

Explaining failures and chances of Polish 'social pacts'

Juliusz Gardawski, Warsaw School of Economics

Guglielmo Meardi, University of Warwick

SASE Annual Meeting, San José, 21-23 July 2008

Introduction

Poland's experience of social dialogue is mostly dismissed as pure failure and façade (Ost 2000; Avdagic 2005). Indeed, there is little evidence of those major, encompassing, comprehensive and institutionalised agreements that have been called 'social pacts' in western Europe. However, a deeper and more detailed exam of the interactions between the actors shows that there have been very serious attempts at social pacts, and there have been some unintended effects of those attempts, as well as some partial results. The issue, therefore, cannot be dismissed as 'non existent'. In particular, in the early 2000s there has been an important 'window of opportunity' for a social pact. Rather than no need or interest for social dialogue, there are specific, complex and changing barriers to social pacts which need to be understood. And as such barriers are very volatile, they cannot be taken for granted for the future: actually, the new landscape emerging from the parliamentary elections of 2007 may give new meanings to social dialogue.

The paper proceeds in a historical way and is based on in-depth direct observations. In particular, one of the authors has been an invited observer to the meetings of the *plenum* of the Tripartite Commission from the 2002, and therefore disposes of a unique degree of insider information. This information is put in the structural context of Polish social developments in order to suggest deeper explanations of the events. As today's Poland is marked by the 'transition' from communism to capitalism, the discussion cannot start from later than 1989.

1 – The 'transition' mark on social dialogue

The negotiated exit from communism

As argued by Bruszt and Stark (1998), the country-specific modes of transition from communism have had important influences on the later path of central eastern European countries. In Poland, 'social pacts' are not actually a novelty introduced by democratization, as there had been two famous precedents in the 1980s: the Gdańsk agreements of 31st August 1980 (allowing free trade unions, but then revoked with the military coup of 13th December 1981), and the Round Table agreement of the 4th April 1989, re-legalising free trade unions and allowing the first free elections in a communist country since 1948. While they also covered social and economic issues, both agreements are famous for their historical impact, and were of a primarily political nature, the 1989 agreement being comparable to the Moncloa pact in Spain.¹ During the Round Table negotiations, Solidarity (then still called 'the social side') demanded parliamentary democracy, but also the strengthening of company self-management through works councils and egalitarian income policies even if combined with market reforms, and on these issues part of the government's side had no objections.

The experiences from the 1980s have had major political and cultural consequences, most notably on compromises between old and new elites, but also on the rhetorical

importance of union-government negotiations on political levels. Such rhetorical dimension is ambivalent. On one side, it led trade unions to expect – more than elsewhere – to be privileged negotiation partners of ruling governments. But it also involved popular negative connotations, as a large part of the population grew dissatisfied with the Round Table agreements, and as parts of the new economic and political elites want to mark a clear break from the past – including ‘round table’—like social negotiations.

The 1980s also marked the future social landscape by establishing union pluralism along political lines. While the ‘old’, Soviet-style trade unions (CRZZ) dissolved after 1980 under the Solidarity wave, in 1982 reformed, more autonomous communist trade unions were created (OPZZ: All-Polish Trade Union Entente) with the aim of preventing the re-emergence of an independent worker movement. The relationship between OPZZ and the underground, but still influential, Solidarity were obviously hostile: while on side was rewarded for its loyalty, the other was violently repressed. In 1988, the very beginning of new negotiations between regime and opposition was marked by a historical televised debate between the OPZZ leader, Alfred Miodowicz, and Solidarity leader (and hitherto taboo in the media) Lech Wałęsa. Contrary to the regime plans and expectations, the debate was won heads-down by the inexperienced Wałęsa, accelerating the pace of change, but also established the image that OPZZ and Solidarity seat at the opposite sides (as it also happened during the Round Table negotiations a few months later).

From the shock therapy to the Tripartite Commission

The unplanned and unexpected acceleration of political changes in Poland, and then in the whole of Eastern Europe, during the Summer of 1989 led to major changes in the conception of social dialogue. Most notably, at the same time as Solidarity took over the political responsibility of ruling the country, the influence of the trade union as such was immediately demoted: as Lech Wałęsa himself famously declared, ‘we will not catch up with Europe, if we create a strong trade union’ (Ost 2005). The role of the trade union was downgraded to that of ‘protective umbrella’ while the government introduced radical market reforms (the ‘shock therapy’) with very high social costs. In fact, the transition recession in the first two years was worse than the 1929 recession in the US: in 1990-91 the GDP fell by 18.3per cent, industrial production by 36per cent, real wages by around 35per cent, and unemployment jumped from virtual zero to 12 per cent (Amsden et al. 1994.) Among the programmatic changes, there was the abandonment of works councils and the resigning from egalitarian income policies. Such changes were tolerated not simply by Solidarity, but also by the majority of the workers, as confirmed by a series of surveys (Gardawski 1996).

