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# Between a Shock and a Hard Place

## The Dynamics of Labor-Backed Adjustment in Poland and Argentina

*Steven Levitsky and Lucan A. Way*

The literature on the politics of economic adjustment in less developed countries often assumes that successful reform requires the defeat or marginalization of organized labor.<sup>1</sup> Some scholars stress the importance of the autonomy of state actors from pressures “from below” as they seek to implement reforms.<sup>2</sup> Others emphasize the exclusionary nature of recent attempts at neoliberal reform, showing how mechanisms such as rule by decree have enabled governments to limit the participation of political parties, unions, and other interest groups in the policymaking process.<sup>3</sup> Still others note that socioeconomic changes and economic crisis have weakened unions, thereby limiting their capacity to resist reforms.<sup>4</sup>

However, not all successful adjustment programs have been imposed on unwilling labor movements. In several countries in recent years, governing labor-backed parties have elicited substantial union cooperation as they carried out far-reaching reforms, despite the high costs that such policies entailed for the unions.<sup>5</sup> In these cases successful adjustment was facilitated, not by the defeat of labor, but rather by its acquiescence and at times active support. This paper explores the dynamics of an important yet understudied “mode” of economic adjustment, labor-backed adjustment, through a comparison of Argentina and Poland. In both countries governing parties representing powerful labor constituencies successfully implemented radical neoliberal reforms, and in both cases the party’s union allies actively supported the government during the critical initial period of reforms.<sup>6</sup> Within two years, however, they diverged, as the Solidarity union defected from the governing coalition in 1991, while the bulk of the Argentine General Confederation of Workers (CGT) remained wedded to the Peronist government.

This article addresses two main questions. First, how can we explain the surprising level of labor cooperation during the initial reform period in each country? Given the high costs that economic reforms entailed for organized labor, what accounts for the “stickiness” of the two alliances? Second, in the context of sustained labor-backed adjustment, what factors contribute to the endurance or break-up of party-labor alliances? Why did labor continue to cooperate in Argentina but defect in Poland?

### **The Argument in Brief**

Explanation of the initial labor cooperation in Argentina and Poland requires an examination of the ways in which union leaders' choices were shaped by party-labor alliances. During the initial period of reform labor acquiescence must be understood as a product of social linkages, or shared identities and networks of close personal ties. However, although social linkages are critical in explaining short-term cooperation, they are not sufficient to sustain labor-government cooperation over the long haul. Solidarity leaders' support for their "own" government's reform policies rapidly disintegrated in 1991 and 1992, while the bulk of the Argentine labor movement continued to cooperate with the Peronist government after 1991. In explaining these different outcomes, we focus on elements of the political and institutional context in which union leaders operate: the strength of the governing party, level of union competition, organizational overlap, and autonomy of the union leadership from party-controlled resources and the rank and file. These factors help to explain variations in the degree of "stickiness" of party-labor alliances across cases. The Solidarity alliance, rooted almost entirely in mutual trust and common experience, was unable to survive the difficulties of the economic transition. The Peronist alliance, which supplemented personal ties with political and material pay-offs, has proven to be more durable.

### **The Comparative Contest: Crisis and Labor-Backed Adjustment in Argentina and Poland**

In 1989 elections in Argentina and Poland brought labor-backed parties to power during periods of acute economic crisis. In both cases the governments carried out far-reaching economic adjustment programs that generated heavy costs for organized labor. In both countries powerful labor organizations with close ties to the government were initially unwilling to oppose these reforms.

The economic problems facing the Solidarity and Peronist governments in 1989 were profound, as long-term crises of statist development models had resulted in economic stagnation, high inflation, and capital shortages.<sup>7</sup> Upon taking office, both the Peronist and Solidarity governments quickly moved to impose adjustment programs. The Peronist government of Carlos Menem slashed public spending, substantially deregulated the economy, privatized virtually all of the country's state enterprises, opened up the country's trade and foreign investment regimes, and enacted reforms to "flexibilize" labor relations and reduce worker benefits.<sup>8</sup> The government also assaulted union privileges, banning strikes in a wide range of public services, encouraging the decentralization of collective bargaining, and loosening union controls over health insurance and pension schemes.<sup>9</sup> In Poland the Solidarity government dismantled the

central elements of the state-run economy, eliminating price controls, slashing the state budget, enacting strict wage control measures, and drastically reducing state subsidies and tariff barriers to an unprecedented degree. The government also sought to facilitate the growth of a competitive labor market by making it easier for companies to dismiss workers and by undermining centralized collective bargaining procedures in favor of direct negotiations with regional unions.<sup>10</sup>

Economic adjustment generated high costs for organized labor in both countries. In Argentina privatization and administrative reform resulted in the elimination of approximately 300,000 public sector jobs; combined with layoffs in noncompetitive industries, it boosted the unemployment rate from 5.7 percent in 1988 to an unprecedented 18.6 percent in 1995. Public sector and industrial unions have been decimated by layoffs; their memberships dropped by as much as 50 percent.<sup>11</sup> Real wages were also squeezed, particularly in the public sector.<sup>12</sup> In Poland both GDP and real wages declined significantly in 1990 and 1991. In less than two years the unemployment rate, previously near zero, increased to 11.6 percent. By 1994 unemployment surpassed 16 percent. Because much of the Solidarity membership was located in Poland's oversized shipyards, mines, steel mills, and state bureaucracy—precisely the sectors that were targeted for downsizing or elimination—neoliberal reforms were especially costly for the union rank and file.<sup>13</sup>

In both countries, potential “losers” under economic adjustment could seemingly rely on powerful allies in the labor movement, as both the CGT and Solidarity had recently demonstrated the capacity to defend their interests against unfriendly governments. The CGT, which had long been the most powerful labor organization in Latin America, led thirteen general strikes against the government of Raúl Alfonsín. These protests contributed in an important way to the failure of the austerity programs.<sup>14</sup> Solidarity, whose efforts were primarily directed against the regime rather than economic reform per se, was arguably one of the most powerful labor movements of the twentieth century. Just a decade earlier it had single-handedly threatened the power and legitimacy of the Communist bloc, and in 1988–89 Solidarity-led strikes helped bring down the Polish Communist regime.

Given the strength of Argentine and Polish labor organizations, the nature of their union bases, and the high costs that neoliberal reforms clearly entailed for these unions, it seemed unlikely in 1989 that radical economic reform programs would be successfully carried out in these countries. Yet, despite their apparent strength and the vulnerability of their constituencies to neoliberal reforms, the CGT and solidarity initially acquiesced in costly neoliberal reforms.

