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# Multi-Level Bargaining Cartels in Periods of Transitions: On the Example of Bulgaria

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This paper examines the levels of social dialogues and the specific links among them that have emerged during the post-communist transformations of central and eastern Europe. Using evidence from Bulgaria, the author adds to the debate over the type of worldwide change in bargaining structures, with the argument that currently the post-communist region is experiencing neither decentralization nor centralization of bargaining structures. Instead, surviving state socialist structures designed to resolve conflicts on a hierarchical basis and the new, transformation-driven centralization of power have combined with decentralizing and democratizing efforts to create specific multi-level bargaining cartels. In such cartels, the scope of bargaining is both more extensive and intensive. It involves the interplay of participants and issues from different levels that contributes importantly for the advancement of economic restructuring and political democratization.

## **Keywords**

centralization, bargaining structures, cartel, economic, structure, participants, issues, Europe, Bulgaria

## **Comments**

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WORKING PAPER SERIES

# Multi-Level Bargaining Cartels in Periods of Transitions: On the Example of Bulgaria

Elena A. Iankova

Working Paper 98-22



**Multi-Level Bargaining Cartels in Periods of Transitions:  
On the Example of Bulgaria**

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This paper has not undergone formal review or approval of the faculty of the ILR School. It is intended to make results of Center research available to others interested in preliminary form to encourage discussion and suggestions.

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**Abstract**

This paper examines the levels of social dialogues and the specific links among them that have emerged during the post-communist transformations of central and eastern Europe. Using evidence from Bulgaria, the author adds to the debate over the type of worldwide change in bargaining structures, with the argument that currently the post-communist region is experiencing neither decentralization nor centralization of bargaining structures. Instead, surviving state socialist structures designed to resolve conflicts on a hierarchical basis and the new, transformation-driven centralization of power have combined with decentralizing and democratizing efforts to create specific multi-level bargaining cartels. In such cartels, the scope of bargaining is both more extensive and intensive. It involves the interplay of participants and issues from different levels that contributes importantly for the advancement of economic restructuring and political democratization.

## Introduction

The debate over the current worldwide changes in industrial relations systems has emphasized the importance of changing bargaining structures. According to many reports, changes in production organization and occupational structures, increased international competitive pressures since the early 1980s and the resulting need for lower labor costs and higher skill levels have initiated a shift towards decentralized collective bargaining in both liberal market and social market (or negotiated, corporatist) economies, in an attempt to secure greater flexibility (Katz, 1993; Trebilcock, 1994; Darbishire and Katz, 1997; Schmitter and Grote, 1997). Other authors, however, have challenged this view with empirical evidence which points in another direction--that decentralization of bargaining structures is not emerging on a global scale, as a recent converging trend in industrial relations (Ferner and Hyman, 1992; Berger and Dore, 1996; Wallerstein et al., 1997).

This paper examines the levels of social dialogues in post-communist Europe and argues that neither decentralization nor centralization is emerging as a distinct trend in bargaining structures. Instead, evidence from post-communist Bulgaria shows that in periods of rapid political and economic change the levels of bargaining become blurred, in terms of participants, content and mode of interest intermediation. This accounts for the formation of specific multi-level bargaining cartels encompassing both centralizing and decentralizing pressures.

In post-communist Europe, despite the pluralization of capitalism and the emergence of specific, national varieties, the formerly communist countries have adopted remarkably similar institutions and practices of coordination. So-called "tripartism," backed up by the idea of social dialogues among governments, unions and employers' organizations, has appeared in all of the post-communist countries, whether economically devastated or economically struggling but sound, left-wing or right-wing in government, or having strong or weak civil societies (Thirkell and Tseneva, 1992; Hausner et al., 1993; Freeman, 1993; Hethy, 1994; Pankert, 1994; Thirkell et al., 1995).

In Germany, generally considered to be a weak and anomalous neo-corporatist system (Thelen, 1991), the challenges of unification and instability in the East have brought a renaissance of neo-corporatism (Webber, 1994). In 1991 the privatization agency THA (Treuhandanstalt), state governments, unions and employers' associations negotiated an agreement, and a Solidarity Pact was concluded in 1993. In Hungary a tripartite National Council for Reconciliation of Interests, set up at the end of 1988, was revived in 1990 and at present holds regular sessions on labor, social and economic issues. In Bulgaria a national

tripartite forum--the National Council for Tripartite Cooperation, has existed since April 1990. It negotiates the minimum wage for the country, wages in budget organizations, and other aspects of incomes, social and labor policy. In Czechoslovakia the federal tripartite Council of Economic and Social Accord was established in October 1990 and from the beginning of 1993 the republican councils for economic and social accord of the Czech Republic and of Slovakia continued to function separately. Their main task is to conclude annual general agreements which define conditions of employment and incomes policy. In Poland formal tripartite negotiations became more active after the signing of the Enterprise Pact in February 1993 and the formation of the National Tripartite Commission on Socio-Economic Issues in February 1994. In Romania a joint government--trade union commission has existed since the end of 1990. Similar tripartite negotiation bodies were also created in the states of the former Soviet Union. In Russia a national tripartite commission for the regulation of social and labor relations was set up in January 1992, and each year it negotiates national wage agreements. At the same time the post-communist countries have developed tripartite institutions, at varying paces and scopes, at sectoral and regional levels.

Uniting neo-liberal (or "free market" and "adversarial") and corporatist (or "state interventionist" and "consensual") ideologies and practices, this post-communist "transformative" neo-liberal corporatism" allows both societal conflict and the maintenance of a modicum of social peace through processes of bargained exchange between government and social groups. On the one hand, it institutionalizes conflict and preserves a modicum of social peace during the uncertainties of the transformation. On the other hand, it involves deliberate conflict as a means of steering the processes of transformation. The post-communist transformative corporatism thus represents a hybrid, contradictory cooperative-conflictual form which builds on individual/group interests and which bridges politics and economics, hierarchies and markets, corporatism and neo-liberalism in an indivisible, interest-driven systemic whole (Iankova, 1997 and 1998).

This specific phenomenon of the post-communist restructuring has contributed to the "hybridization" of bargaining levels as well, or the blurring of lines among national, sectoral, regional and enterprise social dialogues. Surviving state socialist structures designed to resolve conflicts on a hierarchical basis, and the new, transformation-driven centralization of power have combined with decentralizing and democratizing pressures to create specific multi-level bargaining cartels in the post-communist region. In such multi-level bargaining cartels local, sectoral and regional actors attempt to involve central decision makers in problems with which they are having difficulties coping and issues from lower levels are often pushed

upwards for resolution. Simultaneously, however, central decision-makers and representatives of peak labor and business associations attempt to push the resolution of issues downwards, in an active effort to decentralize and democratize political mechanisms. These contradictory pressures account for the blurring of lines among participants and issues from the various bargaining levels.

To illustrate the specific features of post-communist multi-level bargaining cartels, the paper looks at the national, sectoral and local social dialogues in Bulgaria, with a focus on the electronics industry and the region of Vratza.

### Multi-Level Bargaining Cartels: The Challenges of Post-Communist Transformation

Being exposed to two simultaneous pressures--on the one hand, to adjust to the requirements of the global interlinked economy; and on the other, to catch up with the advanced industrialized world, through simultaneous economic and political restructuring--the post-communist countries have recently experienced much sharper and condensed changes, when compared with the rest of the world.

In post-communist Europe, competing ideologies of US-style neo-liberalism and of West European corporatism mutually co-exist. Both liberalism and corporatism are officially accepted and reflect a wide social consensus. Favoring individualism, rational self-interest, a minimal state role and the primacy of freedom over equality, liberalism is believed to be essential for the establishment of market economies. Corporatist social partnership, in turn, is also officially accepted by all domestic actors, and is supported by international lending institutions as a condition for granting loans for economic recovery to the region. Markets and states presented two alternatives for post-communist economic restructuring: on the one hand, unregulated markets offer efficiency and economic growth; on the other hand, an interventionist state is both economically viable and socially justifiable. Where markets are nonexistent, as in Eastern Europe prior to 1989, states are inevitably involved in their creation. But since markets are the final goal of such active state intervention (in tandem with interest groups), they are tolerated, even when embryonic, as mechanisms of further market expansion. Thus the post-communist transformations have sought to strengthen both markets and states simultaneously.

The binding together of these contrasting ideologies in a single set of--corporatist "tripartite"--institutions gives rise to the contradictory, cooperative-conflictual nature of post-communist transformative corporatism and weakens the boundaries separating liberal pluralism and corporatist social partnership. This specifically transitional trend accounts for the

blurring of boundaries among participants (“institutional pluralization and polarization”), modes of interest intermediation (“conflictual consensus”), content (“mixed industrial, economic and political”) and levels of activity (“multi-level bargaining cartels”) as a hybrid transitional form of bargaining where bargaining is both more extensive and intensive.

In contrast to the “standard” three major actors of west European corporatism (governments, trade unions and employers’ organizations), post-communist transformative corporatism involved multiple and diverse participants in processes of bargained exchange, often blurring the lines between industrial relations and politics. It secured flexibility for fast and successful political democratization and economic restructuring towards internationally competitive market economies, by incorporating a broader range of interest groups--political parties, youth organizations, religious organizations, different social movements, and others. The transforming countries of central and eastern Europe underwent whole stages of civil arrangements on the main steps of the transitions. Almost all societal interests from the various levels were engaged in the political round tables that were initiated in each country between 1989 and 1990. Political agreements and pacts on the parameters of the peaceful extrication from state socialism were signed by all participants in the round tables.