In the first period of transition, then, no need for social dialogue was perceived for two reasons: first, the priority was decisively put on the speed of reforms; second, dialogue with the most active trade union was already possible *within* Solidarity as combined political and social force. Nor was there much need to dialogue with OPZZ, which was both disliked by Solidarity and, at the time, still adapting to the new reality and in search of an own identity and strategy. Poland was therefore unique in the region in not adopting the tripartite institutions recommended by the ILO.

The situation changed with the increased social unrest, which exploded in 1992-93 and proved impossible to solve without a system of institutionalised social negotiations. At the beginning of 1992, the rightwing government led by Jan Olszewski, facing a conflict

with the strongly-unionised miners, proposed new regulations for conflict resolution, leading to the signature of a government-Solidarity agreement on dispute resolution in the sectors facing restructuring, which established committees and rules for sector-level social dialogue. OPZZ did not sign that agreement: opinions diverge on whether because of its own unwillingness, or the government's.

The rapid extension of strikes to all sectors of the economy during the summer 1992 forced the government (now led by liberal Hanna Suchocka) to move to multi-sector social dialogue. A large number of those strikes regarded privatisation, whether opposing or supporting it. The government appealed to trade unions and the then emerging employer associations to negotiate new rules regarding privatisation. The invitation was accepted by Solidarity, OPZZ and other nine smaller trade unions (although the radical Solidarity 80 and Kontra later withdrew from the negotiations), as well as by the Polish Employers federation (KPP), dominated by state-owned managers, but not by the more aggressively pro-capitalist Business centre Club (BCC). Given the enduring divide between Solidarity and OPZZ, negotiations took place separately with OPZZ on one side, and with all other unions on the other. The long negotiations started in July 1992 and were concluded in February 1993 with the signature of the 'Pact on the Transformation of State Enterprise'. This was a bilateral pact, as KPP occupied the same side as the government. The pact was of a distributive rather than regulatory nature, as its main object was the 'price' of privatisation in the form of the distribution of complimentary shares to employees, but also included new regulations on collective agreements, employee protection in case of unpaid wages, company social fund and health and safety. The 'Pact on the Enterprise' was supported by the then minister of labour Jacek Kuroń, a popular former dissident and promoter of corporatist policy. However, rather than marking the beginning of a social dialogue era for Poland, would have remained its highest, and never repeated achievement.

An important institutional change occurred the year later, already under a new government led by the postcommunist Alliance of the Democratic Left (SLD). Under pressure from a strike in the energy sector, on the 1st of March 1994 the government instituted, by decree, the Tripartite Commission on Socio-Economic Issues, inviting as members the same organisations that had signed the Pact on State Enterprise: nine trade unions and the KPP, and chaired by the deputy minister of labour (since 1996, by the minister.) The Tripartite Commission resembles analogous institutions already created in Central European countries, but rather than through external institutional pressure (notably, by ILO and EEC), it had been created in response to internal strikes, and therefore does not deserve to be labelled as an imitation.

The most important competences of the Tripartite Commission was to agree yearly wage increases, which would be binding for the state sector and non-binding for the private one. Subsequent research proved that the private sector actually paid little or no attention to such recommendations (Meardi 2006). Decisions had to be taken by unanimity, and this proved to hamper any important decisions for the rest of the 1990s: only in 1996 the Commission managed to reach an agreement on wage increases, while in the other years the government was left with the responsibility of taking unilateral decisions. The government maintained therefore the dominant position in the Tripartite Commission, arguably hampering the development of autonomous bilateral social dialogue.

Social dialogue in the period of EU negotiations (1993-2002)

In December 1993, the Copenhagen summit officially started the EU enlargement process, an issue which would have dominated Poland's foreign and economic policy for the following decade. While social dialogue is not a formal requirement of the 'acquis communautaire' and therefore not a condition for EU accession, the EU did promote social dialogue as a form of 'soft acquis communautaire' (e.g. Employment and Social Affairs DG, 2001), which would have helped the applicant countries to harmonise their policies and economy with Western Europe and to avoid social protest – similarly to what European social dialogue had been meant to do under Jacques Delors in the preparation of the European Single Market.

