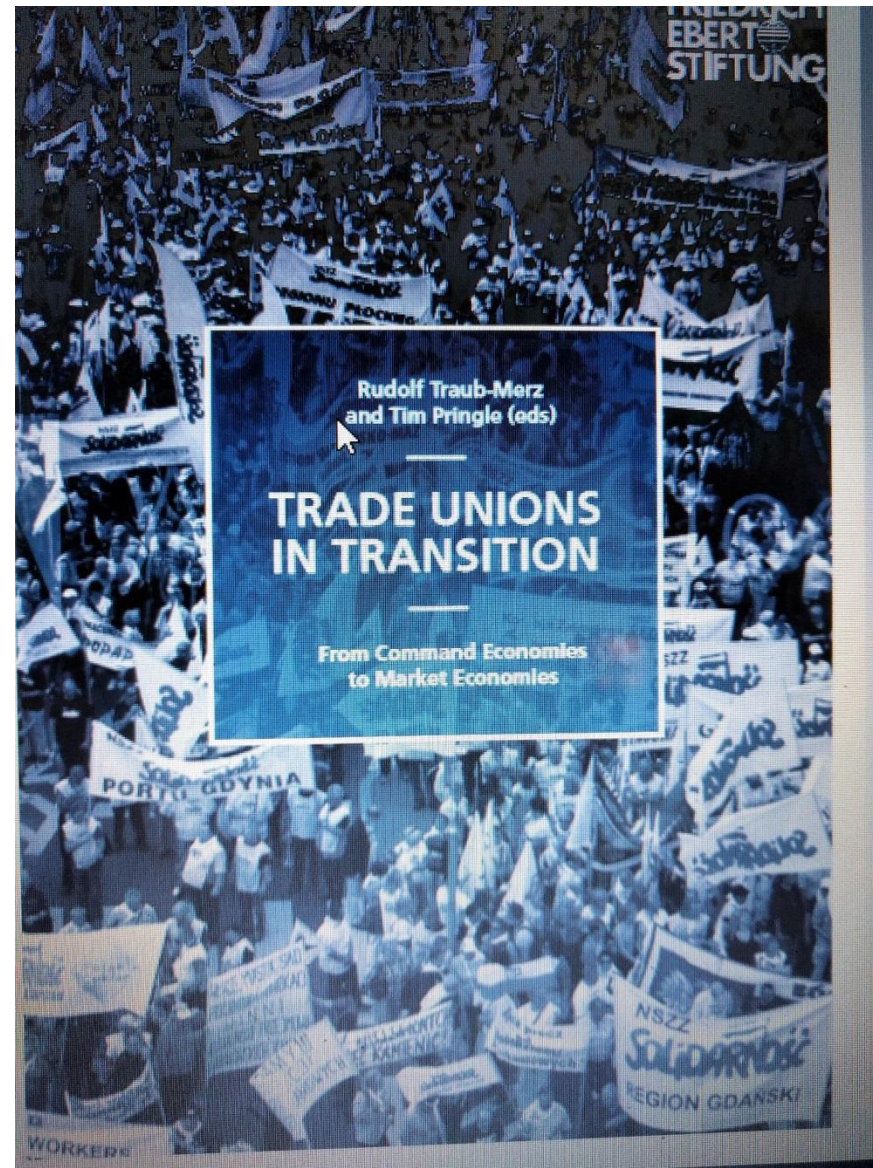


# Trade Unions in Transition From Command to Market Economies

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# Co-authored volume...

