complete chemical analysis of your body from examining a single hair (I would not believe this unless I had seen it!).¹⁰⁶

Given the limited scope of foreign investment in the country, it is impossible to come up with comprehensive data or even a more comprehensive survey of union leaders, since so few of them have significant experience with foreign firms and investors. At present, it does not appear that globalization has really added any constraints or complications for trade unions, but this is because Ukraine is still very early in the process of opening up to the outside world. With time, then, globalization and its attendant challenges could present unions with more problems. However, now most union leaders would actually welcome more globalization—be it in the form of aid, more exports, or more investment. Its absence in most sectors of the economy helps maintain a grim predicament for most Ukrainian workers and their unions.

59. OECD, *OECD Reviews of Foreign Direct Investment*, 2000.
60. Good overviews include Makó and Novoszáth, 1995; and David Bangert and József Poór, "Foreign Involvement in the Hungarian Economy," 1993: 817–40.
61. Kaminski and Riboud, 2003, 29.
62. MSZOSZ, "Multinational Companies," 1995.
63. Bangert and Poór, 1993, 837.
64. Makó and Novoszáth, 1995, 255–56.
65. Tóth, 1999.
66. Ladó, 1994, 27.
67. Makó and Novoszáth, 1995; and Tóth, 1999.
68. Interview with Arpad, 1997.
69. Tóth, 1999.
70. Meardi, 2000, 195.
71. See Tóth, "Invention of Works Councils," 1997; and MSZOSZ, 1995.
72. Thirkell et al., 1998, 141–45.
73. Tóth, 1994, 31–35, develops this case at length. The circumstances that facilitated the emergence of the union, aside from the proclivities of management, included the strategic role of the union, the workers' high degree of qualification that makes replacement difficult, and the relatively low cost of wages in the total costs of the enterprise.
74. Makó and Novoszáth, 1995, 273.
75. Karoly Lorant, "The Impact of IMF Structural Adjustment Policies," 1999, also at www.developmentgap.org.
76. Stone, 2002.
77. Attila Agh, "Europeanization of Policy-Making in East Central Europe," 1999: 839–54.
78. Statement of MSZOSZ, "Evaluation," 2000.
79. Statement of István Gaskó, "The Day They Broke," 1999.
80. EU statement, quoted in Gaskó, 1999.
81. Emilio Gabaglio in "Management Turns Back on Talks with Rail Unions," at liga.telnet.hu/strike2.htm#management.
82. MSZOSZ, "Evaluation," 2000.
83. The Socialists came to power in the 2002 elections and have delivered wage increases to state sector workers and eliminated taxes on the minimum wage portion of earnings. Worker-friendly though this may be, it could produce larger problems in the economy, especially on competitiveness issue, as some MNCs (e.g., IBM, Phillips) have already closed some plants and moved to locales with cheaper labor. These developments, coming after most research for the Hungarian case was conducted, warrant further examination but cannot be covered here.

Chapter 7: Organized Labor in Ukraine

1. *Post-Postup* (Kyiv-L'viv), September 29–October 5, 1993, 3.
2. For a general review of democratic shortcomings in the country, see Kubicek, "The Limits of Electoral Democracy in Ukraine," 2001: 117–39.
3. Taras Kuzio, *Ukraine*, 1998.
4. Kubicek, *Unbroken Ties*, 2000.