A strong commitment to social dialogue by the Polish governments could be only detected, however, in 1996 through the actions of minister Andrzej Bączkowski. Bączkowski was in a unique – and indeed never matched again – position for this task: a young and modern politician, he came from Solidarity but was a minister in a post-communist government. This allowed him to be a respected interlocutor of employers, Solidarity and OPZZ at the same time. This is still remembered as something exceptional, retrospectively even hard to believe an exceptional period: 'The feeling was that he was a man on a mission, that he really wanted a compromise, that he was not cheating [...]. I believed, that he was honest' (JG's interview with a Solidarity representative in the Tripartite Commission, 2004). In 1996, the agenda of the commission was always full of first-order issues, which raised the commission's profile and provided an intensive exercise of social dialogue. But Bączkowski died suddenly in February 1997, before the commission could reach any major achievements on labour issues.

As the rhythm of the commission works slowed down, its limits became more apparent. In particular, the political divide between the unions and the weak degree of employer associations proved to be decisive obstacles.

The role of unions' politicisation was very clear. In Summer 1997, Solidarity (which had been the 'protective umbrella' of anticommunist governments in 1989-93) was assuming the leading role of the rightwing opposition, and it raised unrealistic wage demands. When the government rejected it, Solidarity abandoned the Tripartite Commission, thereby preventing it to meet in plenary sessions. After Solidarity's electoral victory in September 1997, the roles were promptly inverted. OPZZ assumed the opposition role and abandoned the commission in 1998 after the government refused to negotiate its welfare state reforms, and published a 'Black Book of Dialogue' in protest. On the other side, Solidarity – once again after 1989-90 – supported market-oriented reforms, and once again it paid a high price in popularity: in 1998, for the first time since 1989 opinion polls showed that OPZZ was more popular than Solidarity, although later this would change again later.

In the whole period up to 2001, Solidarity and OPZZ were an integral part of the two opposing political sides, to the point that up to a fifth of all MPs were at the same time trade union officers. Still, trade unions did manage to exert a certain influence on EU accession negotiations, and especially on the immediate introduction of most of EU social regulations, although they failed in their demand of immediate freedom of employment across the EU (Meardi 2002), and social dialogue continued somehow at the lower level of specialised committees within the commission.

In order to overcome the increasingly patent limits of the commission, a law was passed in 2001 to institutionalise it and to reform the criteria of representativeness, overcoming in particular the criterion of unanimity. The introduction - after long controversies - of representativeness criteria (300,000 members or employees in member companies) open the doors to two new actors: a second employer association, the Polish Confederation of Private Employers (PKPP), which had been created in the mid-1990s as a reaction against the state-ownership dominance of KPP, and a third trade union, the Trade Union Forum (FZZ), created by seven smaller trade unions, mostly splitting from OPZZ and representing the public sector. Later on, also the Business Club Centre entered the Commission. The new law also created regional-level social dialogue commissions.

To summarise the experience of the period 1993-2001, the Tripartite Commission cannot be dismissed entirely as an irrelevant façade, as it did have a high political profile and all sides participated at the highest level. The problem was possibly the opposite: the exaggerated political profile leading to the dominance of party-political agendas over the development of socio-economic social dialogue. This made the parts, and especially the trade unions, programmatically prefer competition for the full control political power over compromise and sharing economic power. For these reasons, proposals coming from one side were often not even taken into consideration, as this would have involved political costs. For instance, when OPZZ issued a proposal on family policies in 1998, Solidarity responded with an alternative proposal - and none of them was ever discussed: 'why should we discuss their proposal? We'd just legitimate them, and they would not thank us' (JG's interview with an OPZZ representative, 2004).

2) The EU accession

Hausner's 'window of opportunity' for a social pact (2001-05)

At the same time as the introduction of the new law on the Tripartite Commission, which aimed at making it more representative and more effective, the overall Polish context changed in a number of dimensions, which in theory should have laid down the preconditions for stronger social dialogue.

Politically, a new leftwing government was elected in the autumn of 2001, and the political scene was redrawn with a drastic reduction of direct trade union influence, paving the road for a depoliticization of the same unions. The OPZZ was no longer an integral component of the postcommunist SLD, and Solidarity, after missing the 5% threshold, remained outside parliament and decided to withdraw from direct politics. A new, more pragmatic general secretary, Janusz Śniadek, replaced the strongly political Marian Krzaklewski. The change at the top reflected deep changes at the grassroots: for the first time, opinion polls showed that a majority of Solidarity members had voted for the postcommunists in the elections: the political divide inherited from the 1980s seemed to be, for the first time, possible to overcome. In addition, the new labour minister and chair of the tripartite commission, Jerzy Hausner, was an economist ideologically sympathetic to corporatism, and he shared his professional background with the leader of the PKPP, Henryka Bochniarz.