- 16 authors from 10 countries
- Academics and practitioners
- Brainchild of Rudi Traub-Merz – 30 years with the Friedrich Ebert Stiftung (Foundation)
- Began with an authors' workshop in St Petersburg in 2015.
- Three years in the writing and editing

# The centrality of labour relations

- Major societal transformations frequently involve changes to the social relations that produce value.
  - Ag-ind;
- In the modern era labor relations are a core social relation
  - ind-post ind; soc- to post soc
- Transformations unfurl at different scales and speed
  - State socialism to 'post socialism'
    - Russia and big bang; China 摸著石頭過河
  - Industrial upgrading in Guangdong (Butollo 2013)
- Labour is not passive in these transformations
  - The 'forces of labour' (Silver 2003) are a key driver in modern transformations

# Why look at trade unions?

- Workers and the working classes are the key demographic of trade unions
- Through collective behaviours, trade unions have the potential to exercise a significant impact on processes of transformation
- But in doing so, they themselves are transformed – more or less.
  - Or are they? See Hoffa in book.
- The intellectual assumption is therefore:

Understanding the ways that trade unions adapt from the political-institutional securities of the command economy to the opposing interests immanent to capitalist labour relations is central to understanding changing social relations

# Trade Union Norms

- Mainstream 'productivist' trade unions are guided by norms developed at the ILO under the Fundamental Principles and Rights at Work
- 1. [Freedom of Association and Protection of the Right to Organise Convention, 1948 \(No. 87\)](#)
- 2. [Right to Organise and Collective Bargaining Convention, 1949 \(No. 98\)](#)
- 3. [Forced Labour Convention, 1930 \(No. 29\)](#)
- 4. [Abolition of Forced Labour Convention, 1957 \(No. 105\)](#)
- 5. [Minimum Age Convention, 1973 \(No. 138\)](#)
- 6. [Worst Forms of Child Labour Convention, 1999 \(No. 182\)](#)
- 7. [Equal Remuneration Convention, 1951 \(No. 100\)](#)
- 8. [Discrimination \(Employment and Occupation\) Convention, 1958 \(No. 111\)](#)

# Conventions pertinent to the book

- [Freedom of Association and Protection of the Right to Organise Convention, 1948 \(No. 87\)](#)
- [Right to Organise and Collective Bargaining Convention, 1949 \(No. 98\)](#)

Why these Conventions?

- Precisely these norms that were/are rejected by state socialist trade unions and some post-socialist countries
- So what are/were norms for command economy unions?



# Norms of Command Economy Trade Unions

- Integral cog of Party-state apparatus
- Primary functions
  - to maintain labour discipline,
  - encourage the production drive
  - administer state social welfare system
- Protective functions
  - Represent individual worker in disputes
  - Monitor enforcement of labour law
- In other words, they were/are not there to represent workers collective interests
- Do market or market-orientated economies impact on these norms?

# The myth of 'double' transition

- The myth is:
  - Transition to private enterprise and capitalist relations
  - Political democratisation
  - Competition for resources drives this dual transition
- In trade union terms: the normative values that are expressed in C98 and C87 are adopted *without reservation* by trade unions from former command economies
- This has been a generalised assumption that has not been born out in practice
  - History has not ended (Fukuyama 1989)
  - The history of all hitherto existing society is the history of class struggles (Marx and Engels 1848) still has explanatory power
  - Social democracy itself has undergone transition: neoliberal processes such as informalisation; rise of populism

# Varieties of transition across 11 countries

- Book is essentially an empirical undertaking
  - Concerned with nuts and bolts of transition in/of trade unions
  - Different authors bring different approaches
- We have proposed an analytical framework as follows:
- New EU members who have met membership criteria and politically and geographically speaking have looked 'West'
  - Pioneered by Poland and Solidarnosc Trade Union
- Commonwealth of Independent States
  - Mired in the trauma of the Chicago School big bang of mass sudden privatisation
- China and Vietnam
  - Survival of the Party state in the context of ongoing economic reform and dominance of capitalist labour relations.