5. Official figures supplied by the FPU organizational and membership department.
6. Figures in *Profspilkovki visti* (Kyiv, FPU paper), May 18, 2001, 2.
7. ILO (Kyiv office), "Dopolnitel'naia informatsiia k baze dannykh Konfederatsii Svobodnykh profsoiuzov Ukrainy," mimeo., 2001.
8. Yurii Pivavarov of the Solidarnost' Union informed me (interview, Donetsk, June 30, 1994) his union of small enterprise workers, Solidarity, had two million members, whereas all others estimated his membership at no more than ten thousand. Simon, 2000, 150, notes that VOST (All-Ukrainian Association of Workers' Solidarity) claimed two million members in 1992, although in 1994 VOST officials told me membership was a mere eight thousand.
9. Data come from figures reported by the Confederation of Ukrainian Free Trade Unions.
10. Semen Karikov, interview, Kyiv, July 24, 1994.
11. Viktor Stepanov, interview, Kyiv, July 4, 2001. At the time of the interview, he was ten days into a hunger strike in front of the parliament building, to win rights for his union.
12. *Aspekt* (Kyiv, newspaper of NPGU), July 2001, 6; and remarks of Volnyets at the IV Congress of the NPGU, Kyiv, July 2001.
13. Viacheslav Brodovsky, deputy chairman of the Volyn branch of the Capital-Regions Union, interview, Kyiv, July 2001.
14. ILO and State Committee on Statistics of Ukraine, "Personal Social and Economic Safety," 2001, 49–50. The survey sampled 8,200 residents of the country. A 1997 survey of 1,810 Ukrainians by Democratic Initiatives found that 88 percent of respondents claimed no membership in any type of association, even when trade unions were on the list of available choices. See data at www.dif.com.ua.
15. ILO, "Personal, Social and Economic Safety," 2001, 50–53.
16. Ihor Kharchenko, interview, Kyiv, June 8, 1994.
17. Mark Tarnawsky, head of the Free Union Institute (since closed), Kyiv, interview, May 19, 1994.
18. Konstanin Fesenko, former leader of the Coal Workers' Union, interview, Kyiv, May 24, 1994; and Ludmila Pereligina, chairman of the Cultural Workers' Union, interview, Kyiv, June 7, 1994.
19. *Mist* (Kyiv, former paper of the VPU), July 11, 1994, 13.
20. *Profspilkova hazeta* (Kyiv, former FPU paper), May 25, 1994, 3.
21. *Profspilkovi visti*, April 6, 2001, 1.
22. Bohdan Andrushkiv, head of the Ternopil Region FPU Unions, in *Profspilkovi visti*, April 6, 2001, 2.
23. Interview with Leonid Sachkov, head of the Union of Education and Science Workers, Kyiv, July 6, 2001.
24. Petr Shvets, "Narushiteli konstitutsii—kotvetu," *Profsoiuzy* (Moscow), no. 5, 2000, 17.
25. *Profspilkovi vedomosti*, 1995.
26. Mikhail Volnyets of the NPGU is its head, and its headquarters is in the NPGU office.
27. Brudovsky, 2001; and Viktor Dykovsky, head of the Independent Union of Kyiv Metro Drivers, interview, Kyiv, July 8, 2001.