Internationally, EU negotiations were coming to an end and the Copenhagen summit of December 2002 would decide the accession of Poland from 2004. But rather than the end of the EU road, this meant for Poland moving to the next step: monetary convergence in

order to subsequently enter the EMU – as no opt-out from the common currency was allowed. Poland found itself in a striking similar situation to that of western European countries such as Italy, Belgium and Spain in the early 1990s. Inflation, at around 4%, was slightly higher than the Maastricht criteria, and it was driven by wage inflation as wages, having been severely depressed in the 1990s, were now growing faster than prices (although slower than productivity). Public deficit was even more of a concern, at over 4% and with a large share of social transfers accounting for it, and it would become the main economic concern of the SLD-led government, causing much unpopularity. Indeed, all governments of the central European new member states of the EU, when trying to unilateral measures to meet the Maastricht criteria, faced electoral defeat (Poland, Czech Republic, Slovakia) or street unrest and dramatic falls in popularity (Hungary). These concerns would have recommended social pacts as a socially-sustainable way to meet the Maastricht criteria, on the Italian example of the 1990s – and this was the actual recommendation frequently made by EU bodies and western counterparts (Meardi 2006). Economically, Poland was, after years of fast growth, facing a downturn, and unemployment, approaching 20 per cent, had become a major problem. In western Europe, employment had been seen, especially since the launch of the European Employment Strategy in 1997, as an area on which social dialogue would be particularly promising (Léonard 2005).

Soon, an additional important factor would have suggested the suitability of social pacts. After a landslide electoral victory in 2001, in 2002 the SLD-led government was shaken by a series of alleged corruption scandals and a dramatic fall in public confidence, from which it never recovered. In 2004, Prime Minister Leszek Miller had to resign and was replaced by the technocrat economist Marek Belka, the SLD had a crashing defeat in the European elections, and the government lost the support of the junior coalition party, the peasant party PSL (Polish Popular Party) and thereby its majority in the parliament: until the new elections in 2005, it had to rely on ad hoc agreements with opposition parties. Already in the west it has been observed how government political weakness increases the attractiveness of social pacts as ‘a coalition of the weak’ (Baccaro and Lim 2007), an argument proposed on Central Eastern Europe as well (Avdagic 2006). The combination of corruption scandals, political fragmentation, and technocratic government resembled in particular the Italian government led by Azeglio Ciampi in 1993 – the protagonist of the frequently acclaimed *concertazione*.

Altogether, it seemed that Poland had a ‘window of opportunity’ for social pacts and that Hausner could have been the Polish Ciampi. Most institutional and political obstacles had been overcome, and the agenda, in terms of shared objectives (EMU convergence, employment), was most promising. Hausner, who soon became minister of the economy besides minister of labour, invested much of its authority to achieve social pacts (Hausner 2007), seeing social dialogue as a policy alternative to those of previous governments but especially of the die-hard monetarist Polish National Bank, chaired by the author of the shock therapy, Leszek Balcerowicz. But the results were mostly disappointing. Hausner also identified in social dialogue the potential for bypassing even more difficult negotiations within the ruling coalition, between SLD and PSL. In such a situation, it was hoped that the Tripartite Commission could assume the role of ‘quasi-government’.

The first initiative by Hausner was strengthening multi-sector social dialogue, bringing under control the sector committees. These had acquired increasing autonomy but,

according to traditional corporatist policy and to the views of vice-minister Długosz (2005), such meso-corporatism was a threat to macroeconomic governance because of the high risk of externalities (see for instance Calmfors and Driffill 1988.) However, already this initiative met the resistance of organised interests and state administration, and the only objective that was met was the harmonisation of sector social dialogue committee regulations, not their co-ordination.

Hausner's quest for a social pact started in October 2002, when he prepared a document on the principles of social dialogue, directly inspired to western European experiences of the 1990s, which was approved by the cabinet. The document hoped to give social dialogue a systematic role.

The next, and most important initiative was the proposal, at the beginning of 2003, of a social pact labelled 'Pact for Work and Development'. The pact had to be regulatory, and not distributive. A distributive social pact on wages was seen as hardly achievable because of the enduring disequilibrium among economic sectors in terms of interest organisation: the interests of the organised sectors would always prevail over the macroeconomic ones.