# Each category generates distinct systems of labour relations

- Trade union role that characterised the post-war period in post WW2 Europe and to a lesser extent the US
  - Price-fixing on the labour market
  - Lobbying openly for pro-worker labour laws and expanded welfare in order to distance labour (commodity) from the 'orbit of the market' (Polanyi)
  - Has come under huge pressure from the processes associated with neo-liberalism
- Social Partnership
  - Deliberately eschews class struggle as a method of change
  - Has acted as a constraint on 'alternative' unions that have emerged in CIS states
- Party-led unions
  - Monopolistic trade union system has survived
  - Able to make use of relationship with the Party to introduce labour laws and sometimes discipline capital
  - Rarely moves beyond localised experiments that pertain – more or less – to C87 and C98

# Analytical Compass

Four levels of trade union transition and institutional integration

- From Party-led transmission belts to autonomous organisations
- From hierarchical governance to democratic accountability and election of trade union representatives
- From administrators of social insurance and welfare distribution to collective bargaining and wage-setting
- From integrated interests to opposing interests

# Blurred lines and heterogeneity across the countries and categories

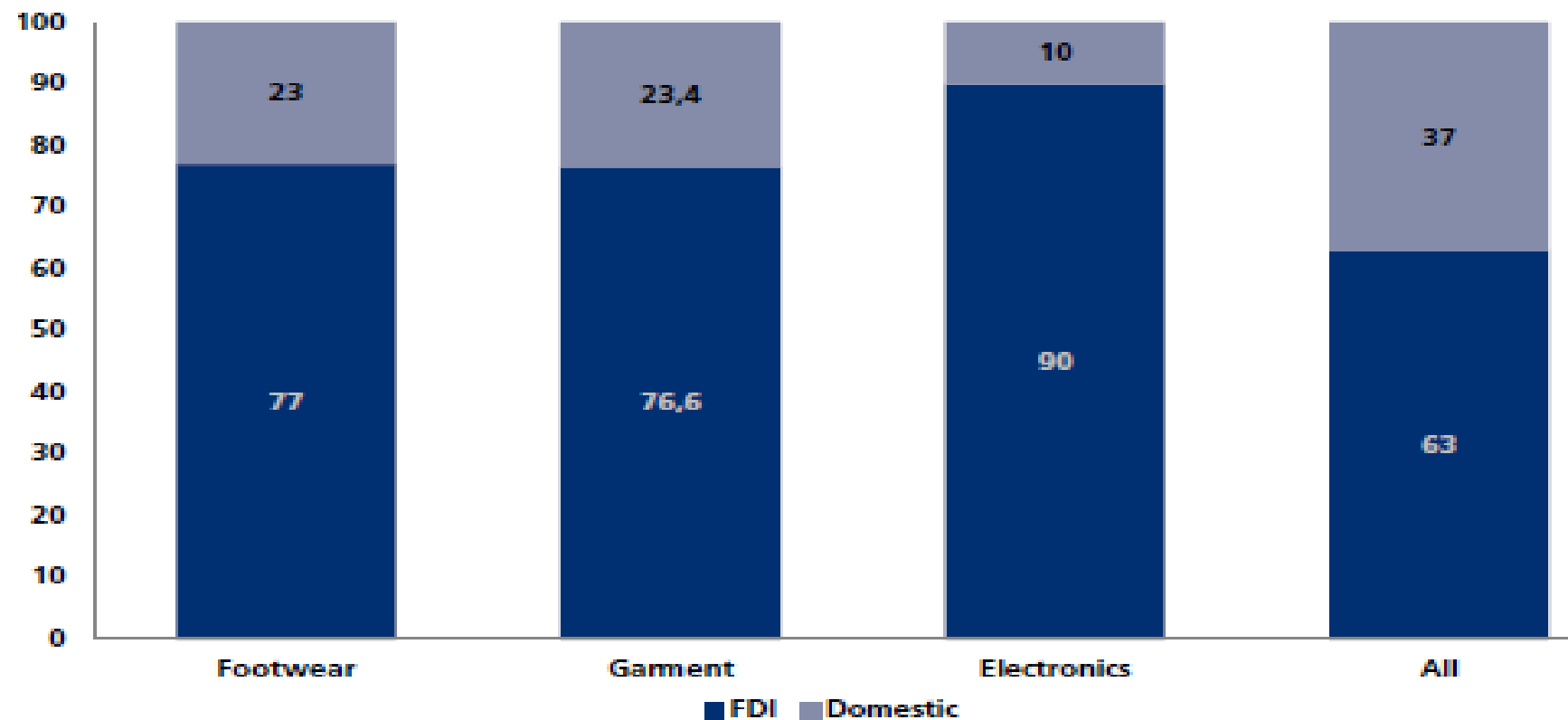
- Trade unions active in countries with EU membership may become dependent on party politics and alliances
- Habits of democratic centralism remain influential
  - Weak enterprise-level trade unions
  - Social democratic union model is hierarchical
- Legal frameworks have a direct impact on union behaviour and process transition
- Case studies...