Later, major political pacts on economic restructuring were also signed by the state and a broad variety of political parties and social organizations, including unions. Such pacts as a rule preceded the signing of tripartite agreements within the social dialogue forums. An example is the Bulgarian Political Agreement for Peaceful Transition Towards Democracy, signed in January 1991 by 15 political parties and organizations, including trade unions, which preceded the signing of the National Tripartite Agreement for Preservation of Social Peace; another Political Agreement was signed in June 1991 which preceded the signing of the Tripartite Agreement on the Further Course of Economic Reform and Preservation of Social Peace.

The state, trade unions and emerging employers (initially alliances of state managers) remained the core actors in the post-communist corporatist bargains, though. In sharp contrast to the corporatism in established liberal democracies where identities and interests can be modified in the process of concertation, but the actors enter negotiations with given organizational identities and sharply articulated interests (Streeck and Schmitter, 1985), new identities and interests were emerging and vanishing spontaneously in the initial phases of the post-communist transformations. Aiming at functional and organizational separation from the state, trade unions experienced a boom of pluralization and fragmentation in the beginning of the transformation, then, as it advanced, underwent a period of consolidation and mergers.

More distinct employers' organizations also began to emerge, under the pressure from the other partners, especially trade unions, in order to participate as legitimate third partners in social dialogue.

Because of the weakness of employers' organizations, the transformative corporatism of post-communist Europe is often presented as "bipartism" (Thirkell et al., 1995). In post-communist Europe, as in other democratic corporatist states (Turner, 1991), unions appear to be the central pillar of corporatist arrangements. The quick formation of union organizations and the spread of union pluralism, the broad orientation of union activities, and the active involvement of unions in the political arena contribute to their powerful political potential. Ironically, however, while tripartite social dialogue was mostly supported by trade unions, their members were the main losers of the transformations. In terms of defending the concrete individual interests of their members, the engagement of unions in politically-rooted social dialogues at all levels became a "suicidal" activity, in the name of a prioritized common national interest towards the fast and successful establishment of a liberal democracy and a market economy. As a tool for social and industrial peace, transformative corporatism is unchallenged and it became the transformation vehicle for the post-communist political and economic restructuring.

Because none of the social partners are monolithic, an inter-group, cross-class approach of analysis is useful for the understanding of emerging practices. This approach, used by P. Swenson for the analysis of the Scandinavian cases, disaggregates classes to focus on conflicts within as well as between capital and labor (Swenson, 1991). In post-communist Europe, the prevailing ideological polarization between "old" and "new" actors and institutions has produced stronger alliances between some workers/unions and managers than between the different union organizations, especially in the earlier stages of the transformations. The phenomenon of "managers on strike," together with their employees and against continuing centralized state control was widespread in the beginning of the Eastern European transformations, and accounted for the cartelization of social dialogue.

The broad political goals pursued by post-communist transformative corporatism have also contributed for the blurring of lines among the principal actors in social dialogues. The broad political goals of transformative corporatism in countries such as Poland included the political legitimation of democratic opposition forces, and the restructuring of the state towards a liberal democracy. In countries such as Bulgaria, because of the strength of former communist organizations, transformative corporatism was initiated by old organizations (the former Communist Party, and the successors of the old unions) and included their political

legitimacy in the face of a rapidly emerging and consolidating democratic opposition. This explains the initial reluctance of the Solidarity trade union in Poland to participate in government-union talks on one and the same table with the old unions OPZZ, and the initial reluctance of the new trade union formation in Bulgaria--Podkrepa Confederation of Labor--to participate in government-union talks together with a socialist (former communist) government and with the Confederation of the Independent Trade Unions in Bulgaria (CITUB), the successor of the old unions.

The contradictory and hybrid nature of post-communist transformative corporatism was further manifested in terms of modes of interest intermediation. As a result of the frequently changing political context, and the sharply expressed dilemmas of shock therapy versus gradualism or of neo-liberalism versus social markets, post-communist tripartism combined policy concertation with non-"wild," internally channeled open conflict when pressing political demands or urgent economic needs tipped the fragile balance of power. In addition, there are less radical but still clearly pronounced cooperative-conflictual strains. They are manifested through two main channels: (a) relatively frequent breakups in official social dialogues; and (b) increased intraunion tensions between the pro-government union elite on the one hand and the local union activists and rank-and-file on the other.

Social dialogue in post-communist Europe was also "hybridized" in terms of content and included some non-typical and non-standard bargaining issues, coming from the pure political and economic arena. It marked a significant shift away from the state socialist practice of planning job grades, pay rates and wage funds centrally. Like the corporatism practiced in developed market economies, discussions focused on two major issues: (a) wages and incomes policies (minimum wages and other protected payments, such as pensions and children's benefits; wages in state enterprises from industry and in the public sector; and other related topics); and (b) employment and unemployment issues, including social protection. However, social dialogue also included, on the one hand, discussions of economic reforms, such as restructuring and fiscal and privatization policies and questions of political liberalization, where it interfered with the standard corporatist agenda. And on the other hand, the legacy of the highly centralized state socialist economy and the unavoidable centralization of decision-making during the uncertain transformations led to the involvement of national social dialogue in numerous local and sectoral cases of social and industrial tension.

The multi-level bargaining cartels differ from both centralized and decentralized bargaining patterns. In a centralized setting conflict resolution and collective bargaining involve only participants from the top level. In a decentralized setting, similarly, the resolution

of problems and collective bargaining involve predominantly local actors. In a multi-level bargaining cartel, in contrast, while the pressure to resolve conflicts often comes from local social partners, issues are jointly resolved by actors from various levels. The Bulgarian case reveals that regional and sectoral corporatism involve both an effort to decentralize and democratize the mechanism of problem solving, and a “preventive” effort to centralize this mechanism, in case local actors are having difficulties coping with local problems, when economic and political power remains still highly centralized. For example, approximately 75 percent of the agenda of the tripartite industry-wide council in Bulgarian electronics is about concrete problems in concrete enterprises; the situation is almost the same in the tripartite regional council in the Bulgarian region of Vratza.

The emergence of multi-level cartels of social dialogues in post-communist Europe was facilitated by the organizational centralization of the social partners. In Eastern Europe centralized union and employers' structures emerged from the highly centralized union and management structures of the state socialist model. In addition, the uncertainties of the transformation require centralization of power, and hence--of organizational structures. However, the centralization of structures is combined with efforts to decentralize and democratize the organizations, which accounts significantly for the hybridization of bargaining levels.

#### National, Sectoral and Regional Social Dialogues in Bulgaria: Towards Multi-Level Bargaining Cartels

In Bulgaria, social dialogue emerged first at the national level. In March 1990 a General Agreement was signed by the government, the Confederation of Independent Trade Unions in Bulgaria (CITUB), and the Union of Economic Managers. The Agreement was designed to combat the economic crisis and to control social wrath, before economic reforms were introduced. In April 1990 the signatories of the General Agreement became partners in a tripartite National Commission for Coordination of Interests, and a new Agreement on Indexation of Incomes was concluded in August 1990, laying the social basis for the start of economic reforms. The Agreement on Preservation of Social Peace, completed in the beginning of 1991, was directly linked to economic reforms, and in June 1991 a second agreement on social peace was concluded. Social partnership was temporarily frozen at the end of 1991 with the formation of a neo-liberal government by the Union of Democratic Forces, and only following extreme pressure from unions and international organizations did the government establish a new social dialogue body--the National Council for Social Partnership,

in May 1992. Finally, in the beginning of 1993 the National Council for Tripartite Cooperation was formed following the adoption of a new Labor Code, which made social dialogue and social partnership mandatory.

The Council comprises representatives of the government and of the organizations of employees and employers recognized by the Council of Ministers as nationally representative. On the union side, these are the CITUB, Podkrepa CL and OSSOB. On the employers' side, these include the Bulgarian Industrial Association, the Bulgarian Chamber of Commerce and Industry, the Union of Economic Enterprising, and the Vazrazhdane Union of Private Producers. Standing expert commissions were created, to facilitate the work of the National Tripartite Council, on: Labor Force--Employment, Unemployment, Qualification and Requalification; Incomes, Prices and Living Standards; Collective Labor Disputes; Social Insurance and Social Aid; International Labor Legislation and Work with the ILO; Conditions of Work; Privatization and Restructuring of the Economy; Financial, Credit and Tax Relations; and Specific Problems of Employees in the Public Sphere.

To avoid the old state socialist pattern of centralized decision-making and the negative consequences of centralization stemming from the uncertainties of the post-communist transformations, corporatist arrangements in Bulgaria, which emerged at the national level, were quickly spread to lower sectoral and regional levels. The numerous locally-based social and industrial protests of the winter 1989-90 strike wave were predominantly targeted at upper managerial structures and the national government and its ministries. A variety of levels of government became parties to the disputes. Although the majority of disputes were between workers and plant managements, approximately one third were between the workers and higher levels of government--the ministries, especially health and education (Thirkell and Tseneva, 1992). In 1990, to reduce the overwhelmingly dense direct involvement of the state and the national social partners in the resolution of local problems, the social partners negotiated the development of social dialogue at lower sectoral and regional levels.

Sectoral tripartism developed in all industries and branches, while regional tripartite bargaining developed mainly in regions with heavy restructuring problems and rapidly rising unemployment. Tripartite sectoral agreements, replicating the major provisions of the national General Agreement, were signed in all industries and by the end of 1994 sectoral tripartite forums were functioning at each ministry. At the regional level, local actors faced rocketing unemployment and a drastic decline in real wages and living standards. In addition to ad hoc efforts to prevent uncontrollable social dissatisfaction, the emerging local social dialogues sought quick economic revitalization through regional restructuring.