The proposed social pact covered a number of issues and especially reform of public finances, employment, healthcare reform, labour law. The attractiveness for employers had to be the increase in flexibility and the control over public deficit, while the trade unions were offered a less clear procedural influence over the shape of reforms, which would have replaced their diminished political-parliamentary power. The Tripartite Commission, at a special meeting in Sobieszow in May, unilaterally signed an agreement on the beginning of negotiations over the social pact. However, already the day after the National Commission of Solidarity, by majority, delegitimized its president who had signed the agreement, and decided to withdraw from the negotiations. The decision was taken on two grounds. First, in line with their traditional political standpoint, part of Solidarity feared legitimising and even strengthening a postcommunist government, which it opposed as a matter of principle. But also, the more unionist wing of the union did not see the material benefits for employees, which a social pact would entail. Solidarity would later rejoin the table on what was downgraded from 'social pact' to 'social agreement', but after eight months of intensive negotiations Hausner had to throw the towel in and resign from his proposal. The PKPP proposed to sign the pact even without Solidarity's signature, but this was eventually deemed pointless by the government.

Among the causes of Hausner's failure, the enduring lack of trust between Solidarity and postcommunist party is the most visible. Despite formal political change – Solidarity having withdrawn from direct political participation in 2001, and the SLD having enthusiastically embraced NATO and the EU, and having co-opted several former Solidarity personalities – such mistrust seems to have a deeper cultural element which cannot change at least until the generations who fought each other in the 1980s will not leave the scene. But one can also see Solidarity's opposition in the opposite way: not as a simple perpetuation of its ideological positions, but as a learning process of its union-political role. The new Solidarity leaders were all too aware of the heavy costs they paid, in terms of social support, for their support to the market reforms of 1997-2001 under the Solidarity-led government. Social acceptance for such concessions having been exhausted, Solidarity had to turn to a more intransigent role of worker interests' defence.

An additional explanation lies on the nature of the Pact for Work and Development, which would have penalised mostly the most organised sectors – heavy industry and state sector. Given the low level of encompassingness of Polish trade unions, in which the new private sector is nearly inexistent, such proposals were bound to run into resistance. Even the OPZZ eventually refused to subscribe to most government's proposals in labour law, which were then implemented by the government with the support of the employers but the opposition of all trade unions. The same occurred on the controversial issue of collective bargaining, with the introduction of 'hardship clauses' for the suspension of collective agreements.

Social dialogue under Hausner was not entirely fruitless. More specific agreements were signed on a number of issues, from pay rise indicators (non-binding), to social security, entrepreneurship and pensions. All these agreements, although more numerous than at any time since 1989, fell well short of a comprehensive social pact, both in scope and in stability. The poor institutionalisation of such deals could be seen in the agreement reached in 2002 – after five years of failed negotiations – on the criteria for the determination of the minimum wage. But before the agreement was translated into law, OPZZ protested against it (bringing on its positions a part of SLD MPs) and opened new bilateral negotiations with the government, which were concluded by a new protocol and concessions to the unions, guaranteeing that the minimum wage would not decline in relation to the average salary. On many issues, it proved impossible to reach an agreement: proposals on tax credits for low-wage employees and on the reform of the national Social Fund for Guaranteed Benefits (which had been created by the social pact of 1993) were rejected by the trade unions, while those on social security contributions for self-employed were blocked by the employers. On labour law, Solidarity even refused to negotiate.

The intensive contacts under Hausner open the way to the development of some bilateral social dialogue between employers and trade unions, and especially between PKPP and OPZZ, which in December 2003 signed – with strong public opposition from Solidarity – a bilateral understanding on a number of issues, such as temporary employment and conflict resolution. Bilateral dialogue also occurred in the Autumn 2004 when the social partners reacted to Hausner's proposal on the implementation of the Information and Consultation Directive, which would have introduced works councils. Both employers and trade unions felt threatened, whether by a loophole for employee codetermination, or by competition from new institutions, and therefore agreed an alternative proposal, which minimised the role of works councils (the implementation law would be passed only in 2006 by the next rightwing government, without tripartite agreement although in line with Solidarity's proposals.) Paradoxically, the main social dialogue success of Hausner had been achieved *against* him rather than by him.

Hausner reacted to the frustration of the failed social pact by shifting the playing ground. Once established the impracticability of social dialogue (Hausner 2007), he promoted a more generic 'civic dialogue' involving a number of non-governmental organisations besides the classic corporatist ones. Such choice, just like the enlargement of concertation to civic society in Italy in 1998, rather than relaunching social dialogue in different ways, it watered it down and made less relevant. Hausner also promoted regional social dialogue, seeing the local level as less ideological than the national one. Even at this level, however, the results were rather limited.

