

## Chapter 6. Learning Processes of Ukrainian Trade Unions

This chapter focuses on issues relating to the operation of trade unions. The examples of the Kyiv metro and Arcelor Mittal Kryvy Rih (AMKR) unions discussed below are included here in order to explore the processes of implementing strategies and union choices made during the organisational phase in everyday union practices. Each of the subchapters (6.1 and 6.2) starts with a short description of the respective enterprise's background and union organisation. Next, union operation and practices are discussed. Finally, all of the trade unions are compared and conclusions regarding union operation are drawn in subchapters 6.3 and 6.4.

### ***6.1. Union Operation at Arcelor Mittal Kryvy Rih***

#### *6.1.1. Enterprise Background*

The combine Kryvorizhstal (built in 1934) used to be a strategic enterprise in Soviet metallurgy. Together with its separate facilities for ore-mining, steel processing and metallurgy, the steel mill provides a full metallurgical iron-and-steel production cycle (AMKR n.d.) and, thus, high profitability of over 60% (AMKR 2011).

Kryvorizhstal's strategic economic role resulted in a wide variety of social obligations. Under socialism, the Kryvorizhstal union administered huge social funds and facilities. The combine owned resorts, sport clubs, parks, stadiums and children's nurseries. In addition to financially supporting education and medical establishments, the repair of roads, churches and youth facilities in the city all used to be the responsibility of Kryvorizhstal.<sup>60</sup> While Kryvorizhstal retained resorts and children's camps, the plant's social obligations continued to amount to hundreds of millions of Hryvnias. Additionally, the enterprise reports paying 40% of all taxes received by the Kryvy Rih city authorities (AMKR 2008).

In 2004, the steel mill was privatised by a Ukrainian business group owned by two Ukrainian oligarchs, Rinat Akhmetov and the then President's son-in-law, Viktor Pinchuk. This was "one of Ukraine's most controversial post-Soviet privatisations" (Kyiv Post, 17 February 2005). During the 2005 political turmoil, referred to as the 'Orange

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<sup>60</sup> For example, in 2006 and 2007 AMKR transferred Hr 6 Mil. each year for "the social and cultural development of the city of Kryvy Rih" to the city mayor, Lyubonenko (Prometall 2007).

Revolution', the privatisation by Akhmetov and Pinchuk was revoked and the combine was privatised by the company then known as Mittalsteel.<sup>61</sup>

Three trade union organisations exist at AMKR. Nevertheless, the only influential one is the former socialist trade union that reformed into the union committee (RUC) of the Metallurgy and Mining Workers' Union of Ukraine (PMGU). The RUC united nearly 99% of those employed at AMKR at the time this research was conducted (Bassarab, AMKR mining department RUC's president, interview). Recently, two different, newly established unions have tried to install themselves at AMKR, but their development was severely hampered, when the ITUs' leaders were dismissed (Samoylov, the president of the Kryvyi Rih Regional Confederation of Independent Trade Unions, interview; Grunin, the president of the AMKR ITU, interview; Volynets, the KVPU's president, interview to Vedernikova 2005).<sup>62</sup>

#### *6.1.2. First Union Reforms (Organisation)*

Re-organisation of the AMKR RUC goes back to the debates on the unions' role in society that took place in the late 1980s. The then Secretary of the USSR Communist Party, Mikhail Gorbachov, heavily criticised trade unions for their adherence to the old methods and mechanisms of the work with the members (Materials of the XXVIII Congress of the Communist Party of the Soviet Union, cited in Melnik, Stetsyuk and Shmarin 2005). Meanwhile, the time had passed, when trade unions compliantly fulfilled the directives of the Party bosses and served as an adjunct of the administration at an enterprise (ibid). This lack of union change was claimed to have led workers to distrust unions and their capacity to protect workers' interests.

Against this background, the PMGU and Kryvorizhstal union declared 'their cardinal renewal' at the PMGU congress, which took place three months later (Ogorenko 2005). The new union statute abolished democratic centralism and allocated more freedom to RUCs (ibid).<sup>63</sup> The share of the membership dues transferred to the higher level union bodies decreased and a legal service for workers was established (Auer 2005). The

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<sup>61</sup> In 2004 the steel mill was privatised for the low value of around \$800 million. This price was definitely too low for such a strategic enterprise, while considerably larger bids [...] were rejected under controversial tender conditions' (Kyiv Post, 24 August 2006). In contrast, the steel mill was re-privatised later for five times the previous amount (ibid).

<sup>62</sup> There are around 200 members in the primary organisation of the National Confederation of Labour, and less than 50 workers in the independent union of AMKR workers (Samoylov, the president of the Kryvyi Rih Regional Confederation of Independent Trade Unions, interview).

<sup>63</sup> These changes were reversed at the PMGU's second Congress. At this Congress the primary organisations were made to comply with the decisions of the higher level union bodies and union members, that is, with the decisions of the PMGU's Central Committee (Ogorenko 2005).

union's Mass-Production Commission on Socialist Emulation was renamed the Socio-Economic Commission on the Collective Agreement and its Enforcement. Also, for the first time in its history, the Kryvorizhstal RUC's leadership started to publicly criticise falling wages (Melnik, Stetsyuk and Shmarin 2005).

In the early 1990s the enterprise management sent workers on unpaid administrative leave. The Kryvorizhstal RUC approved the decision, despite this contradicting its earlier criticism of the deteriorating working conditions. The union's action provoked outrage on the part of workers, some of whom wanted to go on strike. Nevertheless, the RUC refused to organise any actions and focused their efforts on pacifying the workers. In the words of then union president, Auer (who chaired the union from 1988-1993):

*"The union committee was challenged by a choice between emotions and common sense. We understood that organising a strike would not do any good. But, there would be many losers. How much time and means are required in order to re-launch the metallurgical combine after its standstill? [...] How would it affect the city budget, from which [...] teachers', doctors' and other public employees' wages are paid?"* (Auer, the former Kryvorizhstal RUC's president, interview, cited in Melnik, Stetsyuk and Shmarin 2005: 156).

This quote demonstrates that during this early phase of union development, workers' action ('emotions') was taken to be negative. As the RUC decided 'not to allow strikes, disorder and roaming', it ensured 'the salvage of the enterprise and its labour collective' (ibid). Also, the quote shows that the RUC leadership still saw the union role in broader social terms: it stressed social issues, such as the regional employment and public sector workers' welfare but remained, at the same time, distanced from its own members, who suffered due to this decision taken by local management.

Some years later, this was seen as the union's major achievement of that early period of union organisation (Kukota, the former Kryvorizhstal RUC's president, interview, cited in Melnik, Stetsyuk and Shmarin 2005: 165). Elected in 1994 to chair the union,<sup>64</sup> Yuriy Bobchenko adopted the same non-militant position, when wage debts started to accumulate in the early 1990s. In response to growing wage debts, the RUC leadership asked workers 'to understand the situation' (AMKR workers, personal communication). Looking back at these turbulent times, Bobchenko commented that after five months of wage delays in 1994 the RUC could, theoretically, have drawn on the 'language of ultimatums' and could have resorted to strikes (Bobchenko, the AMKR RUC's president, interview, cited in Melnik, Stetsyuk and Shmarin 2005). Nevertheless:

*"Looking back, I can say absolutely definitely we acted at that time in a completely right way in view that those enterprises, at which strikes still were allowed, suffered such damages and drove*

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<sup>64</sup> Yuri Bobchenko had already chaired the union organisation for five years (1989-1994) in his capacity as vice-president of the Kryvorizhstal RUC. After his election to the position of RUC president in 1994, Bobchenko still remains in this position to the present day.