### **Initial Labor Cooperation in Argentina and Poland, 1989–91**

In 1989 and 1990 leaders of both the CGT and Solidarity publicly supported their

governing allies and called on militant members to refrain from engaging in oppositionist activities. In Argentina the bulk of the labor movement remained loyal to the Menem government between 1989 and 1991. The CGT initially split into two factions in response to Menem's economic reforms: the CGT-San Martin, which backed most of the government's neoliberal policies, and the CGT-Azopardo, which sought to reverse them. The CGT-San Martin fully cooperated with the government in both the economic and political arenas, participating in government-sponsored committees on state reform, privatization, and wage policy and campaigning for *Partido Justicialista* (PJ) candidates in the 1991 legislative elections. The CGT-Azopardo, led by Saúl Ubaldini, initially sought to mobilize opposition to Menem's reform program. Its effort failed, however; most union leaders, though unhappy with much of Menem's project, were unwilling to pay the cost of a definitive break with the government and thus repeatedly refused to engage in confrontational tactics. When Ubaldini organized a mass antigovernment protest in November 1990, for example, the metalworkers' union (UOM) and the oil workers' union (SUPE), two powerful unions that had initially backed the CGT-Azopardo, abandoned the alliance in order to preserve their ties to the government. Ubaldini, who had been a principal organizer of the thirteen general strikes against Alfonsín, was unable to garner support for even one such strike from 1989 to 1991. The oppositionists also failed in the political arena. In 1991, when Ubaldini broke with the PJ to run as a "true Peronist" candidate for the governorship of Buenos Aires, his candidacy was rejected by virtually the entire labor movement, and he received an embarrassing 2 percent of the vote.

Solidarity was in a weaker position than the CGT when it rose to power in 1989. In the face of severe repression, union activity had come to a standstill, and the movement survived more as a series of underground journals than as a real labor organization. By the time the movement was relegalized in 1989, "Solidarity" had spawned at least three different organizations. Perhaps as a result of labor's weak presence under martial law, an increasingly promarket intelligentsia came by 1989 to dominate the movement's leadership.<sup>15</sup> In the first year and a half after the collapse of Communism Solidarity viewed itself as a "protective umbrella" to shield the government from social unrest. The union put its organizational weight behind the government reform program until the middle of 1991. Following Tadeusz Mazowiecki's rise in August 1989, Solidarity leaders called for a moratorium on all forms of protest. Many unions followed suit, and the number of strikes fell from 894 in 1989 to just 250 in 1990.<sup>16</sup> Walesa played a critical role in defusing labor tensions. For example, when a strike of railway workers in Slupsk created the first serious challenge to the government program in May 1990, Walesa traveled to the area and convinced workers to suspend the strike. Thus, despite the fact that regional Solidarity leaderships often opposed neoliberal reform,<sup>17</sup> the presence of Walesa at the top and Solidarity links to the government pushed the national union to resist pressures from local branches and to actively limit strike activity.<sup>18</sup>

### **Explaining Initial Cooperation: The Role of Social Linkages**

The surprising level of labor acquiescence in neoliberal reforms in Argentina and Poland has often been attributed to widespread popular support for reform generated by hyperinflation in Argentina and severe shortages and inflation in Poland. The legacies of import substitution industrialization in Argentina and Poland's muted variant of Soviet-style Communism created what were widely perceived to be large and inefficient state sectors, and surveys in both countries initially showed strong working class support for liberalization.<sup>19</sup> Support for liberalization was particularly strong among Solidarity leaders. This recognition of what seemed to be inevitable reforms undoubtedly contributed to the unions' resolution to cooperate.

General support for reform generated by the crises of the older economic model provides only a partial explanation of union support for neoliberalism, however. Both the CGT and Solidarity had in the recent past opposed governments that sought to impose austerity measures during periods of relatively high crisis.<sup>20</sup> Moreover, while workers and unionists may express support for economic orthodoxy in a survey, they may not be willing to accept higher prices and unemployment. Despite the general consensus suggested by opinion polls in both Argentina and Poland, local discontent was in many instances quite high. We thus still need to explain why a significant number of union leaders were willing to put their own legitimacy as labor representatives at risk by resisting grass-roots demands.

The explanation requires an examination of how the governing party-labor alliances shaped union leaders' strategies. Studies often assume that union leaders' behavior can be understood largely in terms of material gain or power maximization. Union leaders, it is argued, seek to meet certain organizational "needs" in order to compete with rival unions, attract new members, and expand union influence in the political arena. They are also expected to seek to bolster their own material and political positions. Thus, parties or governments attempting to secure labor support must above all address these political and material objectives. Party-labor alliances are forged by means of an "exchange" of such "inducements" for union support, and they are sustained through a mix of continued inducements and the "constraints" placed upon them by the state.<sup>21</sup>

Neoliberal reform, however, creates a dilemma: budget cuts limit the extent to which governing parties can use material resources to ensure continued labor cooperation. Wage policies, subsidies, job creation or protection schemes, shopfloor union rights, and other material and organizational "inducements" are precisely the kinds of policies that neoliberal reforms aim to eliminate. Gaining union support through the allocation of party or government posts risks providing unions with the power to undermine reform. Thus, the kinds of material, organizational, and political resources that governments once utilized to purchase and maintain the support of union leaders are far less available in the neoliberal era. From a strictly material

standpoint, then, the Solidarity and Peronist coalitions should have been in trouble. Union leaders could gain few tangible benefits in exchange for their cooperation, while the costs of adjustment were quite high. Nevertheless, although few of their material or organizational "needs" were met, CGT and Solidarity leaders in fact cooperated with antilabor policies for a critical period of time.

An alternative understanding of interest formation posits that interests themselves are shaped by social networks, routines, and common identities.<sup>22</sup> Two hypotheses are useful in examining labor-backed adjustment. First, Mark Granovetter argues that organizational action is shaped by a "widespread preference for interacting with individuals of known reputation."<sup>23</sup> For Granovetter, cooperation is often a product of either a history of one-on-one interaction or common contacts or experience. Common experience and mutual social relations often create an atmosphere of trust which may be more important for actors than the prospect of short-term economic gain. Thus, behavior within an organization hinges on the way in which the organization is embedded in a network of social relations. Second, action may be motivated by a desire to remain identified with a particular organization or movement.<sup>24</sup> Habit or a desire for more intangible benefits such as status may motivate actors to do whatever is necessary to preserve membership in a group. Union leaders may not always do what will most efficiently expand the power of their unions or increase the economic well-being of members. Rather, their actions are shaped by a set of expectations specific to a movement or organization. We refer to elements of social organization such as shared identity, trust, and social networks as social linkages.

Social linkages played a crucial role in shaping union responses to labor-backed adjustment in Argentina and Poland. In both countries close collaboration during periods of opposition to authoritarian rule produced strong personal ties and high levels of mutual trust between political and union leaders. Labor and political leaders were also linked together by a powerful shared identity in each country. Governing parties or coalitions were therefore able to elicit union cooperation by manipulating the movements' names and symbols. Identification with the movement was, at least initially, perceived as synonymous with support for the government.