28. Nikola Mitrov, head of the NPGU at Dobropoleugol (Donetsk region), interview, Kyiv, July 8, 2001.
29. Volnyets, presentation at IV Congress of the NPGU, Kyiv, July 2001.
30. Miners in Volyn rallied, calling for presidential rule in the country, and held meetings under the slogan “We Stand for Ukrainian Statehood.” Meanwhile, miners in Luhansk in eastern Ukraine appealed directly to the Russian parliament for help. See Borisov, *Zabastovki*, 2001, 164.
31. For more details on Ukrainian regionalism, see Kubicek, “Regional Polarisation in Ukraine,” 2000: 273–94.
32. The greatest cooperation has been in the coal mining sector, but even there it has been quite sporadic, and in 2001 Volnyets of the NPGU had little positive to say about his FPU rivals, accusing them of being in league with local authorities and doing little to protect workers.
33. A June 2001 survey by Democratic Initiatives found only 11 percent reporting satisfaction with the general direction of the country, and 68 percent thought Ukraine was headed in the wrong direction. These figures have been roughly the same since independence. See www.dif.com.ua.
34. For more on this period, see Roman Solchanyk, ed., *Ukraine*, 1992; and Taras Kuzio and Andrew Wilson, *Ukraine*, 1994.
35. Kubicek, *Unbroken Ties*, 2000.
36. V. V. Postolatij, “Sotsial’ne partnerstvo,” 2000, 230.
37. Yurii Krivenko, head of the L’viv region Auto Transport and Road Workers, in *Profspilkovi visti*, April 6, 2001, 2.
38. Sachkov, 2001; and Pereligina, 1994. Yaroslav Kendzior, chairman of the L’viv FPU Unions, did produce a split in the organization by openly joining forces with Rukh, the national-democratic party whose primary constituencies are in western Ukraine.
39. Mykola Dvirnyi, FPU adviser to Stoian on political questions, interview, Kyiv, July 11, 2001.
40. Sachkov, interview, 2001.
41. Seven union leaders won majoritarian seats in 1998 elections. For more on unions and electoral activity, see D. Balan, “Uchast’ Federatsiyi profesyivnykh spilok Ukrainy u vyborchych kampaniiakh, 1994 ta 1998 rokiv,” 2000, 26–40.
42. In its makeup, this body is perhaps the most pluralist in the region, as almost all of the non-FPU unions (VOST, NPGU, the railroad workers, the Academy of Science workers, the Solidarity unions) are included. Three independent unions that are closely allied to the FPU—those of internal affairs, military, and railroads—are also on this committee.
43. For a critical view of social partnership in Ukraine, see *Postolatij*, 2000, 227–30; and articles by V. I. Zhukov, I. M. Novak, and I. M. Dubrovs’kyj in *Suchasnyi profspilkobnyi rukh v Ukraini*, 2000.
44. Kubicek, *Unbroken Ties*, 2000, 100–103.
45. Oleksandr Stoian, “Zakony prynimaiutsia i,” 2000, 5–6.
46. Data from reports in *Profspilkovi visti*, March 23, 2001; April 13, 2001; May 18, 2001; and June 8, 2001.
47. G. Osovyj, “Profspilkovyj rukh v Ukraini,” 2001, 3.

48. Serhei Donkriuk, FPU specialist on defense of socioeconomic questions, interview, Kyiv, July 23, 2001.
49. Evgen Golovakha, "Suchasna politychna sytuatsiia I perspektyva derzhavno-politychnoho ekonomichnoho rozvytku Ukrainy," 1993, 5.
50. More complete accounts are available in Borisov, *Zabastovki*, 2001, chapter 4; and Simon, 2000, chapter 6.
51. Kubicek, *Unbroken Ties*, 2000, 112–13.
52. Karikov, 1994; and statement by Mril' in *Mist*, May 16, 1994, 4.
53. Paul Kubicek, "What Happened to the Nationalists in Ukraine," 1999: 29–45.
54. Brudovsky, 2001.
55. Mitrov, 2001.
56. *Aspekt*, April 2001, 3.
57. *Profspilkovki visti*, March 16, 2001, 2.
58. Nina Karpachova, presentation at ILO Conference, Moscow.
59. Richard Frydman et al., *The Privatization Process in Russia, Ukraine, and the Baltic States*, 1993, 123.
60. Volodymyr Cherniak, "Privatizatsiia ili kollektivizatsiia?" 1994, 3.
61. EBRD, *Transition Report 2000*, 2000.
62. Cited in Trevor Buck et al., "Employee Welfare, Firm Governance and Performance in Ukraine," 2001.
63. Frydman et al., 1993, 122.
64. Ludmila Yakovleva, vice president of the Ukrainian Union of Industrialists and Entrepreneurs, interview, Kyiv, June 22, 1994.
65. Inna Styrnyk, "Profspilky ta pryvatizatsiia," 2000, 184.
66. Styrnyk, 184–85.
67. Styrnyk, interview, Kyiv, July 24, 2001.
68. Vasyl Kostrytsya, ILO representative in Kyiv (formerly president of the Union of Workers of Cooperatives and Other Forms of Non-State Property), interview, July 5, 2001.
69. Serhei Ukrainets, representative of the Union of Seafarers in Kyiv, interview, July 12, 2001.
70. Styrnyk, interview, 2001.
71. Vasil Yan'shyn, chairman of the Construction Workers Union, interview, Kyiv, July 9, 2001.
72. Vasyl Levchenko, vice chairman of the Union of Machine and Instrument Building Workers, interview, Kyiv, July 13, 2001. He estimates that this is the case in over half of the enterprises in his sector.
73. Sachkov, interview, Kyiv, July 6, 2001.
74. Styrnyk, interview, 2001.
75. Vasil Dudnyk, head of the Union of Automobile and Agricultural Machinery Workers, interview, Kyiv, July 9, 2001.
76. Oleksandr Chernysh, head of the Defense Workers Union, interview, Kyiv, July 9, 2001.
77. Bohdan Prokopenko, head of the L'viv Region Textile and Light Industry Workers, interview, L'viv, July 23, 2001; and Anatolii Taranchuk, chairman of the Union of Metal Treatment Workers, interview, Kyiv, July 11, 2001.