The sectoral and regional social dialogues emerged as an integral part of the national social dialogue in Bulgaria. The sectoral and regional agreements were tightly interwoven with the agreements signed by the national social partners and the national tripartite forums. And the sectoral and regional tripartite fora were tightly linked with upper bargaining structures. The hybridization of social dialogue in terms of levels of activity increased the decision-making potential of sectoral and local actors as much as possible while recognizing the inevitability of centralized decision-making during transformation and keeping a modicum of direct involvement by upper forums and state structures in the resolution of sectoral and local conflicts. These conflicts were predominantly centered around acute industrial disputes in different state and municipal enterprises, in regard to rapidly rising unemployment, and around various sectoral and regional social problems.

The sectoral and regional tripartite fora became important as intermediate problem solving organs. On the one hand, if the social partners could not reach consensus for the resolution of a specific problem, or if a problem could not be resolved at the sectoral or local level, or if the respective social partners lacked competencies needed for a resolution, problems had to be transferred from sectoral and regional fora to the national level. On the other hand, agreements reached at the national tripartite body were mandatory for the sectoral and regional councils.

The interweaving of national, sectoral and local social dialogues found expression in terms of: (1) participants (“institutional pluralization and polarization”); (2) content (“mixed industrial, economic and political”); and (3) mode of interest intermediation (“conflictual consensus”).

First, in terms of participants, as initially there were no official requirements for recognition, the sessions of the Bulgarian national tripartite forum were open for any interested organization (interest groups, political parties, social movements). Some of the political parties sent their representatives to these sessions as observers, while the National Student Confederation participated regularly in the work of the national tripartite forum in 1990 and 1991, with consultative functions. Initially it was also easy for some autonomous sectoral unions and federations to become parties to sectoral tripartite agreements or sectoral institutionalized organs of social partnership. The autonomous Union of Workers in Energetics, for example, was a social partner in the Branch Tripartite Commission for Coordination of Interests in Energetics, together with two unions from the CITUB and one from Podkrepa CL.

With the new Labor Code of 1993 social partners in national, sectoral and regional social dialogues could become only those organizations which were recognized as representative at the national level. The regulations for the work of the national tripartite forum called for the formation of tripartite sectoral and regional councils but only at the request of sectoral and regional structures of any of the social partners participating in national talks with the government. Furthermore, the criteria for national recognition in some sectors were tightened by the social partners and made even more restrictive than those officially fixed by government decree (at least 50 union organizations in a sector and at least 50 employers in a sector, in order for a union or employers' organization to be recognized as representative at the national level).

Sectoral and regional social dialogue was more episodic than regular with the start of the transformation processes, mainly due to the absence of employers' structures and structures of Podkrepa CL in many industries and regions. Because there were at first no distinct employers' structures, directors of enterprises represented state employers in some of the sectoral and regional tripartite forums. The employers' organization most commonly represented in sectoral and regional social dialogue is the Bulgarian Industrial Association.

With the new Labor Code, a sectoral tripartite commission typically came to comprise representatives of the respective ministry (at the rank of a deputy-minister), of the sectoral federations of the nationally recognized union confederations which participate in national social dialogue, and representatives of the sectoral structures of the nationally recognized employers' organizations. At the bigger ministries, more than one tripartite forums corresponding to a variety of economic subsectors were established. For example, at the Ministry of Industry, Trade and Services, which was a partner to more than 40 federations and trade unions, six to nine separate sectoral tripartite commissions were set up; and at the Committee on Energetics two tripartite subcommissions were set up, corresponding to the two branches--Electrical Production and Coal Production.

At the regional level, two distinct types of tripartite organs emerged. On the one hand, social dialogue forums sought to guarantee "social peace" through local initiatives to resolve regional social problems, restructure the local economy and combat regional unemployment. As the Vratza case study further demonstrates, such forums tend to duplicate the activities of the national tripartite forums. On the other hand, tripartite structures on employment issues also emerged in some regions. The so called tripartite consultative committees were created in 1993 in response to the National Program on Temporary Employment, but they developed

as independent bodies only in regions where "social peace" forums had ceased to exist or had not been created at all before 1993.

A regional tripartite commission for the preservation of social peace typically included representatives of the local government (mayor or deputy-mayor), local unions (Podkrepa CL and the CITUB), and the existing employers' structures at the local level. Initially the lack of regional structures in both Podkrepa and some of the employers' organizations retarded the development of regional social dialogue. Thus, while the Statute of the National Tripartite Commission recommended the formation of regional commissions in 242 of the 273 municipalities in Bulgaria, by the end of 1991 only about 50 municipal tripartite commissions had been established.

Since 1993, with the strengthening of the Professional Qualification and Unemployment Fund and the adoption of the National Program on Temporary Employment of the Ministry of Labor and Social Affairs, tripartite consultative committees on employment issues began to be created. The Program has attempted to combat unemployment by creating jobs, for a period of up to five months, for the registered unemployed in a region. Employment was offered in the main communal activities of the region, such as communal and public services, urbanization, maintenance of communal property, historical monuments and tourist objects, social aid, and others.

Four major institutions from various levels became involved in the program: the Ministry of Labor and the National Employment Agency, as well as local employment agencies; local self-government (the municipal council) and local state administration; organizations of local employers; and tripartite consultative committees. Each tripartite consultative committee comprises two representatives of local self-government, two representatives of the unions (one from the CITUB and one from Podkrepa CL), and two representatives of existing regional employers' organizations. The tripartite consultative committee deals with the proposals of local authorities for job openings within the Program on Temporary Employment. It has the right to approve or reject these proposals, according to certain criteria. The main outcomes are protocols of agreement on which the National Employment Agency bases its subsidy for the region. In addition, the tripartite consultative committee periodically discusses information from the local state administration and the local labor office about the fulfillment of the National Program on Temporary Employment (National Program, 1994).

Second, important interweavings with the national level could be found in the content of sectoral and regional social dialogues. At the national level, the tripartite forum focused much of its attention on the resolution of labor conflicts and preservation of social peace for the

successful transition towards a market economy and a liberal democratic state; wages (such as the minimum wage for the country and other protected payments which are calculated as a percentage of the minimum wage; and wage increases and protections against inflation in both the public sphere and in state enterprises of material production); incomes (such as minimum levels of income and pensions, and other labor market issues related to living standards; indexation of incomes against galloping inflation; work conditions; and mechanisms of social insurance, pensions, social aid); and strategies and policies in the area of employment and unemployment (such as the development of national and regional employment programs and measures against unemployment, including mechanisms for setting unemployment benefits, the system of training and retraining of unemployed, the defense of the national labor market, and the formation, governance and budget of the Professional Qualification and Unemployment Fund). In addition to these typical corporatist issues, the national council discussed also some pure economic issues such as methods for privatization of the state sector, government's monetary and taxation policies, as well as a great amount of industry-wide, sectoral and regional problems.

As at the national level, the main purpose of sectoral social dialogue was the resolution of major industrial conflicts. The first sectoral commissions for coordination of interests met only to discuss written requests from local firms and enterprises for the resolution of concrete problems. As the transformation progressed, however, issues and problems put forward by the ministries and other state organs began to dominate, and the sectoral tripartite forums focused their attention on issues such as privatization, economic restructuring, and other macroeconomic policies, including the minimum wage policy in the sectors. Furthermore, the polarization between "old" and "new" parties, institutions and organizations, inserted into the agenda of the sectoral tripartite councils such personnel and cadre issues as the replacement of directors and members of management boards. Broad public consensus was necessary for the dismissals of company directors. Discussions of such issues within the tripartite forums were most frequent in 1993, when the UDF government replaced many company directors (old nomenklatura). The tripartite councils, representing contradicting group interests, attempted to work out criteria for the replacement of directors. When the social partners could reach consensus, they submitted proposals for dismissals to the respective branch ministry. This politicization of the councils stems directly from and reflects the contradictory nature of the processes of simultaneous political and economic transformation in Bulgaria. On the one hand, the councils began to act like the old Communist Party organs in taking decisions on personnel issues in state companies and in closely supervising the activities of enterprise

directors. On the other hand, this peculiar politicization of the tripartite councils helped to depolarize the highly polarized political relations at lower levels.

And third, the peaks and break-ups in sectoral and regional social dialogues corresponded to the peaks and break-ups in national social dialogue (see tables 1, 2 and 3). Most of these break-ups were politically rooted in election campaigns and changes in government. At the end of 1990, national social dialogue ceased to exist as Podkrepa CL initiated a massive national strike against the Lukanov socialist (former communist) government which led to its resignation and the formation of the Popov coalition government of compromise where the democratic opposition held the key ministries of economy and finance. That government, actively using the social partnership mechanism, could secure social peace in the country with two social peace agreements, and was able to launch a variant of neo-liberal shock therapy in the country. The monetarist program of the government was short-lived, however. In the summer of 1991 the agreed structural measures were undermined by political pressures (in and out of parliament) for new elections, and a new deadlock in economic reform set in. Active preparation for the October 1991 elections led to a discontinuation of social dialogue at the end of September 1991. The formation of the Dimitrov government of the Union of Democratic Forces with a firm neo-liberal and anti-union policy led to a tremendous worsening of social partnership in the country, with several government attempts at its discontinuation. The non-confidence vote in parliament against this government at the end of 1992 led to a new temporary freezing of national social partnership. Furthermore, in the fall of 1994 (with the national parliamentary elections), in January 1995 (with the formation of the Videnov socialist government), and at the end of 1996 (with the sharp deterioration of the Bulgarian economy and the fall of the Videnov cabinet), Bulgarian social partnership was once again discontinued for pure political reasons.