*themselves into a debtor's prison, from which they cannot get out until today. At our combine the present situation looks completely different" (ibid).*<sup>65</sup>

As the discussion above shows, hardly any changes to IR took place in the period immediately following the first privatisation (Bassarab, the President of the AMKR mining department union, interview). In its organisational phase, the union 'renewal' has not included any changes in terms of its position and attitudes to conflicts. As extensive social activities and constrained attitudes to conflicts have characterised the RUC's development during this organisation phase, the RUC's development reinforced the previous path of worker representation. Especially during the period of heavy economic decline, this path of worker representation did not help to address workers' problems: the average wage of the Kryvorizhstal workers has remained consistently below the average in the metallurgical sector.

### *6.1.3. The changes in the operation of the AMKR union*

The entrance of foreign investors in Ukraine's metallurgy sector, however, has meant the appearance of "new players in the industrial relations, with whom trade unions have to develop constructive relationships" (PMGU n.d.). This has not always been unproblematic. For local trade unions in particular, TNCs "impede the conduct of social dialogue and, as a rule, worsen the conditions of operation of primary trade union organisations, and significantly complicate the solution of socio-economic issues" (ibid). Criticism related to the enterprises' social obligations is particularly likely to be raised after privatisation (e.g. Samara Research Group 1996, Varshavskaya and Donova 1996).

In preparation for the new privatisation of Kryvorizhstal in 2005, the union leadership studied Mittalsteel's general practices (Bassarab, the president of the AMKR mining department RUC, interview; AMKR worker, interview). For example, in Kazakhstan where, at the time, Mittalsteel owned some operations, all social facilities had been retrenched, employment had fallen by 37% and seven out of fifteen iron ore mines had been shut down. Also, a productivity increase of 226% was accompanied by only a 45% increase in absolute wages (Bobchenko 2006a). There were also some negative social implications of Mittalsteel's ownership of facilities in the Czech Republic and Poland (Sakhno 2006).

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<sup>65</sup> Similarly, as the representatives of the commission on socio-economic and informational work noted: "[...] the action was always where the trade union organisation at the enterprise was. That's why people trusted the union activists when the latter advised them not to strike, not to stop the enterprise, but trust and work with one goal – to come out of the crisis with dignity" (Khomenko and Kulishkina cited in Melnik, Stetsyuk and Shmarin 2005).

Having done their research, the AMKR RUC turned to lobbying the State Property Fund of Ukraine (SPFU), which was responsible for privatisations, to include the issues of wage increases and welfare-related demands into the purchase and sale agreement as the union's conditions for the Kryvorizhstal privatisation (Kryvorizhstal Trade Union 2005). Out of the 19 union demands, wage-related demands and demands for social services enjoyed equal number and priority. The cost of 'the social package' included in the purchase and sale agreement amounted to almost the same amount of Mittalsteel's purchase payment for Kryvorizhstal (approximately Hr 24 billion, then the equivalent of around USD 4,5 billion) (Sakhno 2006). This social package suggested by the trade union shows that, aside from their aim to increase workers' wages, the union also strived to ensure its continued role responsible for social functions and activities. By signing an agreement with the SPFU, the union ensured its participation in every privatisation-related audit by the SPFU (Bassarab, the president of the AMKR mining department RUC, interview). AMKR was the first case in which trade union demands were included in purchase and sale privatisation agreements (Kazachenko 2009).<sup>66</sup>

### *Growing Trade Union's Leverage and Workers' Wages*

When Mittalsteel bought the plant, it had to immediately increase wages by 4% by the end of the year and then by another 12-15% in the first quarter of 2006 according to the purchase agreement. However, management delayed the increases (Bobchenko 2006b). AMKR management argued that "the point is not the non-fulfilment of the conditions of 'the social package' but in the correct interpretation of their enforcement [...]" (AMKR 2005). In response to this, the RUC declared a protest one month after the steel mill was bought by AMKR in late November 2005, but subsequently cancelled it. Instead, the union leaders turned to the SPFU and its Head, Valentyna Semenyuk, for help (Bassarab, the president of the AMKR mining department RUC, interview). As Bobchenko claimed, if the SPFU does not pressure management to comply with the purchase conditions, the union will use 'the toughest methods' (ibid). The AMKR union strategy was politicised further, as the union declared its intentions to appeal to the President, Parliament of Ukraine and the Security Council with demanding that management should comply with their social obligations as were the conditions for its privatisation (1+1 TV Channel, 20

<sup>66</sup> This case became an example for others to follow. In 2003, the sectoral trade union PMGU concluded a similar cooperation agreement with the SPFU. Although the agreement envisaged that the PMGU would participate in the process of drafting the purchase conditions of the enterprise to be privatised in the SPFU, in practice, trade unions never succeeded in including their demands in the purchase agreements in the same manner as the AMKR did (Kazachenko 2009). The case of the AMKR thus became an exception.

December 2005). This political action occurred without underpinning any of the demands with collective action.

Meanwhile, the AMKR management still postponed the wage increases but transferred additional payments for social services directly to the RUC and granted some additional one-time benefits.<sup>67</sup> Shortly afterwards an agreement was reached between management and the RUC to postpone negotiations over wage increases (AMKR 2006a) and soon wages were increased by 4% for the rest of 2005. Nevertheless, the further increase of 12% for 2006 as well as year-end bonuses remained under discussion. Then, negotiations for 2006 stalled. While the SPFU reproached AMKR for not raising workers' wages (Kyiv Post, 24 August 2006), the State Committee of Industry and Entrepreneurship in the Ukrainian Parliament also demanded, on the RUC's request, that the company provide its workers with health insurance and pay out year-end bonuses (AMKR 2006b). AMKR management provided workers with health insurance (ibid), but the two key issues (wage increases and year-end bonuses) still remained unsolved (Polokhnenko 2006).

This time the RUC organised a protest in front of the administration building at the end of December. As Bobchenko commented in public, this protest became "not the lesson for them [management] but a test for us [unions] [...] of our capacity for the future struggle [...], as it is already a while that we have not protested" (Bobchenko, AMKR RUC's president, interview to Stolyarov 2006). At the same time, as union strategy mainly focused on pressuring the SPFU, this union's protest looked rather symbolic.

As the negotiations over wage increases had barely progressed, the protocol of disagreements was concluded between management and the union in March 2006 (Polnyi 2006). In May, SPFU's Head set a deadline for Mittalsteel to fulfil its obligations to raise wages in the following month, threatening to revoke the privatisation by Mittalsteel should management fail to do so (Kyiv Post, 24 August 2006). The agreement between the RUC and management was reached in May 2006, just ten days after SPFU's public threats (ibid, AMKR 2006c). The agreement involved increases of 10% from January and 5% in June (compared to the 20% now demanded by the union), raising workers' wages to the highest in the sector (Bobchenko 2006b, h).<sup>68</sup>

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<sup>67</sup> The union successfully secured some additional improvements in certain areas: e.g. the company's financial transfer in support of pensioners and one-time payments for young workers leaving for military service (Bassarab, the President of the AMKR mining department union, interview).

<sup>68</sup> The wages of Hr 2,000 exceeded the industry average of Hr 1,554 according to the State Statistics Committee (2008). Rather unusually, the collective agreement at the AMKR was signed even before the sectoral collective negotiations and the negotiations over the General Agreement took place (AMKR 2006d).