78. Dudnyk, 2001.
79. Svetlana Rodina, secretary for socioeconomic questions for the Unions of Agro-Industrial Workers, interview, Kyiv, July 4, 2001.
80. Oleksandr Popel, president of the Oil and Gas Workers' Union, interview, Kyiv, July 6, 2001.
81. Yan'shyn, 2001.
82. Cited in report of Volodymyr Bondarenko, president of the Union of Workers in Innovative and Small Business, presented to III Congress of the Union, 2000.
83. Vladimir Bondarenko, interview, Kyiv, July 10, 2001.
84. Volnyets, remarks at IV Congress of NPGU, Kyiv, July 26, 2001.
85. Yan'shyn, 2001.
86. Stepanov, 2001.
87. *Profspilkovki visti*, March 9, 2001, 7.
88. Yarema Zhugayvich, president of the Workers in Aviation Industry, interview, Kyiv, July 11, 2001. Figures are from his compilation, made in February 2001.
89. Buck et al., 2001.
90. Yan'shyn, 2001.
91. Ihor Lutsyshyn, head of the L'viv regional FPU, in *Profspilkovi visti*, April 20, 2001, 2.
92. EBRD, *Transition Report 2001*, 2001.
93. Buck et al., "Exporting Activity in Transitional Economies," 2000: 44–66.
94. Data on Ukraine from *Kyiv Post*, June 29, 2001. Other countries' figures from EBRD, *Transition Report 2000*, 2000.
95. The one exception in terms of international financial institutions has been the coal sector, viewed as generally doomed by the IMF and World Bank, which have urged closure of many mines, on safety and profitability grounds. Some representatives of miners do grumble about this influence but insist that the larger part of the problem is corruption by the government and mine owners which prevents restructuring funds from saving mines and jobs.
96. Kostrytsya, 2001.
97. Dudnyk, 2001.
98. Popel, 2001.
99. Yan'shyn, 2001.
100. Stepan Matviykyv, head of the L'viv Region Auto and Agricultural Machinery Workers Unions, interview, L'viv; and Lutsyshyn, interview, L'viv, both on July 23, 2001.
101. Rodina, 2001; and Volodymyr Chepur, president of the Union of Agro-Industrial Workers, interview, Kyiv, July 27, 2001.
102. Dudnyk, 2001; and Chepur, 2001.
103. Most of this information comes from Brodovsky, 2001, who works at the plant and actively participates in the alternative union movement.
104. Matviykyv, 2001.
105. Many of these joint ventures are part of a larger enterprise, and thus their unions are part of the branch union of the larger enterprise and fall within the FPU structure.
106. Interview and on-site tour with Anatolii Mykhailenko, president of the Union of Joint Ventures Workers, Kyiv, July 12, 2001.