In the EU: Kaczyńskis' 'solidaristic Poland' and beyond (2005-08)

The accession into the EU has generally failed to promote social dialogue in the new member states (Meardi 2007a), with the partial exception of Slovakia where the left-nationalist government elected in 2006 promoted dialogue with the trade unions, achieved a social pact at the beginning of 2008 and managed to enter the EMU in 2009. The EU agenda has however at least promoted the institutional capacities of social partners through their inclusion into EU-corporatist policies and institutions. The relevance of the agendas coming from the EU is clearly discernible in the Tripartite Commission, which from 2004 started debating all EU social policy initiatives.

The entry into the EU was associated by an economic boom, but also by a political counter-reaction. The presidential and parliamentary elections of 2005 were won by a traditionalist party, Law and Justice (PiS), led by the twin brothers Kaczyński, which formed a coalition with the extreme-right League of Polish Families (LPR) and the anti-EU peasant party Self-defence. This explicitly Eurosceptic government had the external support of Solidarity and fulfilled some of the unions' demands through its program of a 'solidaristic Poland', in particular on working time and on the minimum wage. However, Kaczyńskis' conception of social dialogue prioritised Solidarity over the OPZZ. The new government's anticommunism included a program of 'cleansing' of the state administration and of Polish society, which expanded to postcommunist trade unions. The teachers' trade union ZNP (the largest among OPZZ federations, and the most representative union in the education sector) in particular was the victim of ostracism from the new minister of education – and leader of the LPR – Roman Giertych. The unions' political divide was therefore reinstated and OPZZ turned again to principled opposition, despite agreeing to some of the most pro-labour initiatives of the new government. The Tripartite Commission was sidelined as the government preferred direct autonomous negotiations with Solidarity only. The government proposed a social pact under the title 'Economy – Work – Family – Dialogue', again inspired to western European solutions (the government even created a website on social pacts, www.umowaspoleczna.gov.pl, with large space to stories from western Europe). Solidarity itself, however, realised the risk of such close negotiations with the government and refused to sign the pact outside the Tripartite Commission, and therefore without OPZZ, showing that its trade union nature prevailed over the political one. This also proved that social dialogue in the Tripartite Commission had reached a sufficient level of institutionalisation not to be easily sidelined. The negotiations in the Tripartite Commission lasted, without any real progress, from March 2006 until the summer of 2007 when OPZZ and the employers withdrew because of the political crisis investing the PiS-LPR-Self-defence coalition.

Early parliamentary elections were held in the autumn 2007 and resulted in a landslide for the liberal opposition Civic Platform (PO), which formed a coalition government with the PSL. Although PO had had an extreme neoliberal program on socio-economic issues, in the electoral campaign moderated it, and rediscovered its roots in the Solidarity movement. Subsequently, PO watered the neoliberal program down in order to obtain the support of the more socially-oriented PSL. Most visibly, the initial flagship proposal of a flat income tax was abandoned. The new government, led by Donald Tusk, proposed a new 'social agreement', authored by the vice prime-minister and PSL leader Waldemar

Pawlak. The project covers core issues: wage policy, pensions, trade unions law and employment. Negotiations started in the Tripartite Commission in April 2008.

For the first time since 1989, the government is not directly backed by any trade union and is not clearly positioned on the communist-anticommunist divide (the PSL is a former satellite of the communist party). Therefore, OPZZ and Solidarity do no longer occupy opposite positions in regard to it. Nonetheless, the negotiations appear difficult, as the government seems strong enough to decide alone, and its proposal on trade unions laws are of a markedly 'Thatcherite' nature, provoking the resistance of all three confederations.

At the same time, a major contextual change occurred in the labour market. Following EU accession, economic growth and mass emigration made unemployment fall from 20 to 11 per cent in three years. As a consequence, labour shortages made their appearance and wages, previously depressed by unemployment, started growing in an uncoordinated way, which is a direct threat to employers' planning and competitiveness. Moreover, the re-appreciation of the Polish zloty is starting to harm Polish foreign competitiveness. While OPZZ launched a new campaign for increased wages, demanding compensation for the large productivity increases in the last few years (43per cent in 2000-05, against 7per cent in real wages), the employers are now, for the first time, considering the usefulness of some form of co-ordinated income policy.

Conclusion: assessment, unintended effects and prospects

Post-communist societies, including Poland despite this country having developed a unique 'underground' society in the 1980s, are characterised by a very low level of social association, which makes social dialogue particularly difficult. On one side, even if trade unions remain the largest associations in Poland, most of their members are from few sectors, state-owned or recently privatised. On the other side, employers have been slow at organising, and their associations have very little power on their members.