Despite the signing of the 2006 collective agreement, no consensus could be reached regarding 2005 year-end bonuses. The union declared another protest in November 2006, but postponed the protest one day before it was due to take place (AMKR 2006e). This time the SPFU demanded that the enterprise increase its contribution to the state budget for social services (AMKR 2006d). Shortly afterwards both the union and the SPFU signed an agreement with the AMKR on the interpretation of the clauses in the purchase and sale agreement. The company agreed to pay the year-end bonus and to transfer an additional Hr 400 million to the state budget (AMKR 2006f, g).

Against this context of repeated threats to revoke the privatisation by the SPFU, AMKR has been constantly subjected to 'tough pressure on the combine' (Starkov, AMKR CEO, interview to Umanskiy (2010)). For example, the enterprise has undergone several different audits by the state. Over the years, AMKR has been denied billions of Hryvnya in VAT returns that the Ukrainian government grants to metallurgical enterprises (Jan Jouet, then CEO of AMKR, cited in Andryushenko 2010b, Delo.ua, 14 April, 2010, Gavrish and Ageyenko 2008, Stetsun 2010). Indeed, the VAT debts by the government amounted to Hr 3,5 billion (the equivalent of around \$500 million) as of May 2010 (Starkov, the CEO of the AMKR, interview to Umanskiy (2010)).

Meanwhile, the AMKR launched a voluntary retirement programme. At the beginning of 2007 there were 4,000 less workers than when AMKR had taken over the enterprise (Delo.ua, 25 January 2007). The number of workers continuously decreased, reaching 37,000 workers in 2010 (AMKR employee, interview; Starkov, AMKR CEO, interview, cited in Lavrov 2011). The union interpreted the retirement programme as lay-offs in a hidden form: "We do not see any violations of the Labour Code, but we believe they are stripping us of our rights". In this context Bobchenko repeatedly encouraged workers to appeal to the SPFU and the union's 'strong ally', the SPFU's Head, if no compensation is provided to workers (ibid). This indicates that, when regarding the issue of lay-offs, the union's strategy remained the same as before, relying on the lobbying of the SPFU.

Lay-offs allowed some further increases in wages. The new 2007-2008 collective agreement was signed within two months and envisaged three stages of wage increases making a total 22% increase in tariff scales in 2007 (Baygush, AMKR Labour and Personnel Director, address at the 2008 AMKR labour conference). Also, the collective agreement envisaged an increase in social payments to the union of up to 0.45% of the wage fund (as compared with the 0.3% set by law) (AMKR 2006i). This improvement in

union-management negotiations indicated that the trade union and AMKR management had established an ongoing dialogue:

*"[b]oth parties learned to understand each other. After the tripartite agreement was signed, which regulated all controversial points relating to the interpretation of certain clauses of the social chapter, trade unions and the owner moved to constructive dialogue and social partnership" (Bobchenko, AMKR RUC's president cited in Belik and Bondarchuk 2007).*

*"We should not only listen to, but also hear each other [...] It is necessary to discuss jointly, to voice the controversial points exactly in order to exclude them in the future" (Bobchenko, AMKR RUC's president, cited in AMKR 2009).*

As Bobchenko stressed, the relationship between the enterprise's owner and the RUC were based on the principle of permanent readiness to engage in constructive dialogue.

### *The Decline in the Union's Leverage During the Financial Crisis of 2008-2009*

In 2008 the international financial crisis hit the Ukrainian metallurgy sectors quite hard and AMKR declared cuts in its production volumes (UNIAN 2008a, b). In response to the crisis, a November 2008 Memorandum of Understanding between the Cabinet of Ministers of Ukraine and the Metallurgy and Mining enterprises was signed. This Memorandum promised preferential treatment of the metallurgy enterprises during the crisis on the condition that no lay-offs would take place and purchase and sale conditions established during privatisation would be renegotiated (Cabinet of Ministers 2008). The Memorandum was valid until April 2010, following two extensions. During the crisis, wage increases at AMKR were frozen, but social payments to the union continued. In spite of the Memorandum, the SPFU continued to publicly threaten to revoke the privatisation of Kryvorizhstal due to the non-fulfilment of different investor obligations attached to the purchase (e.g. UNIAN 2008c, Gavrish und Ageyenko 2008).

In response to declining production, AMKR management decreed a reduction of the working week to three days in mid-2009. This was supposed to affect approximately 18,000 workers. The union declared a protest in front of the administrative building, but cancelled the protest at a later date (Belik and Khomenko 2009). The union again appealed to the SPFU, whose Head had changed by this point. In its declaration to the President and different authorities, the union not only pointed out that the decree violated the provisions of the collective agreement, the Memorandum and the social obligations of the AMKR purchase agreement, but it also argued:

*"OJSC AMKR is an enterprise forming a company town, the substantial decrease in wages funds in the conditions of the skyrocketing prices for food and consumption goods will lead to the deterioration of the payment of communal expenses and reduce the income from the obligatory payments to the budget and non-budget funds. As a consequence of this it will affect the payment of pensions and wages to workers of the public sphere" (Bobchenko, AMKR RUC's president, interview to Belik 2009).*



The AMKR trade union also filed a lawsuit and won, meaning that management's decree was cancelled (Belik 2009). However, with the crisis and changes in SPFU management in 2008, the union's leverage started to waver. The acting SPFU Head, Parfenenko, negotiated with AMKR management, asking them to cancel the decree (SPFU 2009). However, at the same time, the SPFU signed an agreement with the AMKR – this time without the trade unions - according to which the fulfilment of the owner's obligations set in the purchase and sale agreement including wages were postponed until 2011 (Starkov, the AMKR CEO, interview cited in Lavrov 2011).

At the end of 2009, the trade union demanded further wage increases in line with those set in the sectoral agreement for the metallurgical sector, but even wage increases set for November 2009 and January 2010 were postponed to the following year (Belik 2009). Finally, the owner agreed to give wage increases, but only in line with those set in law, no longer considering those set in the sectoral agreement. AMKR management argued that any further wage negotiations should be delayed until the court issued its verdict on the overall, broader wage dispute over minimum wage. At this time the Constitutional Court questioned the legality of recent statutory increases in the minimum wage made in the run up to the Presidential elections by the party in power. The AMKR RUC again pressured the SPFU to intervene, but the SPFU had already signed a new agreement with AMKR. As the union's cooperation with the SPFU started to weaken, the union began to criticise the SPFU, arguing that the RUC could not:

*"[...] agree with the fact that the State Property Fund does not officially advance any revision of the respective points of the sale and purchase agreement that concern wage increases, the preservation of the system of work remuneration and of staffing levels, as well as the construction of apartments [...] The State Property Fund should demand in a tougher manner the compliance with its purchase obligations by the owner, including the application of sanctions in the form of fines"* (Bobchenko, AMKR RUC's president, declaration, published in Belik 2010).

Meanwhile, the RUC prepared for 'an uneasy dialogue with the owner' (Belik 2009).

Finally, in January 2010 management decreed wage increases of 11.43% and in the union's view "simply did what any law-obedient employer in our country was obliged to do since 1 January 2010" (Belik 2010). That is, management increased the wages as much as was set in the respective law (ibid). However, as management's wage increases anticipated the increase solely in wage scales, they did not extend the percentage increases to the bonus premium and add-on payments. Such payments and premiums amounted to 30-50% of take home pay (AMKR workers, personal conversations). In March 2010 AMKR management agreed to a 16% increase in both wages and premiums in three steps. However, these increases still lagged behind inflation.

Both the financial crisis and a weakening cooperation with the SPFU shortly before the purchase and sale agreement was to expire, put wages and other achievements, particularly social services, under threat.