# Vietnam

- Doi Moi and the 6<sup>th</sup> Party Congress in 1986
- Emergence of new property rights (Pringle and Clarke 2011)
  - A restructured state sector
  - Various forms of foreign enterprise (18% of GDP – Van 2015)
  - Vietnamese capital (39% of GDP)
- A dramatic but variegated rise in strikes
- A politically strong but organisationally weak VGCL

# Export value and property rights – 2014

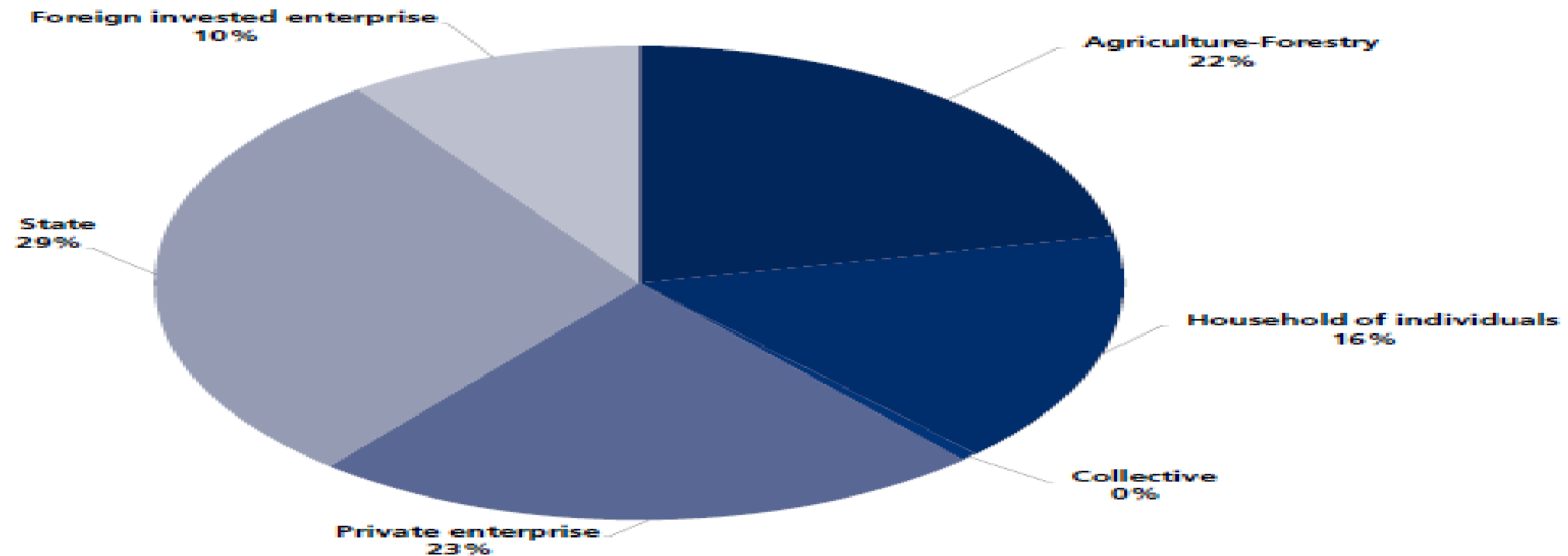
Figure 1: FDI and Domestic Sector Share in Export Value (%)