It is therefore no surprise that the Polish story is mostly a story of failures. Nevertheless, the works of the Tripartite Commission, despite the shortage of actual social agreements, have had some unplanned effects. In particular, the large number of committees and meeting resulted in the establishment of networks of relations among the social partners and in a process of social learning. This is confirmed by one of Solidarity's representatives: 'The important fact is that we have started to communicate. Previously, we only knew Mrs Bochniarz from TV, which only provoked us to anger and conflict (...), and with all these contacts, it turned out that they are intelligent people and there are areas on which, despite the differences, we can meet' (interview with JG, 2004). As Regini (2003) has argued, sometimes even failed agreements (such as the German Alliance for Jobs in the 1990s) have implications for social governance.

But while social dialogue in Poland in the 1990s faced a number of major political and institutional obstacles, this paper has shown how most of these obstacles are not necessarily insurmountable in the 2000s. Actually, Poland had a window of opportunity for social pacts around the time of EU accession.

First, from a functional point of view, there was a 'demand' for social pacts as the country was starting the monetary convergence path towards the EMU, and was facing very similar problems (wage inflation, public deficit) to those of some western European countries such as Italy in the early 1990s.

Second, the most visible obstacle, trade union politicisation, while still enduring, has been significantly weakened after 2001. It is no longer automatic for trade unions to oppose hostile governments' proposals and support friendly ones: Solidarity did sign some agreements with the leftwing government of 2001-05, and oppose some of the rightwing government in 2005-07, while OPZZ did oppose some government proposals in 2001-05.

Third, the government side, which had shown only occasional interest in social dialogue in the 1990s, did commit itself to social pacts in the period 2002-04, when the ruling coalition was weakened by internal conflicts and corruption scandals and therefore needed external support. The amount of time devoted to social negotiations in 2002-04 by the top figures of all three sides, and the relevance of the issues discussed, do not fit with the image of tripartism as a simple 'façade'.

Fourth, employers' disorganisation, understandable in the 1990s when private capital was still emerging as a social force, can no longer be taken for granted. The PKPP, which was admitted into the Tripartite Commission in 2001, plays the role of a modern employer confederation. The lack of structures for multi-employer collective bargaining in the private sector is no longer a legacy of the past, as there have been nearly two decades time to build them, and the reform of the Tripartite Commission in 2001 has been an important opportunity, with some positive effects.

It seems therefore that an explanation of the Polish failures cannot be traced in single factors concerning one actor only, but require a more thorough understanding of the *relationships* between the actors. As Bohle and Greskovits (2006) have argued, there is a new form of capitalism emerging in Central Europe which has its own dynamics and power relations, distinct from the previous system. The influence of foreign capital – dominant in the PKPP – in particular is a new factor. It then appears that the lack of co-ordinated bargaining structures is now to a large extent the outcome of specific strategies by the employers. In one of the most influential sectors, metalworking, the employers had actually created a federation in the late 1990s. They took the decision of dismantling it when faced to the request of a sector-level agreement from the trade unions: so it is not that they *could not* negotiate, but that they *did not want* to do it. In a situation of very high unemployment and patchy unionisation, single-employer negotiations were the best strategy for the exertion of employer power. To some extent, government policies have also strengthened this active refusal of co-ordinated pay setting. Despite his intentions of favouring social dialogue, Hausner did not introduce wages as an important topic for negotiations in 2001-05. Moreover, his proposed weakening of sector-level committees in the Tripartite Commission, which were defended by the trade unions, although justifiable by the aim of avoiding meso-corporatism at the sector level, was an additional action against the development of multi-employer bargaining. As a result, the combination of incomes and social security issues, which was the characteristic of social pacts in western Europe, was prevented in Poland. Once social dialogue was narrowed down to 'regulatory'-only issues, and the distributional ones removed, the possibility of benefits for the trade unions was also narrowed down. Their opposition is therefore largely natural, and not only due to ideological positions.

Power relations among actors include, besides those between government, employers and trade unions, also the Polish National Bank. This strong and independent institution, especially while chaired by Leszek Balcerowicz in 2000-2007, adopted a strong

monetarist line. Through this hard policy, made even harder by high unemployment, trade union power was controlled, and there was no need of a negotiated transition from accommodating to restrictive monetarist monetary policy which, according to Hassel (2006) is one of the main reasons for the emergence of social pacts.

This interpretation, focussed on the power relations between all actors involved, is confirmed by a longer history perspective. First, a major social pact had actually occurred in Poland, with the 'Pact on the State Enterprise' of 1993. But that was exactly a period of different power relations among the actors. Not only was the government weak (an unstable coalition of seven parties), but there had been a wave of major strikes across the economy. After 1993, strikes in Poland continued to fall until reaching virtual zero in the early 2000s, largely removing the need for social concertation for government and employers.