*"We are looking ahead with fear, at the end of 2010 the agreement between the SPFU and Arcelor Mittal will expire, and our social package will expire. 0.5% [of wages funds for the improvement of social and living conditions] – where have you seen such benefits? It is not in law. [...] And the whole social sphere – they [foreign management] do not need child facilities, nor do they need recreation facilities. This is just about more expenses for them" (Bassarab, AMKR mining department RUC's president, interview).*

As the RUC had abandoned workers' militancy before, the union had not developed a strategy to address these issues once the agreement expired.

## **6.2. The Case of the Kyiv Metro Workers' Union**

### *6.2.1. Enterprise Background*

Kyiv metro was established in 1960 as part of the communal property of the city of Kyiv. The enterprise employs around eight thousand workers (Kyivskyi Metropoliten, n.d.). Except for the consequences of the economic recession, which immediately followed the collapse of the Soviet Union, the Kyiv metro has not been as affected by economic recessions as has the Ukrainian economy more generally been (Mazolevich, Kyiv metro RUC's president, interview). The metro enterprise can rely on a stable income from its every day operation (ibid). Since the enterprise has remained public, wage increases were granted to workers in line with the statutory increases. Hence, wage problems for the Kyiv metro workers were less severe. In addition, workers have been provided an extensive social package. The reformed trade union committee (RUC) was awarded a special prize for the enterprise-provided social services that were included in its collective agreement (Kyivskyi Metropoliten n.d., Mazolevich, the President of the RUC, interview). This shows that union-management relations have remained highly paternalistic at the Kyiv metro. Paternalistic union-management relationships seem to be unfertile ground for the growth of conflict.

Kyiv metro workers have been organised in a trade union since the establishment of the metro in 1960. Also, the free trade union of the Kyiv metro workers (ITU) was established in the early 1990s and remains in existence today. Yet the co-existence of both trade unions has not been easy. Their comparison allows some insights into the problem of the co-development of two trade unions during the operational phase.

### 6.2.2. Formation of trade unions

The aftereffects of the collapse of the Soviet economy reached the metro workers in 1993-1994, when inflation skyrocketed in Ukraine and no sufficient wage increases were granted to workers. The RUC did not react. When workers found themselves in this situation, they raised the voice of the enterprise's labour collective and began to demand that the RUC leadership enter into a collective dispute with the enterprise's administration and negotiate wage increases. The RUC refused (Kyiv metro workers, personal communication), trying instead to convince workers that it was impossible to raise wages at that time, given the economic circumstances (Ditkovsky, Kyiv metro ITU's president, interview). As the current president of the RUC, Alexandr Mazolevich (who was elected to chair the union in 1999) has commented, the leadership of the reformed RUC was reluctant to adapt the union organisation to the conditions of the time:

*"They [union leadership] kept giving the administration kisses and hugs [...] fulfilled administration's directives [...] Then a group of people appeared that wanted to live in another way [...] a leader appeared who united them [...] these were mostly miners, and they started to go into other enterprises [...] It is only later the generation of union leaders changed here [in the RUC]"* (Mazolevich, Kyiv metro RUC's president, interview).

As this quote shows, this lack of change within the RUC provided ground for the emergence of the alternative union organisation (ibid).

The lack of RUC's responsiveness to workers' demands sparked outrage. The early 1990s were also the years of the miners', teachers', railway and aviation workers' strikes, after which independent trade unions were established. This context undoubtedly influenced the articulation of wage issues at the metro. Train drivers decided to enter a collective dispute with the metro administration without recourse to the existing union. In order to be able to do so, some of the train drivers self-organised, forming the ITU. This very indignation of a group of workers about their RUC formed the background shaping the organisation, identity and role of the ITU:

*"[...] trade union a priori – should counteract management [...] it has always been like this that in the course of the development of relations between employer and hired labour, every worker wanted to work less and to be paid more and every employer wanted to get out as much as possible from the worker, to force him to work. So, a worker would produce more for less money. I mean in this sense their interests have never been similar [...] They go in different directions* (Ditkovsky, ITU's President, interview II).

These comments are demonstrative of the ITU's self-identification, which was contrary to the RUC's position at the time. While the RUC has identified itself with the whole enterprise (and not with workers alone), the ITU's identification was based on the contradiction emanating from the position of an employer and a hired worker within an enterprise.

Such identification of a union organisation seems self-evident, as trade unions have always been ‘a vanguard’ of employees articulating conflict of interests in relation to management (e.g. Hyman 1975). However, within post-socialist settings, particularly in the early 1990s, such self-identification was new. Common practice was that trade unions served the interests of a whole labour collective, including the enterprise management (Chapter III, Mazolevich, Kyiv metro RUC president). In the RUC, workers in managerial positions remained members of the trade union, and union leaders ‘kept giving the management kisses and hugs’ (Mazolevich, Kyiv metro RUC’s president, interview). This same unity of interests was viewed as problematic within the ITU:

*[...] how can one protect a plant director and a hired worker simultaneously? The plant’s director’s interest is to punish the worker in one way or another; the interest of the worker is to get bonuses. How can this equation be solved and the interests of both the director and that of workers be met simultaneously?”* (Ditkovsky, Kyiv metro ITU’s president, interview II).

The manner in which the ITU identified itself clearly differed from the approach that continued to be articulated in the organisational phase by the RUC.

The differences in identity characterising the two trade unions are also demonstrated over the course of the further development of the conflict over wage increases. Metro workers filed a collective labour dispute against the metro administration and court hearings began. Throughout the court hearings the leadership of the RUC represented the interests of the Kyiv metro administration (Ditkovsky, ITU’s President, interview I, Kyiv metro workers, personal communication). No immediate solution appeared through this forum and metro workers, therefore, declared their intention to go on strike. At that point in time strikes were prohibited, however, as the dispute seemed irresolvable, workers used the threat of strike as the last possible means to enforce their demands. “I have never been in favour of strikes, but I had to deal with that because it was the decision of the workers’ collective and the last possible means of the dispute resolution” (ibid). In response to train drivers threatening to strike, metro management partially met workers’ demands. The strike was cancelled before it started.

As a result of the conflict, the ITU found itself in a confrontational relationship with management. Additionally, the ITU criticised “the monopoly of the former official federation of trade unions that remained in place [and tried] with all their efforts and all opportunities to prevent the establishment of independent unions [...]” (Ditkovsky, Kyiv metro ITU’s president, interview II). As the ITU criticised the RUC, its relationship with the RUC was also characterised by confrontation. As the ITU’s activities presented a challenge to the reformed union’s work, the union naturally prompted counteraction from the RUC (ibid). As each of the unions perceived its role within the enterprise IR

differently, it was not possible for these trade unions to develop a joint position within the enterprise. Intense inter-union conflicts became the main consequence. Although this confrontation between both trade unions was an expression of the different grounds, on which both union organisations based their activities, in addition, as a result of the ITU's oppositional stance in reference to the wage-related conflict, a subsequent conflict developed between the ITU and the RUC.

### *The operation of the ITU*

After the establishment of the ITU, the union leaders demanded to be included in collective bargaining. Their demand was rejected by the RUC. Without representation in collective bargaining and other commissions, the ITU was unable to raise or articulate work-related issues including wages. This significantly limited the ITU's role at the enterprise. Thus the ITU focused solely on taking concerns and cases of unjust treatment of individual workers to the metro administration and to the courts. Workers who were members of the RUC started to come to the newly established union for help. Despite appealing for and receiving assistance in their cases, workers still refused to join the ITU, even when their cases were settled in their favour. This orientation towards the workers' individual grievances at the metro made further confrontations between the ITU and both the metro administration and the RUC inevitable.