**Argentina** The social linkages binding Argentine unionists to Peronism consist of both shared identities and personal ties. The Peronist political identity remains strong among both unionists and rank-and-file workers. The extraordinary strength of this identity is rooted in a long history of cooperation and shared hardship, beginning with the period of "Peronist resistance" that followed the 1955 overthrow of Perón. The leadership's monopoly over the Peronist name and symbols offers PJ leaders a powerful political resource, for it allows them effectively to portray union leaders who oppose them as "anti-Peronist." Given the strength of the Peronist polit-

ical identity, such a label can be quite costly to union leaders. As metalworkers' leader Augusto Vandor, the most powerful union leader in Argentina in the 1960s, recognized: "If I took off my Peronist vest, I'd lose the union in a week."<sup>25</sup>

Another aspect of social linkage that binds union leaders to Peronism is the existence of close personal relationships, many of which were forged during periods of shared adversity and struggle against military rule. A clear example is the relationship between Carlos Menem and CGT leaders Diego Ibañez and Lorenzo Miguel, with whom Menem was detained after the 1976 military coup. Menem and Ibañez shared a cell during the three years they spent in prison together, and they developed a close friendship. This relationship proved to be crucial during the initial reform period, for not only was Menem able to convince Ibañez to go along with a plan to restructure and partially privatize the oil industry, but at several critical points Ibañez served as a personal bridge to Miguel, whose powerful metalworkers' union threatened to join oppositionist labor factions.<sup>26</sup> Close personal ties made the level of trust between labor leaders and the government much higher than it would have been under a non-Peronist government. This trust lengthened the time horizons of leaders and increased their willingness to accept policy decisions that ran against their short-term interest.<sup>27</sup> Under Menem, union leaders more willingly accepted certain reforms as "necessary" or "inevitable." It is doubtful they would have done so under another government.

Personal relationships between PJ and union leaders also facilitated material exchanges between Menem's government and key union leaders. Due to their close ties to key labor leaders, as well as their intimate understanding of union personalities, intraunion politics, and the needs of particular unions, Peronist officials were well-equipped to negotiate and make deals with union leaders. The government facilitated the deal-making process by staffing the labor ministry and the national administration of health insurance (ANSSAL), which regulates the unions' *obras sociales* ("social works" funds) and redistributes income to keep poorer unions solvent, with friendly union leaders. Through these agencies the government negotiated agreements with key unions to maintain their support either by granting them special access to ANSSAL funds or by forgiving unions' *obras sociales* debts. The government also engaged in particularistic deal making to garner critical union support for privatization. The railway workers' union (UF), oil workers' union (SUPE), light and power workers' union, and other key unions were induced to cooperate with privatization in their respective sectors through negotiated arrangements in which unions received shares of the newly privatized industries and leaders were either given positions overseeing the privatization process or appointed to the directorates of the new companies.<sup>28</sup> The successful negotiation of these privatization packages was undoubtedly facilitated by the close social ties between unionists and PJ leaders.

The contrast between Menem's success and the failed efforts of Alfonsín's government to win labor's support in the mid 1980s clearly shows the importance of



social linkages in facilitating material exchanges. Although Alfonsín's government attempted to negotiate pacts with the labor leadership (particularly in 1987), it was far less successful.<sup>29</sup> The UCR government had few ties to and little understanding of the labor movement, and in the absence of linkages government-union relations were marked by high levels of distrust and animosity. Such a climate made material and political bargains virtually impossible to carry out, despite the fact that the quantity and quality of the inducements offered by the government were relatively high. Peronist officials, by contrast, had a far better understanding of union leaders' personalities and bargaining strategies, which gave them a better capacity to make credible threats and to call union leaders' bluffs. Moreover, union leaders trusted Peronist officials and were thus more willing to broker a deal with them. The PJ government was therefore able to make deals with unions at a relatively low cost in terms of material and political "inducements." Menem could purchase union support at a much lower cost than Alfonsín. Who exchanges political and material resources for cooperation, not just what is exchanged, is important.

**Poland** Social linkages between the government and the union can be traced to the strong ties between the Polish intelligentsia and the working class built during years in opposition. In the words of labor activist Zbigniew Bujak, Solidarity leaders had "developed close bonds of friendship through the shared experience of martial law and our work in the political underground,"<sup>30</sup> The relationship developed first in the 1970s under the auspices of the Workers' Defense Committee (KOR), which was founded by members of the Polish intelligentsia to coordinate fundraising and legal assistance for workers persecuted for strike activity. During this period labor leaders such as Lech Walesa and certain members of the opposition intelligentsia formed tight working relationships. Members of KOR and other Polish intellectuals played a critical role in organizing the initial 1980 strikes and in founding Solidarity that year. A seven member "commission of experts," including future prime minister Tadeusz Mazowiecki, helped to formulate workers' demands, draft appeals, and negotiate with the Communist authorities throughout Solidarity's rise and fall in 1980–81. During the roundtable talks of 1988–89 the opposition intelligentsia and labor representatives worked together to negotiate with the Communist authorities.

The leaders of the Polish intelligentsia who filled the ministries and parliament in 1989 were vociferous proponents of the market, and their close relationship with union leaders created a basis for mutual trust and cooperation. The government did not initially have to convince the unions or the population that it was working in the interests of labor, for it was labor. Those seeking labor support could insist to unionists that, in the words of Walesa, Mazowiecki "is one of us."<sup>31</sup> Consequently, the union apparently made no initial demands in exchange for its support, and strikes were often called off in response to appeals to civic responsibility. Although the labor-intelligentsia alliance began to break down during Walesa's drive for the pres-

identity, the long years of cooperation appear to have been critical in the union's initial acceptance of the government's economic program. This trust may have lengthened the time horizons of union leaders and members and increased their tolerance of the economic setbacks caused by reform. Certainly, unionists were much more patient with economic downturn than they had been just months before under the Communists. Furthermore, the generational divide that many commentators have noted between younger, more radical activists, who first entered Solidarity during the 1988 strikes, and the more proreform group of leaders from the era of Solidarity's rise in 1980–81 supports our contention that a shared history promoted acceptance of neoliberalism.<sup>32</sup>

Support for reform was also a product of a shared sense of fate and identity generated by years of cooperation. Having worked for years to defeat the Communist government, many Solidarity leaders resisted opposition to reform measures for fear of undoing years of work. For many labor leaders Solidarity's identity was inextricably tied to a dual conception of the union's role in society: in Walesa's words, to look after both "employees and their interests" and "the fate of the whole country."<sup>33</sup> In the minds of its leaders Solidarity, more than simply defending its constituents, was responsible for both the moral and economic development of the country as a whole. The dilemma of how to balance the union's "historic mission" with its union role comes up repeatedly in interviews and speeches by Solidarity leaders.<sup>34</sup> Although union leaders were often aware of the costs that would likely be engendered by reform, many of them (particularly at the national level) were unwilling to give up the union's basic commitment to Polish national development.<sup>35</sup> Attachment to the union's "historic mission" gave union leaders an important sense of status.<sup>36</sup> Solidarity leaders were therefore placed in the contradictory position of having to defend workers' interests but not complain about reform. Whether they trusted Mazowiecki or not, opposing him would threaten the stability of the Polish government and the fruits of Solidarity's victory over Communism. The government was thus in a position to use its common identification with the Solidarity tradition as a key resource in garnering labor support.<sup>37</sup>

The initial decision by CGT and Solidarity leaders to support the neoliberal reform programs implemented by their political allies can thus be explained by a combination of two factors. First, years of state-led economic failure made radical economic reform and market orthodoxy acceptable for both union leaders and the general population. However, features of the labor-government alliance played a critical role in facilitating cooperation. A shared identity and strong bonds of trust shaped union leaders' perceived interests and, at the very least, lengthened their time horizons. Social linkages clearly prevented Solidarity and Peronist union leaders from defecting to the ex-Communist (Poland) or Radical (Argentina) parties, despite the fact that those parties offered "objectively" more prolabor platforms. In Poland a common "historic mission" made it difficult at first to separate union interests from

those of the nation as a whole. In Argentina close personal ties enabled government officials to purchase union support with relatively low cost material payoffs.