Another major rupture, this time as a result of an internal dispute among the social partners, occurred in April 1994. The conflict began with a dispute over the signing of the sectoral collective agreements in the Sectoral Commission on Machine-Building. The employers insisted that they and the unions be the only signatories to the industry-wide collective contract for 1994. The unions requested continued direct state involvement in the bargaining process because of the dominance of state property. The conflict also involved specifics of the sectoral contract, such as the procedure for mass lay-offs and the minimum wage. Since the unions and employers could not reach an agreement, the employers withdrew their signature from the 1993 collective contract. The cartelized nature of social dialogues was immediately manifested. In April 1994, as a result of this sectoral conflict and some national

disputes related to the process of economic reforms, the unions discontinued their participation in the National Tripartite Council, and national social dialogue ceased until the election of a new provisional government in early October 1994. Sectoral tripartite councils did continue to function after April 1994, but mainly in cases of emergency, for the resolution of urgent industrial conflicts either in the sectors as a whole or in major enterprises of the sectors. The legal requirement (Law on the Resolution of Collective Labor Conflicts) that unions could not strike unless they had first taken their complaint to the appropriate upper state organ (ministry) for negotiations, contributed to the partial preservation of sectoral social dialogue.

The interweavings of national, sectoral and regional social dialogues in Bulgaria was most often manifested in cases where sectoral and regional tripartite forums could not reach consensus. Although, in such cases, the partners could act on their own, without transferring the problem to the national tripartite body, involvement of the national forum was more common. For example, the demand by the National Union of Teachers at Podkrepa CL that the budget for education be strictly implemented was initially discussed in the Sectoral Council for Education, then in the Commission on Incomes, Prices and Living Standards of the National Tripartite Council, and then three times in the plenary sessions of the National Tripartite Council. Since none of these negotiations led to consensus, the Union started national protest strike actions in April 1993.

All these peculiarities of national, sectoral and regional social dialogues in Bulgaria point to the blurring of lines among the different levels of bargaining in the period of post-communist transformation and the emergence of multi-level bargaining cartels as a hybrid transitional form of bargaining. The cases of Bulgarian electronics, the ELPEN company and the Vratza region which are discussed in the next sections, further reveal some important characteristics of these bargaining cartels.

### *The Case of Bulgarian Electronics*

Bulgarian electronics was a priority industry under state socialism, and Bulgaria specialized within the Council for Mutual Economic Assistance (CMEA) in the production of computers and automated management systems, including those used in the military-industrial complex. Over 90 percent of the electronics production had guaranteed markets in the CMEA countries, mostly the USSR, and by the 1980s Bulgaria had developed highly qualified specialists in this industry.

After 1989, the disintegration of the CMEA markets most severely hit Bulgarian electronics. In addition, high interest rates and increasing inter-company indebtedness

hampered any attempts by the electronics companies at restructuring. While in 1988 the industry contributed almost 17 percent of GDP, in 1994 it produced not more than 4 percent. In 1992, losses in electronics accounted for 22.4 percent of the total losses of Bulgarian industry. Electronics suffered the deepest drop in production of any industrial sector. In 1994, when national industrial sales increased 4 percent over 1993, sales of electronics production decreased almost 10 percent. Employment in electronics was also drastically reduced: from 197.8 thousand in 1990, to 89.4 thousand in 1993, and to only 40 thousand in 1995. Wages and remuneration in electronics are paid extremely late and are at least 10-15 percent lower than in other sectors (Bojadzhiev, 1995: 5). Because of the general delay in privatization in Bulgaria, privatization remains low in electronics. A total of 64 enterprises in the electronics and electrotechnical industry were selected by the government for liquidation, but they are not yet privatized (Social and Economic Development, 1995: 87).

Social dialogue in electronics is an integral part of social dialogue at the Ministry of Industry. In 1991, the Minister of Industry and Trade signed an agreement with the central leadership of Podkrepa CL and the CITUB to regulate social partnership at the Ministry of Industry. The Ministry became the social partner to some 40 union federations. In exchange for some job security, retraining and social benefits, unions agreed not to organize strike actions before negotiations were held in the appropriate tripartite forums at the Ministry. The organizational structure of conflict resolution at the Ministry of Industry included four levels: (1) at the enterprise level, bipartite union-management commissions for coordination of interests; (2) bipartite union-employer commissions at the Ministry of Industry for the discussion of labor and social conflicts which could not be resolved at the enterprise level; (3) in cases of unreached consensus, the problem had to be transferred to one of the six tripartite sectoral commissions which involved representatives of the ministry: Ore Production and Metallurgy; Chemical, Biotechnological and Paper Industry; Machine Building; Electronics; Light Industry, Timber and Furniture Industry; and Trade and Services; and (4), if the social partners at the Ministry could not reach consensus, a protocol for differences in opinions had to be sent to the national tripartite forum.

With the adoption of a new Labor Code in 1993, the trade unions and the employers' organizations were required to meet some minimum standards of representation. The social partners at the Ministry of Industry set up additional requirements, higher than the minimum criteria prescribed by the Labor Code. For example, in order to be recognized as a social partner in electronics, a sectoral union had to have not only 50 local union organizations in the sector--the legal requirement for all-national recognition--but also to cover more than 50

percent of the branches in the sector. An employers' organization had to cover not only 50 employers--the requirement for all-national recognition--but also more than 50 percent of the employers in each sector. In addition, in order to be recognized, the union and employers' organizations had to develop organizational structures in all the regions with activity of their specific sectors.

As already discussed, the official cessation of social dialogue at the Ministry of Industry in the spring of 1994 led to an eight-month hiatus in the national social partnership. At the Ministry of Industry, social dialogue was restored in June 1995, with the Videnov socialist government. An Agreement for Tripartite Cooperation was signed between the Minister of Industry and the numerous social partners at that Ministry: fourteen sectoral chambers of the Bulgarian Industrial Association; sixteen CITUB federations and sectoral unions; seven Podkrepa unions; and six unions of the newly recognized trade union confederation OSSOB. The agreement continued the trend away from discussions of purely local labor issues and the resolution of enterprise labor conflicts. It established tripartite cooperation in areas which are typically covered by labor-management negotiations for the conclusion of sectoral collective agreements in the developed market economies. Social dialogue at the Ministry of Industry focused on issues of workforce, such as employment, training and retraining, wages, incomes, social insurance, and collective disputes. It covered also work conditions--work time, holidays, leisure, rest and recreation and labor legislation--as well as the social aspects of privatization and restructuring in the industrial sectors, and concrete issues of social partnership at the Ministry.

Initially the prevalence of state property necessitated the involvement of the state as a third direct partner in the bargaining structures at the national, sectoral and regional levels. After the 1994 conflict at the Ministry of Industry which reflected the advancement of the economic reforms and the increasing pace of privatization, the state's role in sectoral social dialogue at the Ministry of Industry has been reduced to that of a mediator and guarantor of the collective agreements signed by unions and employers.

The organizational structure of social partnership at the Ministry of Industry was subsequently changed, to reflect these new developments. An additional umbrella structure was created--the Departmental Council for Social Partnership-- with two specialized commissions on Control for the Preservation of Ownership and Social Coverage of Privatization Processes. At present social partnership at the Ministry of Industry is realized at two levels: the all-industry, which includes the whole system of industrial activity; and the sub-industrial, involving a particular sector or sectors with similar activities or problems. At the all-

industry level social partnership is realized through a Departmental Council, while at the sub-industry level, through eight sectoral tripartite councils (See Figure #1).

The Departmental Council is chaired by the Minister of Industry and its area of competence covers general problems in the Ministry, such as the coordination of proposals for normative acts on labor legislation, wages, social insurance, employment, training and retraining, corruption, privatization, ecology and safety of work, collective bargaining at the enterprise level, and others. The Departmental Council further deals with the resolution of concrete problems which have not been resolved in the sectoral tripartite councils. It is also responsible for establishing communication with the social partnership organs in the other ministries and with the social partnership structures at the national level. The Departmental Council includes representatives of the Ministry of Industry, the chairs of the eight sectoral councils for tripartite cooperation, the Chief of Department "Leasing of Management and Social Policy," the chairs of the federations of the three nationally recognized trade unions, and the chairs of sectoral associations of the nationally recognized employers' organizations. The Council holds sessions once a month and takes decisions by consensus.

To facilitate the process of privatization and to minimize its social risks and negative consequences, two specialized commissions were created on a par with the Departmental Council: "Social Insurance of the Privatization and Liquidation Processes"; and "Control Over Property Transformation of the Economic Objects". The commission on "Social Insurance of the Privatization and Liquidation Processes" focuses on the social aspects of the pre-privatization period, worker participation in privatization, control of hidden privatization in industry, and social aspects of the liquidation processes. The second commission, "Control Over Property Transformation of the Economic Objects", ensures that privatization of enterprises in the system of the Ministry of Industry is carried out legally and guards against hidden privatization.

At the sub-industry level social partnership is realized through eight sectoral councils: Machine-Building; Electronics and Electrotechnics; Chemistry and Mineral Oil Processing; Metallurgy; Timber, Forestry and Furniture Industry; Light Industry; Mineral Resources; and Special Production. According to the 1995 Agreement the major task of these sectoral councils is to conclude collective contracts which regulate employment relationships in all companies in the system of the Ministry. The activities of the sectoral councils are coordinated by Sector "Social Partnership" of the Department "Leasing of Management and Social Policy" at the Ministry of Industry.

These sectoral commissions have the competence to discuss and resolve all problems arising in regard to issues of employment, wages and incomes, sectoral collective contracts, labor conflicts, and inter-branch relations and communication with national tripartite organs. The main focus of the sectoral tripartite commissions thus gradually shifted from the resolution of local labor conflicts and prevention of strike actions to the preparation of annual sectoral collective agreements, with the state involved as the major employer in these sectors. The agreements regulated issues of wages, labor effectiveness and inflation, employment, working time and holidays, training and retraining, health and safety at work, and other social problems.