Subsequent confrontation with the management and the RUC, provoked by the emergence of the ITU, resulted in the metro management putting targeted pressure on the ITU leaders and members and, as a consequence, there was considerable membership fluctuation. At the peak of such pressure (when the ITU had 600 members) 8-10 members started to withdraw from the union daily (Ditkovsky, Kyiv metro ITU's president, interview II). At the end of that period only 64 members were left in the union. The pressure on union members forced the ITU into a struggle for recognition, while the pressure exerted on the ITU itself compelled the union to direct its scarce resources and energies to the organisation's survival instead of focussing strictly on the further development of the union and the protection of its members.

Facing such a situation, the ITU mobilised its members through protests and filed several lawsuits with law enforcement agencies. Ditkovsky himself went on multiple hunger strikes. Solidaristic aspirations were expressed when other independent trade unions, such as the miners' and railway workers' ITUs, declared their intentions to organise protests in support of the Kyiv metro ITU. It was only after these joint

solidarity strikes that the ITU was given recognition and its existence at the metro was accepted (Ditkovsky, Kyiv metro ITU's president, interview I). Eventually it reached a stage at which the ITU was no longer "just existing but fighting" (ibid). The ITU could no longer be ignored and began to increase its membership.

While open forms of sabotage against the union had stopped, opposition then took on more latent expressions. If workers decided to remain ITU members, they were continually threatened with dismissal and were subject to more frequent involuntary reassignment (confirming their skill grade) compared to the rest of workers (Kyiv metro workers, personal communication). Workers were promised a break from the reassignments, if they terminated their membership in the ITU. This 'offer' was accepted by train drivers, as they could be reassigned to such an extent that they could no longer enter their workplaces. After having grown to 121 members, the growth stopped abruptly (Ditkovsky, Kyiv metro ITU's president, interview II).

This low number of members meant that the ITU's resources for further organisational development were very limited. As the establishment of the ITU had started from scratch, none of the resources (organisational, material or financial) were available upon its establishment. Members were few and hence, dues did not amount to much. All other resources envisaged by the law were denied to the union. Resources needed to be accumulated in the day-to-day work of the union through increasing its membership. However, this was hardly possible under such pressure, as described above. Resource constraints created a significant burden for the newly established ITU even once open forms of putting pressure on workers stopped.

Additionally, the exclusion of the ITU from collective bargaining meant it had no opportunity to advance its demands in relation to such issues as wages. Repeatedly the ITU's leaders asked Mazolevich to establish a joint union negotiating body in order to negotiate the next agreement together.<sup>69</sup> Mazolevich repeatedly refused. The union leaders organised several pickets in front of the administration's office building and launched a discrimination case with the Constitutional Court of Ukraine. Finally, more than a decade after the establishment of the ITU, both unions established a joint negotiation body aimed at negotiating a new collective agreement. Following this, the RUC signed a new collective agreement with the administration on its own, thus circumventing the joint negotiation body and the ITU (Ditkovsky, Kyiv metro ITU's president, interview I). As this instance indicates, although the RUC included the ITU's

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<sup>69</sup> The establishment of this joint union body is envisaged by the law in cases where more than one trade union exists at an enterprise and aims to allow all trade unions access to enterprise bargaining (Chapter IV).

representative into the negotiations, the RUC still sought to preserve its exclusive jurisdiction over enterprise-based IR.

This overall situation limited the potential activities of the ITU to those of legal function only. The union could do no more than push management into enforcing labour law at the metro in instances, when it had violated Ukrainian legislation. For example, the metro management forced workers to buy their own work uniforms despite this being a violation of the law. Another example emerged when legally set days off were cancelled by the metro management and employees were forced to work on weekends. Many similar examples can be cited and in this way the ITU was able to prevent the enforcement of managerial decrees by successfully enforcing the law instead (Ditkovsky, Kyiv metro ITU's president, interview). However, although members of the reformed RUC came to the ITU with questions and requests for help, they still refused to join the ITU in return for its assistance.

### *The RUC's Operation*

The existence of an alternative union and the inter-union rivalries pushed the RUC's leadership to develop certain strategies to maintain their position of leadership (Mazolevich, Kyiv metro RUC's president, interview). With the election of Mazolevich to the chair position at RUC in the late 1990s, the agenda was quickly reformulated in terms of two key points: wages and recreation (ibid). Although the metro administration and RUC had both signed a collective agreement, the contents were largely limited to social benefits. The RUC was awarded a special prize for enterprise-provided social services that were included in the collective agreement (ibid, Kyivsky Metropolit n.d.). However, in reference to wages, wage increases were not regulated in the collective agreement. The RUC had negotiated over wages as a part of the collective agreement, but it was not until 2005 that statutory wage increases were copied into the collective agreements of the Kyiv metro (Kyivsky Metropolit n.d.). The RUC had not considered wage issues to be the main point of negotiations because wage increases were set in law. Thus, the RUC had allowed management to control wage increases accordingly. This indicates that the RUC leadership was slow to adapt to the changing context and practices in terms of local level collective bargaining.

When considering wage and social benefit issues, Mazolevych faced two different problems at time. Firstly, union leaders had lost any protection of their roles since the collapse of the social system under the Party's control. Now when union officers are not

re-elected to union positions, they normally go back to work at the metro. Employers are legally obliged to provide these former union officials with work, however, during their time working for the union, they often lose their work-related skills and accreditation:

*"None of our union leaders is protected. None. For example, take me. I am a full-time union officer. I have been elected for five years. In five years I will run for elections again. [...] But what afterwards? I have not reached my pension age yet. So what next? Next I go back to metro work. I used to work for 30 years at the metro and now I will have to beg our boss to find work for me. That's all. [...] After spending 15 years here [in trade union] you go back into the metro tunnel as an unskilled worker. You are going there as a strong leader of collective. But you're not an engineer any longer [...]" (Mazolevich, Kyiv metro RUC's president, interview).*

This vulnerability of union presidents is particularly noticeable, when the union has to (dis)approve some managerial decisions having negative consequences for workers:

*"Here we go. The administration issues a decision and sends it to the trade union committee – approve the decision on the cancellation of the add-on premium. But excuse me, 30% of the wages in premium is not so little money. The union leader calls the meeting of the union committee. At the meeting they make a decision to disapprove the decision, vote. He [union leader] writes down the decision and submits to the administration. The boss says [to him] you failed to convince workers. Let us organise a joint meeting of the administration and union committee. They come together, here is the management, here union leaders. They vote for the same issue [the cancellation of the premium] and all trade union leaders raise their hands, yes, we approve, cancel [add-on premiums]" (ibid)*

In this situation, a body of lawyers was needed in order to protect union leaders. Also, Mazolevich suggested electing workers of pre-pension age to chair union organisations at different levels and to take a mediatory position between workers and the administration:

*"[...] let's elect people 55 years old for presidency positions in the union. Because he will spend 5 years here and once he reaches 60, he can go on pension. He can hit the table with his fist and his feet without worry, say whatever he wants to, insist on things. And the young leader – he will struggle and struggle, and will be eaten up by the administration. And I feel sorry for him, so sorry, as for my own son [...] and every union leader should make up his/her mind - either he is going together with you [workers] or with the administration. And as we used to say in the Soviet times, fulfil their directives. In such cases I say one should be as the Jews - run with the hare and hunt with the hounds [...] the wolves are sated and the sheep intact [...] there is no other way possible [...]" (ibid).*

These citations demonstrate that the union operationalised its representational role by trying to satisfy the needs of both workers ("sheep intact") and management ("wolves are sated") in a way that does not significantly disturb or leave any one party angry. Confrontation with management was still inappropriate in the eyes of the RUC. Due to the RUC taking this stance, 'worker representation' has been realised through the union 'veto rights' and legal actions where necessary: "Because the law of Ukraine unanimously states that if an employer does not fulfil his or her obligations we [trade union] have the right to take him/her to court" (ibid). However, during more than one and a half decades of the Mazolevich's presidency, the RUC has been involved in only two labour disputes (ibid). This indicates that the Kyiv metro RUC has only rarely utilised the available institutional mechanisms of worker representation.