### **Diverging Outcomes after 1991: Sustained Cooperation versus Defection**

During the initial period of economic reform in both Argentina and Poland, strong social linkages served to override the costs of accepting neoliberal reforms and thus made cooperation an attractive strategy. After 1991, however, our cases diverge. Solidarity unions began a steady movement toward the opposition, while the bulk of the Argentine labor movement remained wedded to the governing Peronist alliance. What accounts for this difference? Social linkages, which were crucial in the initial period, weakened over time in the absence of other incentives for cooperation. The institutional and political context provided further incentives to cooperate in Argentina, while the absence of any material or political incentives to cooperate in Poland undermined the strong ties built up over years of cooperation.

In Poland after mid 1991, the Solidarity union became an increasingly vocal opponent of reform measures and Solidarity-led governments. Although it had initially been the most proreform of the major Polish unions, pressures from competing unions and its own rank and file soon pushed it in a more oppositionist direction. In the words of Walesa, union leaders began to treat the government "as 'they' instead of 'us'."<sup>38</sup> Overall, the number of strikes increased dramatically, from 305 in 1991 to 6,351 in 1992.<sup>39</sup> Solidarity began to strenuously protest policies such as the *popiwek* tax on wage increases. The union called for wage increases for state workers and increased social spending. In September 1992 Solidarity led an antigovernment march under the slogan "the last demonstration in Warsaw," and labor leaders threatened to "organize a general strike and . . . see if the elites sweep us away or if we sweep them away."<sup>40</sup> In spring 1993 the union led a healthworkers' strike and called for the resignation of the Solidarity-led government. When the Solidarity government refused to give in to wage demands, the union pulled the plug on the Solidarity government. In June 1993 the last of a string of Solidarity-led governments fell in a parliamentary vote of no confidence called for by Solidarity union deputies.

The story in Argentina is quite different. Although two new oppositionist labor factions emerged after 1991, the bulk of the labor movement remained pro-Peronist and progovernment.<sup>41</sup> Soon after the PJ's victory in the 1991 legislative elections the weakened CGT-Azopardo joined progovernment unions in a reunified CGT, which was dominated by staunch government supporters and critical Menemists. Since 1992 the CGT has followed a "critical Menemist" strategy, voicing mild opposition to specific government initiatives but generally supporting the government.

Although the CGT led a general strike in late 1992 to protest the deregulation of union-administered health insurance schemes, it never challenged the government's economic project, and CGT leaders repeatedly refused to endorse strikes and protests led by oppositionist union factions. Indeed, the CGT acquiesced in several key neoliberal reforms, including the privatization of the pension system and measures to "flexibilize" shopfloor labor relations. The CGT also continued actively to support Peronism in the political arena, campaigning for Peronist candidates in the 1993 and 1994 elections. In 1994 Menemist unions launched the Convocation of Peronist Workers, which campaigned for Menem's reelection in 1995.

### **Explaining Divergent Outcomes: Toward a Comparative Framework**

A comparison of Poland and Argentina suggests that social linkages by themselves may be insufficient to ensure continued cooperation in the context of sustained labor-backed adjustment. For party-labor alliances to endure under the strains of neoliberal reform, the alliances must be situated in an institutional and organizational context that provides other, more material, incentives to cooperate. Such an incentive structure existed in Argentina but not in Poland.

It is worth addressing an alternative, more economic approach in explaining these outcomes. One might argue that the divergent union strategies in Poland and Argentina were the product of differences in the level of competitiveness of their economies. Labor organizations in sectors that stand to prosper (or at least survive) in a more market-oriented economy should be more tolerant of neoliberal policies than unions in noncompetitive sectors.<sup>42</sup> One might hypothesize that, since the Argentine economy was generally more competitive than the Polish economy, a larger proportion of the Polish labor movement would find liberalization intolerable, and Solidarity would therefore defect more quickly than the CGT. Indeed, in Poland some of the most vociferous opposition to reform has come from Solidarity unions in those sectors, such as coal mining and defense, hit hardest by neoliberalism.

Nevertheless, a sectoral approach does not take us far in explaining the divergent outcomes in Argentina and Poland. In Argentina one finds little relationship between sector and union strategy. Indeed, unions from "losing" sectors, including the textile workers' and railway workers' unions, have been among the strongest supporters of Menem's government. In Poland the OPZZ, the other major labor confederation, has thus far acquiesced in the adjustment policies of the current ex-Communist government despite the fact that it represents workers in sectors as hard-hit as those represented by Solidarity. Thus, although the health of underlying economic sectors may well help shape union response to neoliberal reform, other variables seem to be more important in explaining differences in our cases.

To explain the diverging trajectories of party-labor alliances in Argentina and

Poland, we must examine the political and institutional context in which union leaders operate, specifically, the effects on union strategies of the political strength of the governing party, the level of union competition, the nature and degree of organizational overlap, and the degree of union leadership autonomy from both parties and the rank and file.

**Strength of the Governing Party** A strong governing party and the absence of a viable political alternative for labor can be expected to encourage continued union cooperation. To the extent that labor's governing allies are viewed as likely to remain in power in the medium run, union leaders will face a choice between cooperation and political isolation and should therefore be less likely to pursue oppositionist strategies. Unable to place the governing party's electoral chances in jeopardy, and without an alternative political vehicle, defection from a politically invulnerable party would entail forsaking the political, material, and organizational benefits to be gained from being "in power" in exchange for very little. In contrast, to the extent that the governing labor-backed party is electorally vulnerable, oppositionist strategies may be more fruitful. Union leaders may be able credibly to threaten to help put the governing party out of office. In addition, failure of the ruling party in elections may create fears among union leaders that they are tying their organization's fate to a sinking ship.