The Sectoral Council "Electronics and Informatics" was formed in 1992, with representatives of the Ministry of Industry, the Branch Chamber in Electronics at the Bulgarian Industrial Association, Podkrepa's Federation "Electronics, Electrotechnics and Informatics" (3,000 members), and three CITUB trade unions--the Federation of Trade Union Organizations from Electronics and Machine-Building (18,000 members), the Trade Union Federation of the Organizations from Electronics, Machine-Building and Informatics (5,600 members), and the small Electrotechnical Trade Union. The slow pace of privatization and the impoverishment of the Bulgarian population are a base for the increased social and economic tensions in electronics. Such tensions arise mainly between the unions and the state, since the Branch Chamber of employers in electronics has small influence and the unions prefer to negotiate directly with the Ministry of Industry. The relations between the CITUB and Podkrepa in the tripartite council are, thus, not conflictual, but even cooperative.

The work of the Tripartite Council focuses on three major topics: first, resolution of concrete problems and conflicts in the companies within the sector, especially those concerning union demands for replacement of company directors and board members; second, negotiation of collective agreements regulating wages and work conditions in the sector; and third, discussions of the parameters of the economic reform in electronics. Between August 1992 and March 1994, the Council held 62 meetings (See Table #2), and the most often discussed issues referred to concrete problems in companies (See Table #4). If a total of 186 cases of local social tension were discussed in the Council, the majority of them--90 cases--involved replacements of company directors and members of management boards. Problems of company restructuring and analyses of the financial and economic conditions in local enterprises comprised 67 of the cases, while lay-offs and the implementation of local collective contracts accounted for 10 cases each, and strikes and other protest action, 9.

The almost exclusive focus on personnel issues accounted for the high politicization of the Tripartite Council. The deep economic crisis in the sector and the low pace of privatization,

and the overall polarization of political life in the country between “old” and “new” interests, parties and organizations also contributed. Compared with tripartite councils in sectors experiencing less severe restructuring problems, the electronics council was much more politicized and was granted much greater and more direct decision-making responsibilities. Thus the Minister of Industry, Bikov, reached an agreement with the trade unions that company managers would not be replaced without the consensus of the Sectoral Tripartite Council. In return the unions agreed to a six-month moratorium on strikes in all the companies where new directors had been appointed with the Council's consent. This rough corporatist bargain was targeted against hidden privatization and at neutralizing some controversial political issues, especially the replacement of company directors, which had overwhelmed economic concerns. Of about 500 directors, or one third of the directors in all sectors of the Bulgarian economy, replaced, 430 of them were replaced by the Ministry of Industry, and a great number of the dismissals occurred in electronics.

A second major area of negotiations is the signing of collective agreements regulating employment relationships in the sector. An agreement signed in November 1992 by the social partners in the sector regulated the minimum wage in the industry, compensation of wages for inflation, and additional payments for education, night work and additional work. The agreement further regulated work conditions and premiums, employment and professional development, health and safety, work time and holidays, social insurance, and the relations between the social partners. The 1994 conflict over the signing of collective contracts was manifested in this sector as well. The Sectoral Chamber of Employers in Electronics and the Ministry of Industry thus insisted that the agreement that was in a process of renegotiation should be signed only by the employers, while the unions demanded the direct involvement of the ministry. The collective agreement was renewed in 1995, after the restoration of social dialogue at the national and lower levels.

The macro-parameters of the restructuring of electronics also took up some of the Sectoral Council's time. Under the PHARE Program, several consulting companies helped to assess the restructuring of the sector. The government program for restructuring aimed at liquidating the old marketing monoculture and optimizing the utilization and management of the huge investments in electronics. The program also sought to regulate the indebtedness of companies, which hampered their quick restructuring. Foreign investments were sought, and joint ventures with foreign capital were created in telecommunications, microelectronics and computer technics. The unions and employers criticized the analysis of the Ministry of Industry

for envisaging a reduction in employment in electronics and electrotechnics to 30 thousand. The unions also criticized the strikingly slow pace of privatization in the sector.

The economic devastation of the sector has led to frequent strikes and other protest actions. The first strike was organized during state socialism, in 1975 by engineers in the Company for Memorized Equipment--Plovdiv. Once part of Bulgaria's 'elite' industry, employees in electronics, since 1989, have organized many independent protest actions, especially during the Berov government. They also organized one of the longest strikes in the country. In DZU--Stara Zagora, for example, a strike in 1990 lasted for almost two months. Most of the tensions resulted from the government's unclear policy and strategy for economic restructuring. In 1993 Podkrepa protested officially to the Bulgarian parliament, the Council of Ministers and the Ministry of Industry, demanding the quick adoption of a comprehensive strategy for the development of the sector, and the creation of legislative protection for domestic production. Other demands focused on the resolution of the problem of bad debts, the fulfillment of the sectoral agreement in electronics and electrotechnics, the payment of all overdue wages and the creation of a program for optimal employment in the sector.

#### *The Case of ELPEM Company*

In 1996, the case of ELPEM--Sofia, was discussed three times in the Sub-Sectoral Council for Tripartite Cooperation "Electronics and Electrotechnical Industry" at the Bulgarian Ministry of Industry.

The problem with union joint representation in the company and the acceptance of a joint draft project of a collective contract for the company was raised in the Sectoral Council for Tripartite Cooperation "Electronics and Electrotechnics" at the Ministry of Industry in January 1996. ELPEM has organizations of CITUB--with 200-300 members, and of Podkrepa CL--with 70 members. (In the spring of 1996 a new union organization belonging to the autonomous trade union "Nezavisimost" which is not nationally recognized was created.) According to the Bulgarian Labor Code one employer could conclude only one collective contract with the unions in the company. When unions cannot agree on a joint representation in collective bargaining, a general meeting of the employees has to vote for one of the competing union projects.

ELPEM's 1996 collective bargaining campaign resulted in the creation of a Commission for Collective Bargaining. The sections of Podkrepa and CITUB in the company, however, could not reach an agreement for joint representation and a joint project for collective contract. Subsequently ELPEM's Podkrepa section demanded from the Sub-Sectoral Council for

Tripartite Cooperation "Electronics and Electrotechnical Industry" at the Ministry of Industry to mediate for extension of negotiations with management regarding the conclusion of the company's collective contract for 1996. After discussions, the Tripartite Council reached consensus on four basic issues: (1) It recommended that the two union organizations in the company--Podkrepa and CITUB--collaborate and prepare a joint draft; (2) It recommended that the company's management disclose necessary information to the trade unions; (3) It recommended that the Podkrepa section in the company should deliver its own draft of collective contract to the Commission on Collective Bargaining; And (4) Another consensus was reached in the Sectoral Council that the director of the company should postpone the general meeting of the company (meeting of representatives).

As no consensus between ELPEM's unions was reached, despite the recommendations of the Sectoral Tripartite Council, the director of the company convened a general meeting of the employees on 19 February 1996. The workers voted for the CITUB's proposal (80 percent) and the management of the company concluded the contract with CITUB on 26 February 1996. After its conclusion the Podkrepa and Nezavisimost unions also joined the contract, according to the legal procedure.

After the conclusion of ELPEM's 1996 collective contract, a Commission for Social Partnership was created in the company in January 1996. The social partnership commissions found in some Bulgarian companies, are not mandated by law, as are the similar commissions at upper levels. The ELPEM's Commission for Social Partnership was created with a lot of effort and guidance from the Sectoral Council for Tripartite Cooperation "Electronics and Electrotechnical Industry". Although the collective contract had been concluded only with the CITUB organization, an agreement was reached that all unions could participate in the work of this commission. There are six representatives in the Commission--three from the management side, and one from each union. The Commission meets once per month and discusses predominantly social issues, such as summer holiday cards, rest and recreation facilities, distribution of social aid to employees in need from the company's Social Fund, and others. The Commission is not supposed to discuss wages and other sources of social tension in the company. The Commission, after reaching consensus on a certain issue, signs a protocol of agreement and prepares a draft-ordinance of the director (mainly in regard to the distribution of funds from the Social and Cultural Fund). Due to its preventive work, there were no effective strikes in the company by mid-1996.

The second discussion about ELPEM in the Sub-Sectoral Council "Electronics and Electrotechnical Industry" at the Ministry of Industry, in May 1996, again concerned social

partnership in the company. More specifically, there was a complaint from the President of Podkrepa's Federation that the Commission for Social Partnership in the company had not convened to discuss issues raised by the Podkrepa section. The social partners at the sectoral tripartite council reached an agreement to visit the company on 11 June 1996 and meet with representatives of its management and unions.

The third discussion on ELPEM in the Sectoral Council in early September 1996 concerned social tension in the company caused by unproportional wage increases which violated ELPEM's collective contract. According to the adopted collective contract the wages had to be increased by 20 percent but the June 1996 wage increase was much higher and unproportionate--33 percent for production workers and 47 percent for administrative personnel. After intense talks with the company management, unions and workers, the sectoral tripartite council recommended to the local social partners during the next wage increase (in October 1996) to raise the wages of production workers by 45 percent and those of administrative personnel by 20 percent, in order to preserve the initial (pre-July 1996) proportion of the wages of administrative and production workers, as it had been negotiated in ELPEM's 1996 collective contract.

### *The Case of Vratza Region*

Vratza is a middle-size city in North-West Bulgaria with a population of about 100,000. During state socialism Vratza developed as one of the major industrial centers of the country, with several huge industrial complexes in heavy industry. Created in gigantic proportions, industry in Vratza has been difficult to restructure or privatize. There are more than 30 state enterprises and 14 municipal enterprises in Vratza, and the most important ones have more than 2,000 employees each. These include a gigantic military plant, a cast-iron foundry, a producer of metal-cutting machines, a cement combinat, gigantic chemical and meat-processing combinats, and other smaller companies and enterprises. At present the accent in the restructuring policy of the region is on the de-gigantization of the huge state companies. Another project seeks to develop the region as a free trading zone and as a tourist center. Foreign investments are scarce and the region has to rely mainly on its own resources. Although the region is beginning to overcome its economic crisis, the average rate of growth is still low--the growth rate in March 1995 was only 70 percent of that registered in 1994 (Data from Vratza Statistical Office). Since 1989, unemployment has been the major source of increased social tension in the region. Employment, including the private sector, dropped from 56,000 in 1987 to 41,500 in 1995. The number of unemployed is beginning to decrease,

though, with the development of the private sector and the opening of trade services. While 14-15,000 unemployed were officially registered at the end of 1990, in June 1995, their number had been reduced to 6,236. Around 6-7,000 private companies have absorbed some of the unemployed in the region.