The second significant problem for the RUC was resource distribution within the RUC itself. The RUC leadership claimed that there were not enough resources to finance the basic activities of the union. More than 45% of the union budget was spent on recreational activities, although much of the expenses on recreation were additionally financed by the enterprise administration (to the sum of over two million Hryvnya) and social security fund. As Mazolevich notes, “[...] every 15th [worker] has a chance to go on holiday, either at a recreational facility, or receive a holiday voucher, or [go to] a holiday resort” (ibid). The union covered 70-90% of the cost of holiday vouchers. Another 40% of the union income went to staff wages and material assistance to workers. The rest – 15% - was transferred to the sectoral union. With this structured distribution of the RUC’s income, no funds were left to cover any other union activities, including a strike fund. As Mazolevich himself claimed, “let’s say one strikes tomorrow. Stop the metro – one has to feed all workers. But where could the RUC get so much money?” (ibid). However, the issue of resource redistribution, including a reduction of the union funds spent on recreation was never considered.

As a way to improve the financial standing of the RUC, the union’s president believed it was necessary to undertake commercial activities (Mazolevich, Kyiv metro RUC’s president, interview): “[...] if we [trade unions] were allowed to make profits, we would earn some money and save this money and at least provide people with some protection”. However, obviously any commercial activities that became fundamental to the survival of the union would turn trade unions into another type of organisation.

### ***6.3. Discussion of the Cases***

The cases of the AMKR union and two metro workers’ unions were chosen to reflect on union operation following the primary, organisational phase of their formation. As the unions’ specific operational strategies described here have demonstrated, each union developed a different understanding of what worker representation meant and how to go about increasing union representation.

#### ***6.3.1. Union Strategies***

At AMKR, worker representation was manifested in two main ways: workers’ wages and social benefits. The strategy of the AMKR RUC was necessarily political: almost every time its demands were not satisfied by AMKR management, the union leadership appealed to the SPFU with requests to pressure management into fulfilling its social obligations in terms of wages and social benefits. Against the background of the SPFU’s

repeated threats to revoke privatisation, this political strategy of the AMKR RUC has facilitated more conflict-oriented forms of worker representation. Simultaneously, as union-management dialogue was not backed by pressure through workers but by pressure through the SPFU, union independent organisational capacity to enforce its demands has hardly developed.

In the Kyiv metro worker representation was mainly formulated around the 'social wage'. The RUC understood worker representation as the preservation of the social package, distribution of material assistance and organisation of workers' recreation. With regard to wages, the union's strategy was limited to reminders aimed at the metro administration to raise wages in line with legally set standards. The Kyiv metro RUC operated a strategy, which could be described as paternalistic because of its close cooperation with metro management, thus restricted wage demands were central to the continuing provision of social benefits to metro workers. This strategy has facilitated the reproduction of the traditional form of worker representation in that it has reinforced the exclusively social role of trade unions.

Finally, the Kyiv metro ITU initially formulated its strategy in terms of workers' and employers' conflicting interests. The ITU's involvement in conflicts was most clearly visible on occasions when ITUs have continuously raised the issue of wages. However, as the union itself was not recognised by the employer and could not gain access to collective bargaining, the ITU's attempts to advance its conflict-based forms of worker representation as it was initially formulated were constrained. As a consequence, the strategy implemented by the ITU in the workplace was limited to legal services: the ITU had focused on raising concerns of individual workers with the management.

As this review of union strategies shows, some forms of conflict-based worker representation have been developing during the operational phase of some trade unions. However, where such approaches were developing, they have not consolidated into stable forms of conflict-based worker representation and have been rarely underpinned by the use of independent union organisational strength. In addition, concurrently to conflict-oriented approaches of worker representation, social forms of worker representation as formed under the socialist system of IR have persisted.

### 6.3.2. Social and Conflict-Oriented Forms of Worker Representation

A commonality amongst all trade unions was that they preserved or developed previously existing forms of worker representation in the form of the union-based provision of social services.

This social dimension of union operation is clearly expressed at the AMKR, where a half of all demands included by the union in the purchase and sale agreement were social demands. Also, when wage increases were frozen during the crisis in 2009, the social service expenses and recreational expenditures continued to be paid out to the union in full. Workers asked the union to include this money in wage increases and stop financing social services. However, the union argued that:

*"[...] someone created an artificial situation at the plant, in which the labour collective was claimed to have asked to decrease social and maintenance expenses [in order to free funds for wage increases], including those in the area of recreation. [...] Well, just imagine, how can one abandon the purchase of recreation vouchers, if among the enterprise workers many have to regularly go to a doctor, as they suffer from one or another sickness?" (Bobchenko, AMKR RUC's president, interview to Belik and Khomenko 2009).*

This statement by Bobchenko demonstrates how the leadership tried to preserve its status within the enterprise organisation based on Soviet-era structural formulations.

The Kyiv metro RUC operation was based almost exclusively on the preservation of this traditional form of worker representation as RUC's understanding of worker representation included exclusively social benefits. Mazolevich himself saw his task as protecting the scope of social services that the metro workers were provided with: "[...] I feel that we will have to fight for preserving the same social package that we had and still have nowadays more and more often. We have to" (Mazolevich, Kyiv metro RUC's president, interview).

While this provision of social services indicated the path-dependent development of both RUCs, this same provision of social services was also common to the ITU at Kyiv metro. However, it was only in its operational phase that the ITU turned to provide discounted holiday vouchers. When compared to RUCs, initially the ITU refused to provide any social services at all. Later on, it included them in its agenda, as workers asked for them more and more often. Thus, all unions discussed above shared this administration of social funds as part of their representative roles. At the same time, while the social services were the source of the RUCs' operation, in case of the ITU this same provision of social services reflected the effects of the concurrent development of trade unions and was, thus, a consequence.

Against the background of these persisting social forms of worker representation, the need for more conflict-oriented forms of worker representation in the case of the AMKR RUC came from foreign ownership. Not only was it clear that foreign management would resort to lay-offs and low wage increases, but it was also clear that foreign management would threaten the union's traditional spheres of social activities by shutting down the enterprise's recreational facilities, for instance. It is at this point in time that the conflict between the RUC and AMKR foreign management began to emerge.

In contrast, due to the metro remaining municipal property and the absence of significant changes in management paternalistic approaches, its RUC did not adapt to changing external conditions until 1999. Management's direct attacks on the sources of union social activities were not as common at the metro as they were at AMKR. Combined with the RUC's reluctance to directly address the problem of necessary wage increases in the 1990s, this lack of adaptability has generally weakened the RUC's position within the enterprise IR. As a consequence, some differences between the actual RUC's agenda and workers' interests came to the fore through the establishment of the ITU. Therefore, the fundamental form of worker representation of the Kyiv metro RUC was challenged after the emergence of the more conflict-oriented ITU in 1994. This, in Mazolevich's words, prompted the change in the RUC leadership and subsequently, the changes in the RUC's work, when the agenda was re-formulated in terms of wages and a social package (Mazolevich, RUC's president, interview).