While Solidarity initially seemed invincible, the elections of 1990 and 1991 revealed the Polish government's weak base of support. In the 1990 presidential elections Tadeusz Mazowiecki, the leader of the first Solidarity government, polled third behind Walesa and an unknown Polish-Canadian émigré. In parliamentary elections a year later the main post-Solidarity reformist party received just 12 percent of the vote, and Solidarity itself won just 5 percent of the vote. Moreover, opinion polls increasingly indicated a high level of dissatisfaction with both the economic reform programs and Solidarity.<sup>43</sup> By 1991 the Solidarity coalition split up into several different parties. Weak and isolated, and facing competition from more radical unions, Solidarity had few reasons to continue to support economic reform. Union leaders complained that they had "paid for the mistakes of the two previous [Solidarity] governments" and urged the union confederation to remove the "umbrella" it had spread over the government.<sup>44</sup>

By contrast, Argentina is a clear case of party success. The PJ has won four successive elections since Menem took office in 1989, including Menem's 1995 reelection bid. The 1991 legislative elections, the first held after Menem's turn to neoliberalism, were a critical test for the PJ. Though challenged from the left by two Peronist defectors, the party easily won. The PJ also cruised to victory in the 1993 legislative elections and the 1994 constituent assembly elections, and Menem was overwhelmingly reelected president in the May 1995. While the center-left FREPASO coalition emerged as a significant electoral force in 1995, the bulk of the labor movement, as well as the vast majority of working class voters, remained with

the PJ. While some CGT leaders considered backing FREPASO candidate Jose Octavio Bordón in May 1995, the likelihood of a Peronist victory and the potential costs of defecting dissuaded virtually all of them.<sup>45</sup>

**Labor Competition** Labor competition encourages the defection of unions aligned with a governing party. In the context of economic adjustment, the existence of other, more militant labor organizations on the shop floor or nationally may make it harder for progovernment unions to maintain their membership. Faced with such competition, union leaders must work harder to retain workers' support, possibly resulting in a "bidding war" that radicalizes the labor movement as a whole and makes a cooperative strategy difficult to sustain.

In Poland Solidarity had to contend with two important competitors. First, the OPZZ, founded by the Communist government in 1984, was well financed and about equally as strong as Solidarity. Second, several older Solidarity activists, who refused to participate in the 1989 roundtable negotiations, formed Solidarity '80, a small labor organization that staunchly opposed economic liberalization. Both unions were more active than Solidarity in organizing strikes and protest actions following the collapse of Communism. OPZZ, for example, strongly opposed liberalization measures and refused to support a moratorium on strikes.<sup>46</sup> These positions created concern among some solidarity leaders that the competing unions were hijacking Solidarity's role as "defender of the working people."<sup>47</sup> Poland's "open shop" system has also produced an extremely competitive environment at the plant level. Several unions compete for workers' support in an enterprise. In this chaotic situation, an agreement signed with one union may be followed by a strike by another union seeking further concessions. As minister of labor and long-time Solidarity leader Jacek Kuron put it: "one can always demand more than a rival union has negotiated. . . . The trade unions know that. They have become more radical because they are afraid of being thrown out."<sup>48</sup> Solidarity was thus constantly put in the awkward position of coping with a work force it could not control, and calls by Solidarity leaders for moderation led at times to hostile reactions from workers.<sup>49</sup>

CGT unions have faced far less competitive pressure. Argentine labor law grants industrywide unions a monopoly on representation and permits the existence of only one officially recognized national labor confederation. CGT unions have therefore monopolized the Argentine labor movement since the 1940s. This monopoly ended in 1992 with the formation of the Argentine Workers Congress (CTA), which has militantly opposed both the Menem government's economic program and the PJ. Nevertheless, the predominantly white collar and public sector based CTA has not made substantial inroads into the industrial sector, and it is highly unlikely that the organization will effectively compete with the CGT in the near future.

**Organizational and Leadership Overlap** Party-labor alliances generally entail

some degree of organizational fusion, either in institutionalized mechanisms of union representation in the party leadership or simple overlap in which particular leaders play dual leadership roles.<sup>50</sup> To the extent that unions are effectively integrated into the party leadership, labor should defect more slowly from the governing alliance. If unionists are also party or government leaders, interest in furthering their political careers should give them a stake in the governing party's success, and they should thus tend to favor cooperative strategies. By contrast, where unions are poorly integrated into the party, union leaders may be more likely to conceive of their organization's interests as distinct from the party's, thereby making defection more likely.

Despite a high level of initial leadership fusion in the Solidarity movement, overlap between the political and labor wings of Solidarity rapidly declined after 1989. At the time of the democratic transition, many union leaders were also representatives or activists in the citizens committees, which stood behind the Mazowiecki government and orchestrated Solidarity electoral campaigns in 1989 and 1990. This overlap was indicative of a high degree of union identification with the governing Solidarity coalition. However, due to the low degree of party institutionalization and the fragmentation of the party system, overlapping leaderships were not sufficient to prevent a breakdown of the alliance. By 1991 the Solidarity movement broke up into many different parties, and the union had its own representatives in parliament, thereby virtually eliminating leadership overlap.

The degree of organizational and leadership overlap in Argentina remains more substantial. The entire CGT leadership belongs to the PJ, and many union leaders have held, currently hold, or aspire to hold positions in the party leadership or legislative faction.<sup>51</sup> Leadership overlap was particularly high in the early and mid 1980s, when industrial unionists were virtually hegemonic in the party leadership. The union role within the PJ has eroded over the last decade. President Menem comes from the party's nonunion wing, and the union presence in the current Peronist government has been comparatively low. Nevertheless, most union leaders remain active in Peronist politics, and organizational and leadership overlap thus continues to exert at least a moderate influence on union leaders' strategies.

**Union Leadership Autonomy from the Party and the Rank and File** Finally, union responses to labor-backed adjustment are likely to be shaped by the degree to which the privileges, positions, and power of labor leaders hinge on either the discretion of government leaders or rank-and-file support.<sup>52</sup> Labor autonomy "from above" depends on the degree of unions' regularized or institutionalized "exchange" with the party or government for their organizational survival. Unions may depend on the governing party for finance of their operations, legal recognition, intervention in industrial relations, or access to the state. Labor leaders' autonomy "from below" depends on the degree to which their power rests on support from workers on the shop

floor. Unions vary with respect to the frequency and openness of elections, as well as in the degree to which they rely on their members for organizational and financial resources. All labor organizations exhibit some mix of “upward” and “downward” dependencies, but their relative predominance varies substantially. The balance of dependence will likely have a powerful influence on union strategies in the face of labor-backed adjustment. Union leaderships that depend primarily on the governing party for their survival, for example, should find the potential costs of defection to be much higher than unions whose leaders depend primarily on their rank and file.

In Poland Solidarity leaders are much more dependent on rank-and-file support than on party and government resources. In opposition prior to 1989, Solidarity never depended on the state for organizational or financial resources. Following the collapse of Communism, Solidarity’s political leaders, assuming that ideological agreement and personal trust were sufficient to preserve the alliance, made little effort to establish a regularized system of exchange between the union and government. The fragmentation of the party and the union’s decision to field its own parliamentary candidates also reduced the union’s dependence in the political arena. Moreover, the relatively democratic structure of Solidarity, both nationally and regionally, encouraged leaders actively to seek support from the rank and file. Consequently, when pressures to defect built up, the union had little incentive to remain in the alliance.

The balance of dependence is quite different in Argentina, where low levels of union democracy and a reliance on party and state resources have led union leaders to prioritize the maintenance of the party-labor alliance. Union dependence on the party and state is quite pronounced. Financially, only a small fraction of union income is derived from membership dues, and therefore most unions rely heavily on resources over which the government exercises at least some discretion. This dependence is perhaps most manifest in the area of the unions’ *obras sociales*, which, though administered by the unions, are subsidized and audited by the government.<sup>53</sup> Menem’s government has frequently used this discretionary power to discipline confrontational unions and reward cooperative ones. Unions are also dependent on the PJ politically, as Peronism has long been labor’s only viable electoral representative. Under Menem the PJ has used the party’s legislative lists, as well as other government and party posts, to keep union leaders within the governing coalition.<sup>54</sup> Moreover, because of the relative lack of internal democracy in most Argentine unions, union leaders are not highly sensitive to rank-and-file demands. This insulation from below is enhanced by labor law, which grants the state a high level of discretion in adjudicating among competing claims to union leadership.