But also, the situation is still dynamic, as there are symptoms of trade union revitalisation (Garwdawski 2001, Ost 2006, Meardi 2007b). As labour market conditions are changing dramatically, wages have started rising and strikes are making a reappearance, employers may now appreciate the advantages of social dialogue and co-ordination of pay rises. Moreover, for the first time since 1989, the government Tusk elected in 2007 is not clearly positioned on the Solidarity vs postcommunist axis: the trade unions are therefore free to focus on their 'union' job. Social dialogue may be entering its 'adult' phase.

References

- Amsden, A., J. Kochanowicz and L. Taylor (1994) *The Market meets its match : restructuring the economies of Eastern Europe*. Cambridge (MA): Harvard University Press.
- Avdagic, S. (2005) 'State-Labor Relations in East-Central Europe: Explaining Variations in Union Effectiveness', *Socio-Economic Review*, 3, 25-53.
- Avdagic, S. (2006) 'One Path or Several? Understanding the Varied Enactment of Tripartism in New European Capitalisms', Discussion Paper, Max Planck Institute for the Study of Societies, Cologne, 06/5.
- Baccaro, L. and Lim S. (2007) 'Social Pacts as Coalitions of the Weak and Moderate: Ireland, Italy and South Korea in Comparative Perspective', *European Journal of Industrial Relations*, 13, 1, 27 - 46.
- Bohle, D. Greskovits, B. (2006) 'Capitalism without Compromise: Strong Business and Weak Labour in Eastern Europe's New Transnational Industries', *Studies in Comparative International Development*, 41, 1, 3-25.
- Bruszt, L. and Stark, S. (1998) *Postsocialist Pathways: Transforming Politics and Property in East Central Europe*. Cambridge: Cambridge University Press.
- Calmfors, L. and J. Driffill (1988) 'Bargaining Structure, Corporatism and acroeconomic Performance', *Economic Policies* 6: 13-61.
- Długosz, D. (2005) 'System dialogu społecznego w Polsce w latach 2001-03. Analiza uczestnika', *Polityka Społeczna*, 5-6.
- Employment and Social Affairs, DG (2001) 'Preparing for Enlargement: Our Joint Responsibility', *European Social Dialogue Newsletter*, special issue. Brussels.
- Gardawski, J. (1996) *Poland's Industrial Workers*. Warsaw: Friedrich Ebert Stiftung.
- Gardawski, J. (2001) *Związki zawodowe na rozdrożu*. Warsaw: ISP.

- Hassel, A. (2006) *Wage-Setting, Social Pacts and the Euro*, Amsterdam: Amsterdam UP.
- Hausner, J. (2007) *Pełne rozwoju. O polityce gospodarczej lat 2001-2005*. Warsaw: Scholar.
- Léonard, E. (2005) 'Governance and Concerted Regulation of Employment in Europe', *European Journal of Industrial Relations*, 11, 3, 307-326.
- Meardi, G. (2002) 'The Trojan Horse for the Americanization of Europe? Polish Industrial Relations Toward the EU', *European Journal of Industrial Relations*, 8, 1, 77-99.
- Meardi, G. (2006) 'Social Pacts on the Road to EMU: A Comparison of the Italian and Polish Experiences', *Economic and Industrial Democracy*, 27, 2, 197-222.
- Meardi, G. (2007a) 'More Voice after more Exit? Unstable Industrial Relations in Central Eastern Europe', *Industrial Relations Journal*, 38, 6, 503-23.
- Meardi, G. (2007b) 'Multinationals in the New EU Member States and the Revitalisation of Trade Unions', *Debatte. Journal of Contemporary Central and Eastern Europe*, 15, 2, 177-193.
- Ost, D. (2000) 'Illusory Corporatism in Eastern Europe: Neoliberal Tripartism and Postcommunist Class Identities', *Politics and Society*, 28, 503-30.
- Ost, D. (2005) *The Defeat of Solidarity. Anger and Politics in Postcommunist Europe*. Ithaca: Cornell University Press.
- Ost, D. (2006) 'After Postcommunism: Legacies and the Future of Unions in Eastern Europe', in C. Phelan (Ed.), *The Future of Organised Labour*. London: Peter Lang.
- Regini, M. (2003) 'Tripartite Concertation and Varieties of Capitalism', *European Journal of Industrial Relations*, 9, 3, 251-263.

¹ In fact, one of the most influential participants in the Round Table negotiations, the dissident Adam Michnik, explicitly invoked a 'Spanish path' for Poland.