### *Conflict Articulation within Union Operation Processes*

It cannot be doubted that the AMKR RUC had adversarial relations with management, however, the most antagonistic positions of the union were reserved for foreign management. The union did not consider local management to be interfering in their pro-worker orientation and activities. Local management remained members of the union. Hence, at AMKR, the degree of union-management adversarial relations at lower levels of management was likely to be lesser. This contrasts with the case of the Kyiv metro, where union-management relations were not adversarial to a substantial degree. Importantly, Mazolevich notes that the RUC leadership should take a position that would satisfy the interests of both metro administration and workers. This explains the positioning of Mazolevich in relation to conflicts. He had only filed two labour disputes during the several years of his term in office and no further conflict actions were organised by the RUC. The relationships of the Kyiv metro ITU with both the enterprise management and the RUC were heavily antagonistic. Initially, the union was not even

recognised by the management or the other union. Additionally, as the ITU intervened against the management, whenever they denied workers basic legal guarantees, most confrontation has developed between the ITU and management. As these three cases show, different degrees of conflict have been developing in union-management relations.

Notably, as a result of the political strategy of the AMKR RUC and the paternalistic strategy of the Kyiv metro RUC, emerging conflicts (over wage increases, year-end payments and layoffs at the AMKR, as well as recalculation of wages in line with legal standards at the Kyiv metro) were not directly articulated within their dealings with management. Rather, they were externalised and later politicised, redirected out of the enterprise and to the state authorities. AMKR RUC has continuously approached conflicts using external means and tools, even during the crisis of 2009, when the influence of the RUC started to waver:

*"The trade union committee of the enterprise is prepared for an uneasy dialogue with the owner [...] But, of course, a lot depends here also on the labour collective of the enterprise [...] [Therefore, the union committee encouraged workers] "not to lose endurance and self-control, not to become influenced by emotions and not to let them prevail over common sense. No, just say, what's the point of rocking the boat that just started to pick its course after the strongest storm [the crisis of 2009]?" (Belik 2009).*

As this quote shows, using exclusively external means of pressure, the AMKR union kept restraining any industrial action. This position of the RUC was solidified when, with the exception of two symbolic protests, protests were declared (e.g. demanding premiums for 2005 at AMKR) but often postponed, later not even taking place at all. Such approaches to conflict articulation rooted in the AMKR union political strategy have necessarily led to the abandonment of worker activism. Under this influence of the RUC, workers believed that "there are no non-solvable conflicts" (AMKR workers, personal communication). As this indicates, workers believe that the RUC will always find an alternative solution prior to organising industrial actions.

The same restraining attitudes towards work-related conflicts were observed in the Kyiv metro, where paternalistic relationships between the RUC and administration have been conducive to externalisation of emerging conflicts in the form of collective disputes. The common approach to the articulation of conflicts shared by the AMKR and Kyiv metro RUCs was that no significant collective actions could be reported in either case.

Against this background, the approach of the ITU to conflict articulation differed significantly in 1994 and afterwards. The ITU articulated work-related conflicts with metro administration directly. In 1994 the ITU had already declared a protest, although

at that point in time such protests were prohibited. Although the solution of the conflict was found before any protests started, criminal cases were launched against the ITU leaders and members quickly afterwards. These same criminal cases prompted further protest by the ITU jointly with those of the NPGU miners. Similarly, the ITU had to engage in protests, when it was repeatedly denied any recognition or access to collective bargaining. When compared with both RUCs, the ITU has constantly resorted to conducting many types of protest activities and increasing militancy.

### *6.3.3. Worker Representation under the Conditions of Multi-Unionism*

In this context, the following question arises: why was the establishment of the ITU successful at Kyiv metro, while it was not successful at AMKR?

In the case of AMKR, whose RUC had addressed the issues of wages and lay-offs, the formation of workers' collective and conflict-based identity has proceeded within the RUC. Due to the positioning of the RUC in relation to the purchase of the steel mill and RUC's political strategy, the influence of the RUC within AMKR was strong enough to facilitate the development of the workers' collective and conflict-based identity within the borders of the RUC. This helped the RUC to block any subsequent development of the ITU. Although some workers organised into two ITUs, against the background of the RUC's strong position within the enterprise, these attempts have not gone far beyond the act of organising the independent trade unions.

In contrast, the loyal attitudes of the RUC towards management and its reluctance to address wage-related problems in the Kyiv metro resulted in the development of workers' collective identity and conflict articulation approaches outside of the Kyiv metro RUC. Recalling the case of LAZy (chapter V), the act of establishing the ITU also led to opposition between trade unions in the case of the Kyiv metro. This opposition between the RUC and ITU was notable during the court hearings over wage increases, when the RUC represented the administration and the ITU represented workers. Also, the ITU initiated and conducted protests, hunger strikes and pickets in order to get recognised. As the RUC had also refused to recognise the ITU, these same protests and pickets were directed against the RUC as well. The refusal of the RUC to allow the ITU into the collective bargaining process prompted further protests of the ITU. These same protests led to more confrontation between both trade unions.

In both cases, the emerging ITUs have been inhibited by RUCs either during their establishment (as in case of AMKR) or during its operation (as in case of Kyiv metro).

The emerging union rivalry had detrimental implications for the concurrent development of both RUCs and ITUs, as this opposition between RUCs and ITUs undermined the development of more conflict-oriented forms of worker representation that came with the establishment of the ITUs.

### *Inter-Union Rivalry*

Inter-union rivalry between the RUC and ITU came to the forefront as the ITU emerged within the context of serious wage problems. As the establishment of the ITU in the Kyiv metro was made possible due to workers' militancy, in order to sustain its militancy-oriented strategy the ITU needed to increase its membership significantly. Also, the ITU needed to be included into collective bargaining, which was at that point in time conducted exclusively by the RUC. However, these are precisely the weaknesses that have been exposed during the inter-union rivalry. Firstly, this rivalry has resulted in pressure on workers to stay away from the ITU, consequently depriving the ITU of opportunities to increase its membership. Secondly, as long as the RUC continued to refuse to include ITU representatives in collective bargaining, the ITU could not present workers' grievances in the bargaining processes. As a result, the ITU's purpose of articulating specific workers' interest could not be realised beyond the court hearings in 1994. As the ITU was excluded from collective bargaining, the ITU concentrated its efforts on workers' individual problems as well as the enforcement of law, limiting the realisation of conflict-based worker representation to a legal servicing strategy.

Due to the different paths of development taken by RUCs and ITUs, both union organisations have operated on different material and symbolic premises. The source of the RUCs' influence at both enterprises was their material and financial resources and their close contacts with the SPFU and management. By comparison, the ITU gained its influence only through repeated acts of militancy. At the same time, the low number of members in the ITU inhibited its capacity to win further conflicts. Consequently, as a result of each type of union being shaped by different conditions prior to its formation, the ITUs had few chances to win inter-union conflicts.

### *Resources of AMKR and Kyiv metro RUCs and Kyiv metro ITU*

The two reformed trade unions discussed above had a great deal of financial and material resources for their operations. The 37 000 members of the AMKR and around 7 500 members of the Kyiv metro RUC ensured a significant financial basis for union activities. Additionally, both unions received some funds from their employers and had

access to social insurance funds. Notably, in the case of the AMKR, huge amounts of money were provided to its RUC for these activities. Under Mazolevich the RUC of Kyiv metro received slightly over Hr 2 million (then the equivalent of USD 400,000) for social activities. Additionally, the Kyiv metro RUC spent over 45% of its membership dues on workers recreation.