Thus, after 1991 the governing party-labor alliance in Poland disintegrated, while the alliance in Argentina, with some defections, endured. In explaining these outcomes, we have argued that a powerful governing party, low levels of union competition, leadership overlap, and a high level of union dependence on party-con-



trolled resources (rather than rank-and-file support) resulted in a strategy of continued labor cooperation in Argentina, while the fragmentation of the governing party, a high level of union competition, the disintegration of party-union organizational linkages, and a higher degree of dependence on rank-and-file support (rather than government resources) made defection more likely in Poland.

## **Conclusion**

This paper has addressed two issues. First, social linkages and material-political incentive structures interact to shape union interests and behavior. Because of the costs of neoliberal reform, labor-backed adjustment provides an opportunity to isolate and determine the strength and importance of social linkages, as opposed to material incentives, in holding organizational alliances together. Approaches that focus exclusively on material costs and benefits can not fully explain why strong labor organizations in Argentina and Poland initially cooperated with far-reaching neoliberal reforms. Social linkages, in the form of shared identities and personal ties, played a critical role in holding the government-labor alliance together in each country. Yet the ultimate failure of the solidarity alliance demonstrates that alliances built on social linkages alone are ultimately quite weak. Indeed, the absence of material and political incentives may turn shared identity and goodwill into hostility and mutual resentment. Social linkages and material interests may also interact in a more virtuous way. In Argentina close ties facilitated material and political exchanges that contributed to the endurance of the Peronist alliance.

Second, four political and institutional variables help to explain the endurance or demise of party-labor alliances that support adjustment. In addition to social linkages, they strongly affect labor's response to reforms carried out by their party allies. These variables are summarized in Table 1. In Poland party fragmentation, significant labor competition, and a high degree of labor autonomy from the government made the party-labor alliance highly vulnerable. In Argentina a strong governing party, low union competition, significant though declining leadership overlap, and a high level of union dependence on state and party resources improved the prospects for the endurance of the party-labor alliance.

These variable might be usefully applied to other cases of labor-backed adjustment. An initial glance at Spain and Mexico supports our explanatory framework. Spain had a less severe economic crisis, a strong governing party, and significant labor competition between the progovernment General Workers Union (UGT) and the procommunist Workers' Commissions (CCOO). The UGT also enjoyed a greater degree of autonomy than the Argentine CGT. Therefore, one might expect

**Table 1** Political and Institutional Factors Shaping the Fate of Party-Labor Alliances in Different Countries\*

<b>Variables</b>	<b>Argentina</b>	<b>Poland</b>
Social Linkages	High	High
Party Strength	High	Declining
Union Competition	No	Yes
Leadership Overlap	Medium	Declining
Balance of Dependence	Party	Rank and File
<b>Outcome</b>	<b>Sustained Cooperation</b>	<b>Early Defection</b>

\* Sources based on conditions immediately following the initial election of the labor-backed party.

some degree of labor defection in the 1980s. Indeed, while the UGT supported the Socialist government in the early 1980s during a period of industrial restructuring and rising unemployment, the alliance weakened considerably beginning in 1987.<sup>55</sup> In Mexico our framework would predict a relatively high level of labor cooperation, as the alliance between the PRI and the Mexican Workers Confederation (CTM) was bolstered by a strong governing party, significant organizational overlap, and a high level of union dependence on the party and the state. Indeed, throughout the post-1982 period of economic liberalization the CTM has remained committed to the governing alliance.<sup>56</sup>

Two interesting test cases for our framework are South Africa and the current government of Poland. In South Africa the African National Congress (ANC) recently came to power with strong support from the major labor organizations. Although South Africa is not undertaking economic adjustment to the same degree as the other cases, its economic program is still likely to strain the party-labor alliance. The party-labor alliance is likely to be reinforced by strong social linkages, significant leadership overlap, the electoral dominance of the ANC, and the absence of a significant competitor to the Congress of South African Trade Unions (COSATU). However, despite its ties to the ANC the South African labor movement is relatively autonomous from the state and political leadership. It is also quite militant. Particularly because the country's economic crisis is relatively mild, this militancy may limit popular acquiescence in austerity.<sup>57</sup> These two factors suggest the possibility of defection. Thus, the fate of the South African labor alliance may ultimately provide some clues as to the relative importance of the various elements of our framework.

In Poland the 1993 elections brought to power the ex-Communist SLD alliance, which has close links to the OPZZ labor confederation. Despite populist antireform election rhetoric, the SLD and its coalition partner have largely stuck to the neo-liberal course initiated under the Solidarity-led governments. According to our framework, the OPZZ should be more likely to remain in the alliance than the Solidarity unions. First, a formal organizational linkage exists between the Social

Democratic Party and the OPZZ. Also, in contrast to Solidarity, the Social Democratic-OPZZ alliance has been reinforced by political and economic exchanges which, if routinized, may lead to greater labor dependence on the party.<sup>58</sup> These factors suggest that the balance of dependence may lead OPZZ leaders to support the alliance with the government more than Solidarity's did.

What are the general implications of our findings? First, they suggest a relationship between the institutional legacies of state corporatism and the maintenance of party-labor alliances during labor-backed adjustment. The low level of union competition and low union autonomy from the state and party in Argentina are legacies of long-established corporatist patterns of interest intermediation. In other "state corporatist" cases of labor-backed adjustment, such as Mexico and Venezuela, one finds similar patterns of low competition, low union autonomy, and low union democracy.<sup>59</sup> As this paper has shown, such institutional structures discourage union defection from adjustment. In Poland, by contrast, the high levels of labor autonomy and greater leadership attention to rank-and-file demands are products of Solidarity's origins outside and in opposition to the state. Also, higher levels of competition, union autonomy, and internal democracy characterize other cases of alliances created outside statist or authoritarian labor institutions, such as Spain and South Africa. Thus, it appears that party-labor alliances with state corporatist roots are more likely to survive periods of sustained labor-backed adjustment than those born outside such structures.

More generally, Argentina and Poland demonstrate that far-reaching economic adjustment programs can indeed be carried out democratically where labor movements are relatively strong. In fact, it appears that labor-backed adjustment may be a particularly effective means of carrying out neoliberal reforms under democracy. The success of labor-backed adjustment processes in Argentina and Poland suggest that it may be useful to differentiate among "modes" of neoliberal reform. Reform "from within," based on cooperation and acquiescence, may pose a different set of possibilities and constraints than reform "from without," based on imposition. Much of the literature on the politics of economic adjustment focuses on this latter mode and emphasizes the need of successful reform to insulate government from the "losers" of economic adjustment. This paper suggests that in some cases close ties to a well-organized popular sector may actually facilitate reform. While the absence of close ties to potential "losers" may be crucial in shaping the decision to embark on reform,<sup>60</sup> once that decision has been made the implementation of reforms may in fact be facilitated by such ties.<sup>61</sup> Our findings thus suggest a paradoxical conclusion: in the current period of global austerity and adjustment unions may be in a better position to defend their interests when they are in opposition than when their political allies are in power.