The regional social partners are the municipal council (the local self-government organ), the local structures of Podkrepa and CITUB, and the local structures of several employers' organizations. Union coverage in the region is about 61.5 percent. The regional organization of CITUB has 42,000 members, including pensioners and unemployed, while Podkrepa's has about 4-5,000. Employers were initially represented in the region by the National Union of Economic Managers, which existed only in the beginning of the transformation and had 65 members--economic managers--from Vratza. Later, the Union of Private Economic Enterprising, the Bulgarian Industrial Association and the Bulgarian Chamber of Commerce and Industry also created regional structures. The Regional Chamber of Commerce and Industry was created in the second half of 1991 and comprises 490 enterprises from both the state and private sector in north-western Bulgaria. The regional organization of the Bulgarian Industrial Association was established in 1992 with 70 members--predominantly state enterprises from the former Vratza region, but also several private and municipal enterprises. The Union of Private Economic Enterprising also created a regional organization in 1992, with approximately 50 members limited to private companies with more than 51 percent private participation.

When the national recommendations for the development of social dialogue at lower levels were first issued, the unions in Vratza favored the establishment of social dialogue in the region, and they began to pressure economic managers in the territory to organize as a legitimate counterpart for the conclusion of a regional tripartite agreement and the creation of a regional tripartite commission. The Regional Council of the CITUB called on its enterprise union organizations to refuse to engage in enterprise bargaining or to sign collective agreements on lay-offs in enterprises until their managers organized themselves into a regional employers' structure. These union tactics, especially the refusal to sign legally-required agreements on lay-offs, forced the enterprise directors to create a regional structure of the then-existing National Union of Economic Managers and to sign a regional tripartite agreement with the local unions and the local government in April 1991.

The Vratza Regional Tripartite Agreement bore a close resemblance to the General Agreement, signed in 1990. The regional agreement put special emphasis on two sets of issues--employment and unemployment, and the resolution of certain social problems in the

region. In terms of employment, the social partners agreed to facilitate research on the local labor market for new job openings in the region and to guarantee control over the implementation of the procedure for lay-offs in companies and enterprises adopted in March 1991 by the National Tripartite Commission. They agreed that mass lay-offs (more than 10 percent of the workforce) should be discussed in the regional tripartite commission, and the latter has to decide whether or not to seek the resignation of the enterprise management from the upper ministerial structure. The Union of Private Economic Enterprising agreed to combat regional unemployment with projects to employ some of the unemployed in the newly opened private companies. The local government, the local labor office and the employers in Vratza negotiated to organize retraining for laid-off people, to initiate and encourage early retirement, to create conditions for capital privatization by workers, and to organize special facilities for disabled people. An agreement was also reached to facilitate the conclusion of enterprise agreements on employment issues. The second part of the agreement, on the resolution of some social problems in the region, provided for increased production of consumer goods and communal services, development of private initiatives in agriculture, effective control over prices in the private sector and control over prices observed by the Council of Ministers. It was also agreed that the management of local state and municipal enterprises should report to the tripartite commission in cases of reductions or closures of medical services in their enterprises. The local government further agreed to facilitate the process of housing and house construction in Vratza. On their part, the unions agreed to control emergent strike tensions in local companies and enterprises.

Like the national forum, the regional structure of Podkrepa was initially reluctant to engage in tripartite talks with the official unions and the local BSP-dominated government. Thus the Vratza regional tripartite agreement was prepared mainly by representatives of the CITUB, and only during the second round of negotiations did Podkrepa CL become involved. Again, as the national tripartite commission was a result of the General Agreement, the Vratza regional tripartite agreement postulated the creation of a Regional Commission for Coordination of Interests. The parties to the Agreement and to the Vratza Regional Commission for Coordination of Interests, were: the Vratza Provisional Executive Committee (local self-government); the regional structures of the CITUB and Podkrepa CL; and the regional structures of the National Union of Economic Managers and the Union of Private Economic Enterprising. The goals of the Vratza Regional Commission for Coordination of Interests were similar to those of the National Tripartite Commission. They focused on the establishment of dialogue and negotiations as the basic elements of social partnership; on the

coordination of the activities of the social partners for the fulfillment of the regional tripartite agreement; and on consultations about the social and economic policy of the local government.

As in electronics, with each new national tripartite body a corresponding regional tripartite body was founded in Vratza, and, generally, break-downs of regional social dialogue in Vratza coincided with the break-downs in national social dialogue (See Tables #3 and #1). Thus in 1992, following the creation of the National Council for Social Partnership with the UDF government, a Regional Council for Social Partnership replaced the Regional Commission for Coordination of Interests. The goals and work rules of the new regional tripartite forum replicated the goals and rules of the newly established national tripartite forum. The resolution of local problems concerning work conditions, social insurance and living standards remained the major focus of the renewed social dialogue in Vratza.

Following the Berov government's creation of the National Council for Tripartite Cooperation in 1993, the Vratza Regional Council for Tripartite Cooperation was set up with goals similar to those of the national body--consultations and cooperation in the resolution of conflicts of labor and labor relations, social insurance and living standards in the region. Five standing expert committees were formed: Committee on Employment, Unemployment, Training and Retraining; Committee on Privatization; Committee on Prices and Incomes; Committee on Health Care; and Committee on Education.

Since its emergence in 1991, social dialogue in Vratza has addressed several big issues in its attempt to reduce industrial and social tensions in the region arising from the uncertain and fluid processes of regional and national restructuring. These areas have included problems in specific local companies, regional unemployment and employment issues, employment relationships in municipal companies, and wages in the public sphere (See Table #5).

Most negotiations among the social partners in Vratza have been concerned with concrete problems in the local companies, both state and municipal. Of the 41 companies whose problems were discussed in the council, 14 were municipal, while 27 were state. The most frequent sources of tensions in municipal companies were requests for the replacements of management, reorganization issues and concrete financial and economic issues. While the state companies are subordinate to their respective ministries, they have initiated meetings and discussions with the local government for the resolution of specific problems. Tripartite discussions concerning state companies have focused most frequently on financial-economic issues, reorganization and labor problems, union requests for the replacement of directors and

changes in the management boards of companies, and health and safety issues.

The polarization of the processes of political and economic transformation in Bulgaria and particularly in Vratza, between 'old' and 'new' parties, institutions and organizations, has inserted personnel and cadre issues, such as replacements of directors and members of management boards, into the agenda of the tripartite council, because broad public consensus was necessary for the dismissal of company directors. Such discussions were most frequent in 1993, when many company directors (old nomenklatura) were replaced by the UDF government, and in 1995, with the formation of a BSP government. Since the political parties and the local government in Vratza refused to engage directly in the replacement of directors, to avoid accusations of political purges, the Vratza tripartite council was used for that purpose. The council worked out criteria for the replacement of directors, and when the social partners could reach consensus they submitted proposals to the government for dismissals. Such a politicization of the council stems directly from the contradictory nature of the processes of simultaneous political and economic transformation in Bulgaria, and is itself contradictory. On the one hand, the council acted like the old communist party regional organs, by taking decisions on personnel issues in the state companies, and by closely supervising the activities of the enterprise directors. On the other hand, politicization of the council helped to depolarize the highly polarized political relations and to depoliticize highly politicized social relations at the local level.

The second major area of interest and collaboration among the social partners is regional unemployment and employment. The discussions focus on the Program on Temporary Employment of January 1993 and on trends in the regional unemployment and the regional labor market and include the regional labor office. In 1994, 2,900 people were offered new jobs through the labor office. While in some other regions the Program on Temporary Employment led to the creation of regional tripartite forums, in Vratza, the existing tripartite forum accumulated this additional function.

A third major area of activity and negotiation among the social partners in Vratza concerns employment in municipal companies, and in this respect the regional social dialogue represents a typical collective bargaining process, with the local government acting as an employer. The process ends with the conclusion of a collective agreement, such as the one signed on 19 October 1993 by the local administration and the two trade unions, regarding labor relations and social insurance in enterprises that are municipal property. The aim of that agreement was to create a framework for the conclusion of collective contracts between unions and employers in municipal companies. A consensus was reached that conflicts arising

over collective agreements in the municipal companies should be resolved in the tripartite council. The regional agreement regulated wages and inflation adjustments, work conditions, especially health and safety, social and cultural services, social insurance, privatization policy, and others. The agreement was renewed in January 1995.

A fourth focus of negotiations in the Vratza forum is wages in the budget sphere (education, health, culture), which are 50 percent subsidized from the municipal budget. Two subcommissions were created at the Vratza council to address problems in health care and education. The major task of these subcommissions is to conclude collective agreements for local health care and education units. Collective agreements for teachers and health care workers are concluded annually between the local self-government and the unions.

Some more specific issues are also discussed in the regional tripartite council, such as the municipal budget deficit, and concrete problems of the local infrastructure. The privatization of municipal enterprises emerged as an issue in June 1993. Despite the elaborate regional program for privatization of municipal enterprises, the privatization process has advanced slowly in Vratza.