# Waged workers

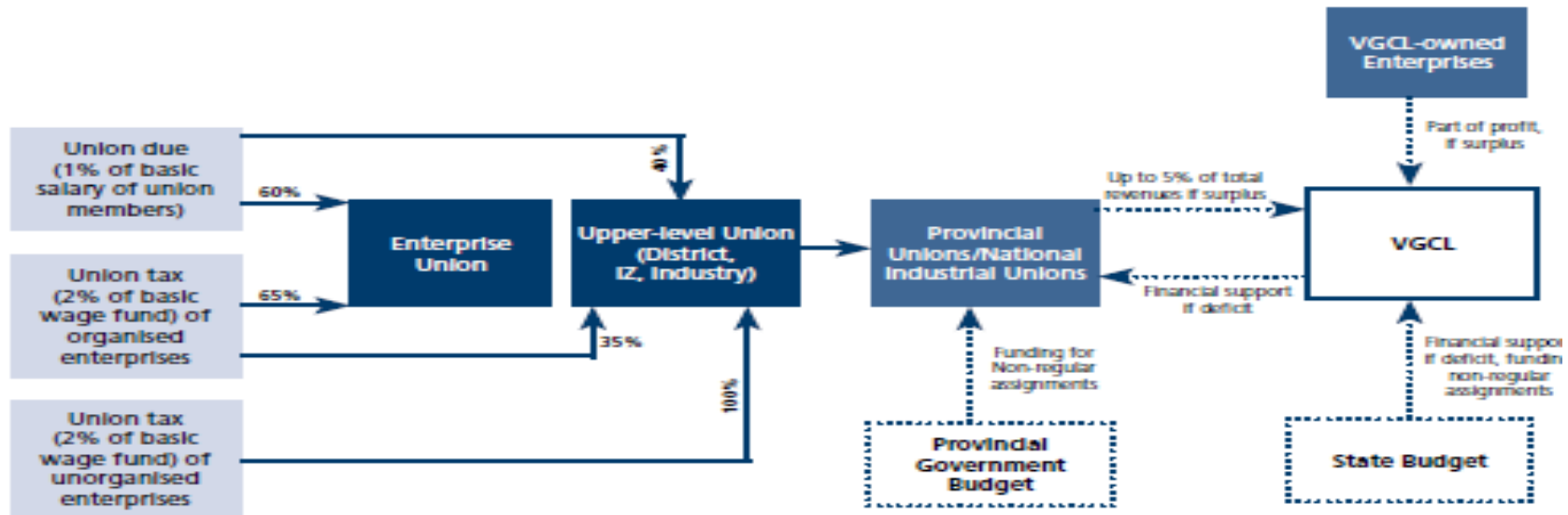
Figure 2: Wage Employment by Sector, Vietnam, 2013 (%)



Source: ILO Policy Brief, »Who are Vietnam's 18 million wage workers«, 2015.