## NOTES

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1. By economic adjustment we mean a set of economic policies aimed at both the stabilization and the liberalization of statist economies. Such programs generally include policy measures such as wage restraint, sharp reductions in government spending, the elimination of price controls and many subsidies, trade and investment liberalization, the deregulation of both capital and labor markets, and in most cases privatization and state restructuring.

2. Stephan Haggard and Robert Kaufman, *The Politics of Economic Adjustment* (Princeton: Princeton University Press, 1992); and Beverly Crawford, "Post-Communist Political Economy: A Framework for the Analysis of Reform," in Beverly Crawford, ed., *Markets, States, and Democracy: The Political Economy of Post-Communist Transformation* (Boulder: Westview Press, 1995), pp. 3–42.

3. See Adam Przeworski, *Democracy and the Market* (New York: Cambridge University Press, 1991); Guillermo O'Donnell, "Delegative Democracy," *Journal of Democracy*, 5 (January 1994), 55–70.

4. See Barbara Geddes, Comments on Leslie Elliot Armijo, "Tradeoffs Implicit in Alternative Sequences of Economic and Political Liberalization," paper prepared for the South California Workshop on Political and Economic Liberalization, January 14, 1993.

5. Throughout this paper "labor" refers to organized labor or unions.

6. We use the term "party" in a fairly loose manner to refer to the governing coalition/party. Solidarity was poorly institutionalized and could scarcely be called a "party" by western European standards.

7. On the crisis in Argentina, see Paul Lewis, *The Crisis of Argentine Capitalism* (Chapel Hill: University of North Carolina Press, 1990); and William Smith, "State, Market and Neoliberalism in Post-Transition Argentina: The Menem Experience," *Journal of Inter-American Studies and World Affairs*, 33 (Winter 1991), 45–82. On Poland, see Andrzej Kondratowicz and Marek Okolski, "The Polish Economy on the Eve of the Solidarity Take-Over," in H. Kierzkowski, M. Okolski, and S. Wellisz, eds., *Stabilization and Structural Adjustment in Poland* (London: Routledge, 1993); and Batara Simatupang, *The Polish Economic Crisis: Background, Causes and Aftermath* (London: Routledge, 1994).

8. Smith, pp. 53–54; Victoria Murillo, "Union Response to Economic Reform in Argentina," paper prepared for the Eighteenth International Congress of the Latin American Studies Association, Atlanta, March 10–12, 1994, p. 3–5.

9. *Latin America Weekly Report*, Oct. 25, 1990, p. 11; Murillo, pp. 4, 6; Peter Ranis, *Argentine Workers* (Pittsburgh: University of Pittsburgh Press, 1992), pp. xviii–xix.

10. *Economist Intelligence Unit: Poland 1993/1994*, 32; Carol A. Timko, "The New Third Way? Synthesizing Area Studies and Comparative Politics," paper presented to the American Association for the Advancement of Slavic Studies National Convention, Philadelphia, November 17–20, 1994.

11. Achim Wachendorfer, "Sindicalismo Latinoamericano, un Futuro Incierto," *Nueva Sociedad* (November–December 1991), 81; and James McGuire, *Peronism without Perón: Unions, Parties, and Democracy in Argentina* (Stanford: Stanford University Press, forthcoming), pp. 252, 255–256.

12. Murillo, p. 3; Smith, p. 62; and Ricardo Falcon, "Políticas Neoliberales y Respuestas Sindicales (1989–1992)," in Omar Moreno, ed., *Desafíos Para el Sindicalismo en la Argentina* (Buenos Aires: Editorial Legasa, 1994), p. 106.

13. Ben Slay, "The Dilemmas of Economic Liberalism in Poland," *Europe-Asia Studies*, 45 (1993) 241.

14. Torcuato Di Tella, "Letter from Argentina," *Government and Opposition* (Winter 1992).
15. For discussions of Solidarity's turn towards the market, see Gary Fields, "The Road from Gdansk: How Solidarity Found Haven in the Marketplace," *Monthly Review*, 43 (July-August 1991), 95-122; and David Ost, *Solidarity and the Politics of Anti-Politics: Opposition and Reform in Poland since 1968* (Philadelphia: Temple University Press, 1990).
16. International Labour Office, *World Labour Report 1993: Forced Labour, Employment, Trade Unions, Social Protection in Developing Countries, Stress at Work, Statistical Annex* (Geneva: ILO Press, 1993), p. 1125.
17. For example, Lodz Solidarity was particularly active in organizing a wave of strikes and protests against the state's neglect of the mining industry. *Foreign Broadcast Information Service Eastern Europe* (FBIS-EE), Mar. 26, 1991, p. 39, Jan. 8, 1991, p. 28.
18. The national commission, for example, rejected a call by Solidarity in Lodz for a nationwide protest against nomenclature privatization and the drop in wages. *FBIS-EE*, Jan. 30, 1991, July 5, 1991, p. 23.
19. See David Ost, "Labor in the Post-Communist Transformation," Center for German and European Studies, University of California, Berkeley, Working Paper 5.17; and Peter Ranis *Class, Democracy, and Labor in Contemporary Argentina* (New Brunswick: Transaction Publishers, 1994), pp. 127-36.
20. It should be noted that in Poland many of the protests of the late 1980s were aimed primarily against the regime rather than against reform.
21. Ruth Berins Collier and David Collier, "Inducements versus Constraints: Disaggregating Corporatism," *American Political Science Review*, 73 (December 1979), 967-86; and Mancur Olson, *The Rise and Decline of Nations* (New Haven: Yale University Press, 1983).
22. See, for example, Walter W. Powell and Paul DiMaggio, eds., *The New Institutionalism in Organizational Analysis* (Chicago: University of Chicago Press, 1991); James G. March and Johan Olsen, *Rediscovering Institutions: The Organizational Basis of Politics* (New York: Free Press, 1989).
23. Mark Granovetter, "Economic Action and Social Structure: The Problem of Embeddedness," *American Journal of Sociology*, 91, (1985), 490.
24. See Powell and DiMaggio, eds.
25. Ronaldo Munck, *Argentina: From Anarchism to Peronism* (London: Zed Books, 1987), p. 134.
26. *Review of the River Plate*, Nov. 30, 1990, p. 335, Dec. 28, 1990, p. 427.
27. For example, after the flurry of adjustment measures imposed by Menem's government in the second half of 1989, UOM leader Hugo Curto declared: "We must trust the words of President Menem that workers will not be affected by the latest measures." *Bimestre Economico* (February 1990), 40.
28. *Review of the River Plate*, Aug. 30, 1990, p. 125, Feb. 29, 1993, p. 105; *Latin America Weekly Report*, July 1, 1993, p. 296; and Murillo, p. 12.
29. Alfonsín reached an accord with the conservative "15" faction of the CGT in 1987, bringing Light and Power union leader Carlos Alderete in as labor minister, but the pact was opposed by the bulk of the CGT leadership and fell apart after six months.
30. *FBIS-EE*, Oct. 21, 1991, p. 16. On the role of the intelligentsia in Solidarity, see Ost, *Solidarity and the Politics of Anti-Politics*; and Jerome Karabel, "Polish Intellectuals and the Origins of Solidarity: The Making of an Oppositional Alliance," *Communist and Post-Communist Studies*, 26 (March 1993), 25-46.
31. *Tygodnik Solidarnosc*, Sept. 8, 1989, p. 2.
32. David Ost, "The Transformation of Solidarity and the Future of Eastern Europe," *Telos* (Spring 1989), 69-71; Staniszkis; Voytek Zubek, "The Rise and Fall of Rule by Poland's Best and Brightest," *Soviet Studies*, 44 (1992), 579-608.
33. *Tygodnik Solidarnosc*, Feb. 22, 1991, p. 19.
34. See, for example, an interview with Welesa's successor to the Solidarity leadership, Marian