Similarly to the case of Bulgarian electronics, the Vratza regional tripartite council also formed a vertical corporatist cartel with the national tripartite council (See Figure #2). In addition to the regional social partners, the cartel has involved management and unions of local, state and municipal firms, in discussions of their concrete problems in the regional tripartite forum. The work of the regional tripartite council involved also representatives of the national social partners, with its requests to higher state organs and the national tripartite council for the resolution of concrete problems in the region. These problems most often involved the replacement of directors in state firms, at the request of local unions, but also included regional unemployment, the bad financial situation of local companies, and health and safety issues. Furthermore, the Vratza council submitted comments to the National Council for Social Partnership regarding draft normative documents and changes in labor legislation on problems of labor, social insurance and living standards, as well as proposals for the stabilization of the social and economic conditions in the country and the preservation of social peace. And both in 1992 and 1994, when national social dialogue broke down, the regional social partnership in Vratza was almost frozen. It continued to function only in cases of emergencies, such as the need to negotiate salaries and conclude collective contracts in the municipal companies as well as in the public sphere (health care, education and culture where half of the wage fund is secured by the local budget).

### Multi-Level Bargaining Cartels: Challenges to Theory

Understood mainly as growing ties of interdependence among different nations and regions in the world, today globalization equally challenges all dominant variants of capitalisms in terms of their bargaining structures. For the liberal market economies, scholars have more or less unanimously pointed out that changes in work organization and occupational structure, and increased international economic integration have been essential for the decentralization of collective bargaining in an attempt to secure greater flexibility. Wage bargaining (less centralized as a starting point) has been further decentralized--frequently to the plant level, with further weakening of unions and collapse of important employers' associations (Katz, 1993; Darbishire and Katz, 1997).

The pattern of change in corporatist market economies has been much more debated in the literature. Adjustments towards more flexible production patterns and increased international interdependence have been very complex for these economies. As one of the arguments goes, economic and political changes in the early 1980s were forcing centralized corporatist institutions to be dismantled across Europe, leading to a common trend towards the decentralization of collective bargaining. From the early 1990s, however, available empirical studies revealed no universal trend toward bargaining decentralization in western Europe (Hyman 1994; Iversen 1996; Thelen 1996; Wallerstein et al. 1997). Wallerstein et al., for example, find offsetting signs of the resiliency of corporatist centralized institutions; their evidence from eight European countries does not indicate that wage-setting in the private sector is undergoing a general process of decentralization. While in Denmark and Sweden bargaining has decentralized from national-confederal to the multi-industry level, in Italy and Finland there is an opposite trend--toward recentralization of bargaining while at the same time clarifying the link between central bargaining and plant-level bargaining.

These contradictory and controversial trends are further complicated by recent developments in bargaining structures in post-communist Europe. Using evidence from post-communist Bulgaria, this paper argued that in countries undergoing major economic and political transitions a trend towards blurring of lines among levels of bargaining has emerged, in terms of participants, issues and mode of intermediation. The co-existence of contradictory ideologies and practices of post-communist restructuring--on the one hand, neo-liberal free market ideology and pluralistic, adversarial interest politics; and on the other hand, state interventionism with corporatist social partnership--gives rise to the contradictory and hybrid nature of post-communist transformative corporatism. The transitional bargaining hybrids were further grounded in and necessitated by the legacies and inertia of past highly centralized

practices and institutions, as well as by the logic of post-communist transformations which, carried out with great uncertainty and relatively high speed, were pushing in the direction of centralized decision-making. They stemmed also from the need to decentralize and democratize the organizational structures of the social partners, as well as the mechanisms of government and corporatist decision-making.

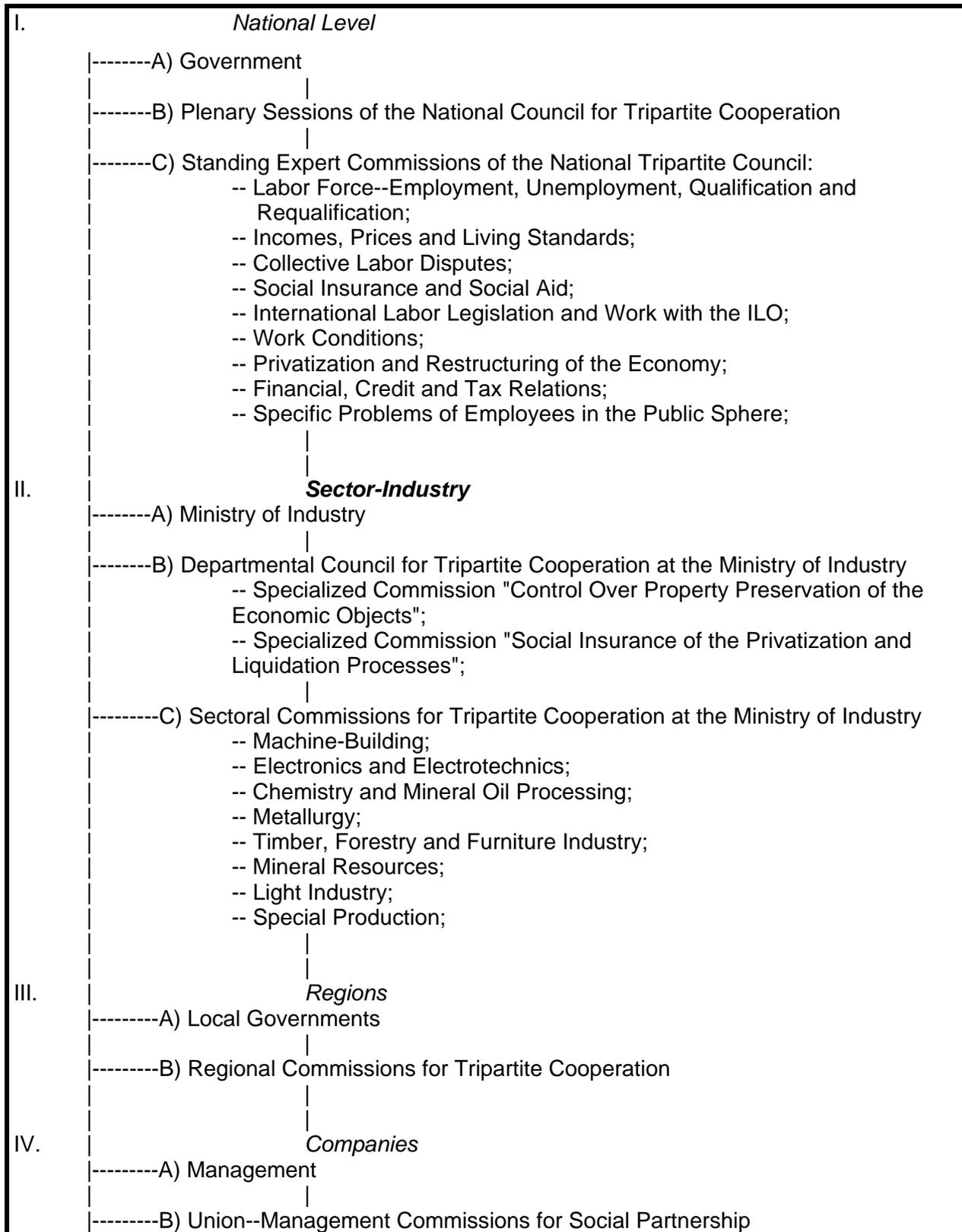
These specifically transitional trends account for the blurring of boundaries among participants (“institutional pluralization and polarization”), modes of interest intermediation (“conflictual consensus”), content (“mixed industrial, economic and political”) and levels of activity (“multi-level bargaining cartels”) as a hybrid transitional form of bargaining where bargaining is both more extensive and intensive. The case of Bulgarian tripartism demonstrates that social dialogue during the uncertain post-communist transformations developed as multi-level bargaining cartels which brought together national social partners, lower--sectoral and regional--decision-making bodies or tripartite social dialogue forums, and representatives of local companies, in an unseparable, systemic organ for conflict resolution. The multi-level bargaining cartels aim to maximize the decision-making potential of sectoral and local actors while taking into account the inevitability of centralized decision-making during the post-communist transformations, and keeping a modicum of direct involvement of upper social dialogue and state structures in the resolution of sectoral and local conflicts. These bargaining hybrids thus involve dual functions: on the one hand, an effort to decentralize the mechanisms, administrative as well as corporatist, of problem solving, and, on the other hand, a “preventive” effort to “centralize” these mechanism, in case the problem cannot be solved by the local actors and needs interference by upper state bodies.

The experiences with Bulgarian tripartism in the region of Vratza, the electronics industry and the ELPEM company reveal that the contradictory dualities of the multi-level bargaining cartels can secure flexibility and capacity to handle uncertainty quickly, and that the multi-level bargaining cartels can be consequential in alleviating the economic and social problems of particular companies, regions and industries, as well as of the country as a whole.

Overall, the post-communist experience further contributes to the increased variation in industrial relations practices and marks a trend towards an end of distinctive national systems of industrial relations. As Locke (1992) and Katz (1993) suggested, new concepts and theory may emerge in an attempt to understand the current trends in bargaining structures. “Multi-level bargaining cartels” are one possible indicator with which to capture some of the substantial changes in bargaining structures. Signs of such cartels seem to be found not exclusively in Bulgaria or in post-communist Europe as a region. For example, as Wallerstein

et al. argued, Denmark is moving toward a new system in which the main actors are neither the national unions and industry-level employers' associations nor the peak associations, but five bargaining cartels and their counterparts on the employers' side (Wallerstein et al., 1997: 395). Some form of renegotiation of the relationship between centralized collective bargaining and local bargaining has emerged as a general trend in all coordinated market economies, in an attempt to secure greater workplace flexibility. As Thelen and Turner suggest, the coordinated market economies will continue to capture the benefits of national coordination (especially on wages) but combining this effort with reforms that allow firms to adjust more flexibly to changes in market conditions through decentralized negotiations (Thelen and Turner, 1997). Streeck in regard to the emerging European industrial relations has also emphasized the increasing importance of the links among the different levels of bargaining, domestically and in a broader regional or even global context. He thus concluded recently that European institutions of industrial relations will for all practical purposes always coexist with national institutions and perform their functions, whatever they may be, only in interaction with these (Streeck, 1998: 11).