In contrast to both of these reformed unions, the ITU of Kyiv metro was disadvantaged in terms of financial and material resources. The membership dues it collected from its 121 members were not sufficient for its continuing organisational development and operation. Also, as the ITU was not fully recognised after its establishment, it was not provided with the same resources as those given to the reformed unions and to which unions were legally entitled. For instance, access to the employer-provided funds was only extended to the ITU after several protests. Finally, financial and material resources have consistently been a significant problem for the ITU.

In relation to the argument that workers' militancy can be the source of trade unions' influence, the victories of the AMKR RUC did not depend on acts of militancy. Bobchenko at the AMKR RUC saw acts of militancy as problematic in view of their implications for the enterprise itself as well as for municipal budgets and public sector workers. The two protests he organised were solely 'a test' for the union, which had not protested for a while. The AMKR mining department RUC's president, Bassarab, observed that only around 5% of workers would support any militant actions, however, this observation has not led the RUC to launch any activities that would target this problem. Against the background of this relationship between resources and militancy, establishing and institutionalising cooperation with the SPFU through official agreement ensured that the AMKR RUC leadership was a more effective and important influence, thus militancy was abandoned. Importantly, against a political background of general privatisation, the RUC's proximity to and close relationships with the SPFU also helped it to strengthen its position within the enterprise without resorting to militancy. Indeed, the AMKR RUC succeeded in raising wages to the highest in the sector. At the point in time two different ITUs were established here, however, as the RUC had a strengthened position through its cooperation with the SPFU, it managed to block the ITUs' development in spite of their proven capacity to mobilise workers.

In the case of the Kyiv metro, its material and financial resources have helped the RUC to preserve the bulk of its membership. Although workers started to go to the ITU with their problems, they have not joined the ITU and have remained members of the RUC. If



workers had withdrawn from the RUC, they would have lost their access to discounted holidays and further social benefits secured by the RUC's collective agreement. At the same time, these same material and financial resources have not helped the RUC to preserve its exclusive jurisdiction in IR. Combined with the RUC's reluctance to directly address the problem of necessary wage increases in the 1990s, this preservation of traditional forms of workers representation has generally weakened its position within the enterprise's IR and allowed the workers' collective identity to develop outside of the RUC. As a consequence, it was not able to block the ITU at the organisational phase. At the same time, similarly to the case of the AMKR RUC, the proximity of the Kyiv metro RUC to the metro management combined with a union-management paternalistic relationship has done more than ensure the preservation of an extensive array of social services. Also, the close relationship with the metro management has helped the RUC to inhibit the ITU's operations. In this way, during the concurrent operations of the RUC and ITU, inter-union rivalry has hampered the ITU's opportunities to grow its material, financial as well as core militancy-based resources. As a consequence, the ITU has had few chances to win inter-union conflicts and establish their participation in the formal IR arenas.

#### **6.4. Conclusion**

The varied strategies of political lobbying, paternalistic cooperation with management and sustained militancy and conflict granted different unions some successes in worker representation. Although all the above-mentioned strategies resulted in some conflict-based forms of worker representation and some gains for workers (better wages for the AMKR workers and better social protection and social benefits at both of the enterprises), they have not led to the consolidation of conflict-based representation. An important question to consider is why these strategies have not ensured the development of sustained conflict-based forms of worker representation in spite of the fact that, in some cases, union forms of worker representation have been characterised by conflict.

At AMKR, the political strategy of the RUC has allowed it to preserve some traditional characteristics of IR. Such traditional characteristics have included the unions' social functions and externalised (and hence, non-militant) articulation of conflicts. At the same time, this same political strategy has allowed the RUC to avoid addressing the problem of worker activism and militancy. Not only has this limited the transformation

of the reformed trade unions but, as a consequence, it has also inhibited the development of sustainable forms of conflict-based representation.

The AMKR RUC recognised that the supportive political constellation had helped it to maintain a strong position in IR, including regarding issues related to wages and social services. During the economic crisis, the purchase and sale agreement, with union demands included in its social clauses, was even extended until 2011. Consequently, the obligations of AMKR to the trade union were extended as well (Starkov 2011, AMKR CEO, interview cited in Lavrov 2011). However, at some point the agreement will expire and the union will face a new situation. This is particularly likely given that the AMKR RUC successfully negotiated significant amounts of monetary support from enterprise management: amounts, which exceeded legally set standards (i.e. management provided 0.5% of a wage bill to the AMKR RUC for recreation activities and 0.6% for improvements in health and safety in the workplace). These transfers will likely come into question, when political pressure on AMKR changes. Yet AMKR's future operation and achievements will likely remain dependent on the extent of external political support it may receive. It is not clear whether the union would be able to mobilise its membership, having previously failed to develop militantly. In light of Bassarab's assumption that around 5% of workers would support strikes, the probability of member mobilisation remains low. As the AMKR RUC has not developed any further sources of influence (such as, for instance, the workers' ability to act), conflict-based forms of worker representation are no longer guaranteed to appear, once the agreement expires. This was indicated to some degree, when the influence of the RUC began to weaken following a leadership change at the SPFU, after which the SPFU has no longer been supportive of the RUC's demands.

Similarly, the Kyiv metro RUC's president Mazolevich was aware that more attacks on social services would take place in the near future. The abolition of the management's support for union-administered social services is likely to affect the Kyiv metro RUC more than other trade unions discussed above, because its operation strategy was organised solely around these social functions. Also, the fact that the significant amounts of money provided by enterprise management exceeded the legally set standards makes this outcome likely.

In contrast to the approach of these RUCs, the militant approach helped the Kyiv metro ITU to get wage debts and wage increases paid in 1994. Although the militant approach was present in the operational phase of the ITU, the main conflict was then no longer

about wages. Rather, the conflict had mainly developed around the continuing existence of the ITU. Importantly, given the union rivalry between the RUC and ITU in the Kyiv metro, the ITU there has not been allowed to join in collective bargaining or to sign any collective agreements due to repeated refusals by the RUC. Thus, the issues raised by the ITU, including those of wages, were never a part of collective negotiations. Also against the background of inter-union rivalry, the ITU has not succeeded in increasing its membership to any significant levels, as it has faced pressure from the metro management and the RUC. Such pressure has been demonstrated during the cases of persecution and harassment of the ITU leaders. The pressure put on workers of the Kyiv metro to leave the ITU or continue to face discrimination as ITU members contributes further evidence. Workers' fears about belonging to an ITU stifle the prospects for the development of independent unions.

The active participation of workers is indispensable for the development of sustainable sources of strength in any trade union. In Ukraine, the workers' ability to act is not of the same central importance to the development of RUCs and ITUs. Workers' fears and inability to act have no substantial impact on former official unions where active worker input is not solicited and the source of union leverage is ensured through other means. In contrast, workers' fears and inability to act has had corrosive effects on the operations of ITUs.

As the approaches to worker representation by reformed and independent unions has differed, so has their developmental prospects. The historically rooted monopoly of the reformed unions created unequal and uneven operating conditions for RUCs and ITUs. The unequal conditions affecting the development of RUCs and ITUs, which had been latent in their formative processes, further diminished the prospects for ITUs to establish more conflict-oriented forms of worker representation. Against a background of concurrent development amongst RUCs and ITUs, the RUCs were able to block the operations of ITUs. At the same time, the ITUs were hardly able to influence the strong positions of the RUCs and their operations to the same extent. As a result of this inter-union rivalry, ITUs have remained small and so their advocacy for and capacity to implement new, conflict-based forms of worker representation have reached only a small proportion of the workforce.