Krzaklewski, *FBIS-EE*, Feb. 25, 1991, p. 43, Oct. 21, 1991, p. 17; Feb. 21, 1992, p. 11; *Tygodnik Solidarnosc*, Feb. 22, 1991, p. 19, Sept. 8, 1989, p. 2.

35. *Tygodnik Solidarnosc*, Sept. 8, 1989, p. 3

36. See union leader Krzaklewski's comments in *Tygodnik Solidarnosc*, Feb. 22, 1991, p. 19.

37. Thus, in his attempt to oppose Mazowiecki in 1990 Walesa insisted that the progovernment newspaper *Gazeta Wyborcza* be banned from using the Solidarity logo on its masthead.

38. *FBIS-EE*, June 13, 1991, p. 24.

39. International Labour Office, *World Labour Report 1993* (Geneva: ILO, 1993), p. 1125.

40. *FBIS-EE*, Sept. 15, 1992, p. 14.

41. The Argentine Workers Congress (CTA), which consists primarily of white collar and public sector unions, was formed in late 1992. The Argentine Workers Movement (MTA), which is made up largely of transportation workers' unions, was created in 1993. Both organizations have militantly opposed the Menem government's neoliberal policies, but neither has made substantial headway into the CGT-dominant labor movement.

42. Jytte Klausen, "Labor's Loss: The End of Keynesianism and the Crisis of Organized Labor: Left Politics in Great Britain, the United States, and Scandinavia after 1973" (Ph.D. diss., New School for Social Research, 1991).

43. Ost, "Labor in the Post-Communist Transformation"; *FBIS-EE*, Mar. 19, 1991, p. 35.

44. *Rzeczpospolita*, Oct. 30, 1991, p. 2, Sept. 23, 1991, p. 2.

45. *La Nacion (Edición Internacional)*, Apr. 4, 1995, p. 5.

46. *FBIS-EE*, Jan. 25, 1990, p. 70, Aug. 30, 1989, p. 47.

47. *Tygodnik Solidarnosc*, Feb. 22, 1991, p. 19.

48. *FBIS-EE*, Aug. 19, 1992, p. 17.

49. Kazimierz Kloc, "Polish Labor in Transition (1990–1992)," *Telos* (Summer 1992), 141.

50. For a discussion of different types of party-union linkages, see Steven Levitsky, Lucan A. Way, and Ruth Berins Collier, "Coalitions under Stress: Governing Party-Labor Alliances in the 1980s and 1990s," paper presented at the workshop "Coalitions under Stress: Governing Labor-Based Parties in a Liberalizing World," Institute of International Studies, University of California, Berkeley, January 12–13, 1996.

51. When Menem was elected in 1989, unionists held the party vice-presidency (Roberto García), the union secretariat (Jose Lingieri), and twenty-three legislative seats.

52. Katrina Burgess, "Ties That Bind: Economic Reform and Party-Union Alliances in Mexico, Venezuela and Spain," paper presented at the workshop "Coalition under Stress: Governing Labor-Based Parties in a Liberalizing World," Institute of International Studies, University of California, Berkeley, January 12–13, 1996.

53. Total union income from membership dues does not exceed \$800,000 whereas the 291 *obras sociales* manage \$2.6 million annually. McGuire, *Peronism without Perón*, p. 257.

54. Sarah Kelsey and Steven Levitsky, "Captivating Alliances: Unions, Labor-Backed Parties, and the Politics of Economic Adjustment," paper presented at the Eighteenth International Congress of the Latin American Studies Association, Atlanta, March 10–12, 1994.

55. Richard Gillespie, "The Break-up of the 'Socialist Family': Party-Union Relations in Spain, 1982–1989," *West European Politics*, 13 (January 1990), 47–62; and Katrina Burgess, "Un divorcio a medias: Reforma económica y políticas laborales en España," *Política y Gobierno*, 2 (1995), 207–42.

56. Ruth Berins Collier, *The Contradictory Alliance: State-Labor Relations and Regime Change in Mexico* (Berkeley: International and Area Studies, 1992); and Burgess, "Ties That Bind."

57. Gay Seidman, *Manufacturing Militance: Workers' Movements in Brazil and South Africa, 1970–1985* (Berkeley: University of California Press, 1994); and Eddie Webster, "Inside and Outside the State: Trade Unions, Economic Reform and the Consolidation of Democracy in South Africa," paper pre-

sented at the workshop "Coalitions under Stress: Governing Labor-Based Parties in a Liberalizing World," Institute of International Studies, University of California, Berkeley, January 12–13, 1996.

58. The OPZZ has about sixty parliamentary representatives within SLD and depends on the government to maintain its leading role in the tripartite commission. For a discussion of different views within OPZZ on the alliance, see *Gazeta Wyborcza*, May 25, 1994, p. 3.

59. In Mexico, while union competition is low on the shop floor, it is actually quite high at the confederational level. Nevertheless, because all the Mexican confederations are linked to the PRI, competition tends to produce a "cooperative" dynamic rather than a radicalizing one. Victoria Murillo, "Institutional Legacies and Union Choices Facing the Transformation of Labor-Based Parties: The Case of Mexico in Comparative Perspective," paper presented at the workshop "Coalition under Stress: Governing Labor-Based Parties in a Liberalizing World," Institute of International Studies, University of California, Berkeley, January 12–13, 1996.

60. See Barbara Geddes, *Politicians' Dilemma: Building State Capacity in Latin America* (Berkeley: University of California Press, 1994); and Haggard and Kaufman.

61. This point is closely related to Peter Evans, *Embedded Autonomy: States and Industrial Transformation* (Princeton: Princeton University Press, 1995). However, with the exception of Gerardo Munck, "Argentina's New Critical Juncture? the Menem Revolution in Comparative Perspective," paper prepared for the Eighteenth International Congress of the Latin American Studies Association, Atlanta, March 10–12, 1994, p. 11, we have not seen such an argument elaborated for recent cases of neoliberal adjustment.