# Structure and Finance of VGCL: (Schweisshelm and Chi)

Figure 4: Structure of Trade Union Finance, Vietnam



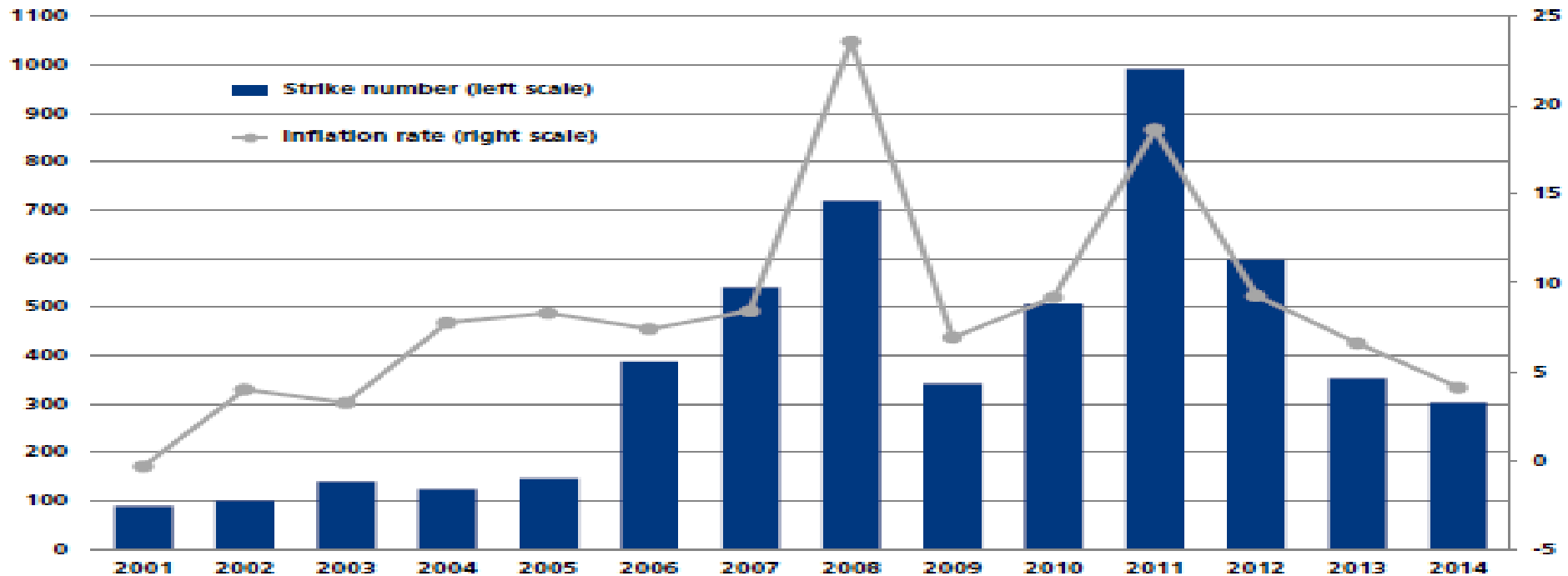
Source: Developed by the authors based on government and VGCL regulations on union finance (updated by December 2015).

# Labour Dispute Resolution Vietnam

- Formal dispute resolution based on conciliation, arbitration and the courts
- VGCL has not been able to channel unrest into juridical procedures
- Emergence of semi-formal dispute resolution based on the strike task force led by MOLISA
- Workers prioritising of interests of rights and the wildcat strike
- 2006: HCMC VGCL branch formed its own strike task force. Moving from firefighting of strikes to prevention by identifying employer abuses and strike hotspots
- Similar experiments since
- Failure to co opt informal leaders into formal union structures

# Wild Cat Strikes (Schweisshelm and Chi)

Figure 5: Strike Incidence and Inflation Rate, Vietnam, 2001–2014



Source: VGCL Strike statistics and World Bank Economic Indicators.

# The strikes:

- 70 per cent in foreign-owned or JVs
- 24 per cent in Vietnamese private enterprises
- Very rare in SOEs
- 70 per cent in unionised enterprises
- 90 per cent of strikes end in partial or complete victory for workers (ILO 2011)

# Weak primary unions (Schweisshelm and Chi)

- Dependency on employer
  - Vulnerable to dismissal
- Revise labour code
- Additional payments to union reps
- Primary unions do not organise strikes
- Higher level unions involved in solving them via deployment of political power to pressure workers and discipline capital

# Union reform in response to labour militancy

- 'Real and successful bargaining'
- 2012 Legal Code revised to extend bargaining rights to non-unionised enterprises
- Training of collective bargaining negotiators
- More attention on the content of bargaining agreements
  - 13<sup>th</sup> month and NY bonus; transport subsidy; additional accident insurance
- Nov 2015: 15% significantly better and 29% better than minimum legal standard.
- But 56% simply duplicate minimum standards
- Wages and National Wage Council (tri-partite)
  - 12.4 increase in 2016
  - Undermines bargaining?

# Analytical Compass - Vietnam

Four levels of trade union transition and institutional integration

- From Party-led transmission belts to autonomous organisations
  - Dual system: wildcat strike networks and VGCL
  - A division of labour?(Daubler)
- From hierarchical governance to democratic accountability and election of trade union representatives
  - Union Charter of 2013 showing limited progress
- From administrators of social insurance and welfare distribution to collective bargaining and wage-setting
  - Some progress in CB but wage-setting still defined by MW
- From integrated interests to opposing interests
  - Channelled through a nationalist lens