The emphasis on the interdependencies and interactions among domestic levels of bargaining is thus to a considerable extent in harmony with the trend towards increased interdependencies and interplay among the global, regional and local in world economy and politics. The global system has increasingly become not just an environment within which particular societies develop and change but in important respects a single social system with growing ties of interdependence among its units which now affect virtually everyone. Studying not simply levels but the links among levels and the increasing interaction among levels of bargaining (domestically and internationally) is becoming an important new avenue of industrial relations research. Far from being encompassing of these new important developments, this paper is however an attempt to draw academic attention to the increasing interdependencies and interactions among levels of bargaining, as a viable way to secure greater flexibility, adaptability and survivability in uncertain times.

Figure 1 *Social Dialogue at the Bulgarian Ministry of Industry*

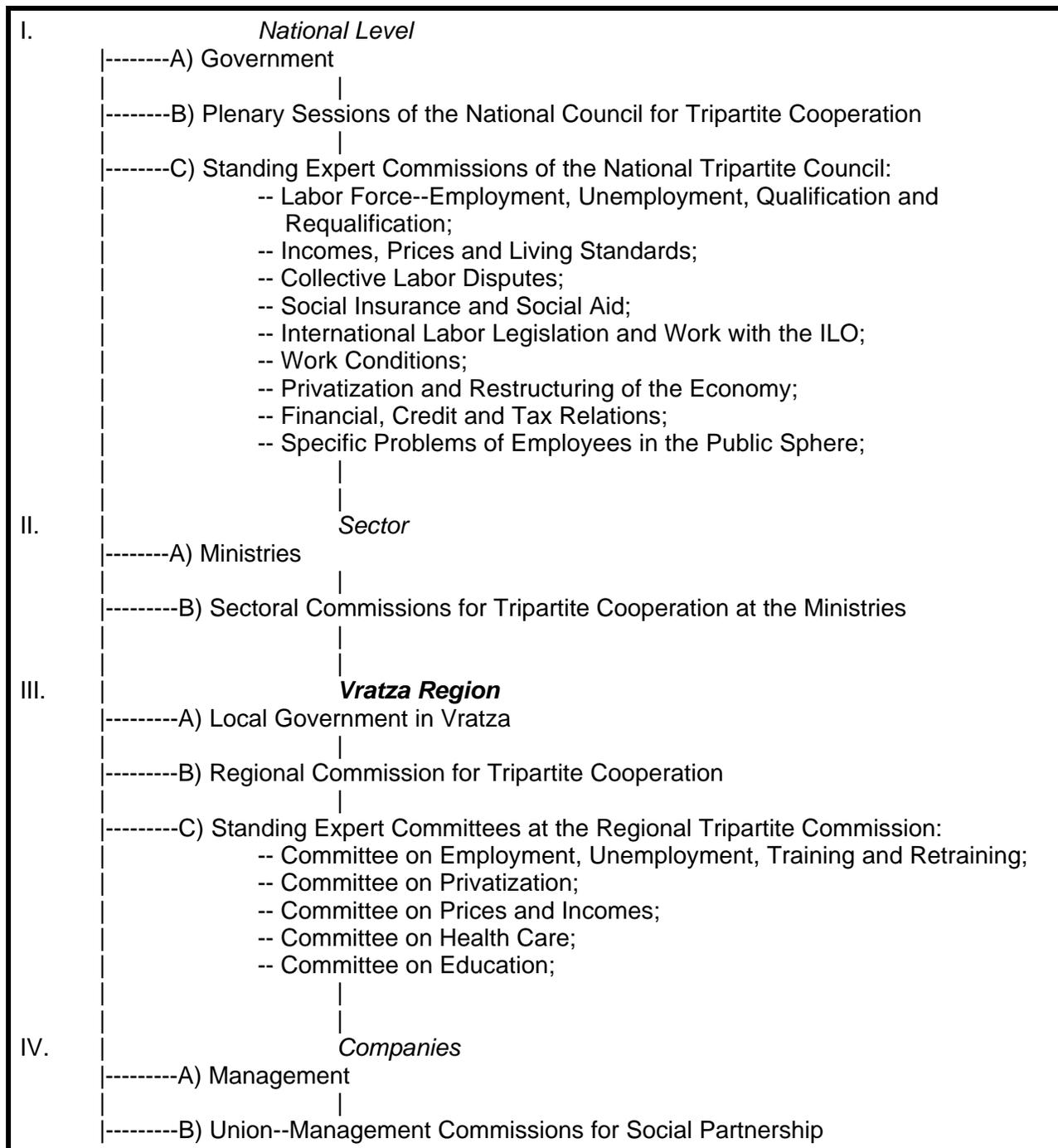


Figure 2 Social Dialogue at the Bulgarian Region of Vratza

**Table 1 National Social Partnership Meetings in Bulgaria**

<b>National Commission for Coordination of Interests</b>	<b>National Standing Tripartite Commission for Coordination of Interests</b>	<b>National Council for Social Partnership</b>	<b>National Council for Tripartite Cooperation</b>
12.04.1990	15.01.1991	1.07.1992	19.02.1993 29.03.1994
26.04.1990	23.01.1991	8.07.1992	23.02.1993 5.04.1994
2.05.1990	25.01.1991	13.07.1992	2.03.1993 12.04.1994
3.05.1990	27.01.1991		9.03.1993 26.04.1994
24.07.1990	28.01.1991	(break-up)	12.03.1993
8.08.1990	4.02.1991		15.03.1993 (break-up)
10.08.1990	6.02.1991	4.09.1992	30.03.1993
14.08.1990	8.02.1991	30.09.1992	6.04.1993 11.11.1994
13.09.1990	12.02.1991		21.04.1993 19.12.1994
17.09.1990	13.02.1991	(break-up)	27.04.1993
24.09.1990	15.02.1991		4.05.1993 (break-up)
12.10.1990	22.02.1991		11.05.1993
17.10.1990	4.03.1991		17.05.1993 27.02.1995
(break-up)	7.03.1991		25.05.1993 6.03.1995
	18.03.1991		15.06.1993 20.03.1995
	27.03.1991		29.06.1993 29.03.1995
	29.03.1991		1.07.1993 30.03.1995
	2.04.1991		20.07.1993 26.04.1995
	3.04.1991		27.07.1993 10.05.1995
	12.04.1991		29.07.1993 21.06.1995
	17.04.1991		10.08.1993 28.06.1995
	24.04.1991		17.08.1993 5.07.1995
	3.05.1991		24.08.1993 14.07.1995
	4.05.1991		31.08.1993 26.07.1995
	7.05.1991		7.09.1993 4.09.1995
	29.05.1991		14.09.1993 13.09.1995
	3.06.1991		21.09.1993 27.09.1995
	6.06.1991		28.09.1993 11.10.1995
	10.06.1991		5.10.1993 18.10.1995
	12.06.1991		12.10.1993 8.10.1995
	13.06.1991		19.10.1993 22.11.1995
	25.06.1991		21.10.1993 6.12.1995
	27.06.1991		26.10.1993 13.12.1995
	5.07.1991		2.11.1993 10.01.1996
	10.07.1991		8.11.1993 17.01.1996
	18.08.1991		9.11.1993 24.01.1996
	30.07.1991		16.11.1993 31.01.1996
	2.08.1991		23.11.1993 21.02.1996
	20.08.1991		30.11.1993 6.03.1996
	22.08.1991		7.12.1993 13.03.1996
	23.08.1991		10.12.1993 18.03.1996
	28.08.1991		14.12.1993 27.03.1996
	3.09.1991		21.12.1993 3.04.1996

	11.09.1991		4.01.1994	10.04.1996
	23.09.1991		18.01.1994	15.05.1996
	7.10.1991		25.01.1994	29.05.1996
	(break-up)		28.01.1994	
			15.02.1994	
			1.03.1994	
			10.03.1994	
			22.03.1994	
			25.03.1994	
14 / 6 months (2.3/month)	46 / 9 months (5.1/month)	5 / 3 months (1.7/month)		92 / 40 months (2.3/month)

**Table 2 Sessions of the Sectoral Council for Tripartite Cooperation "Electronics and Informatics" at the Bulgarian Ministry of Industry**

1992	1993	1994	1995	1996	
14.08.	25.03.	11.01.	October	25.01.	
01.09.	30.03.	17.01.	renewed	29.02.	
15.09.	31.03.	25.01.		07.03.	
20.10.	08.04.	08.02.		16.04.	
10.11.	23.04.	08.03.	30.11.	30.05.	
11.12.	05.05.			27.06.	
18.12.	07.05.	break-up			
	20.05.				
(break-up)	21.05.				
	30.05.				
	07.06.				
	18.06.				
	18.06.				
	06.07.				
	14.07.				
	20.07.				
	27.07.				
	10.08.				
	17.08.				
	24.08.				
	31.08.				
	07.09.				
	21.09.				
	07.10.				
	12.10.				
	19.10.				
	26.10.				
	02.11.				
	09.11.				
	16.11.				
	23.11.				
	30.11.				
	07.12.				
	09.12.				
	09.12.				
	14.12.				
	21.12.				
	28.12.				
<b>Total</b>	<b>7</b>	<b>38</b>	<b>5</b>	<b>4</b>	<b>6</b>

**Table 3 Sessions of the Regional Council for Tripartite Cooperation in Vratza, Bulgaria**

1991	1992	1993	1994	1995
25.04.	16.06.	03.01.	11.01.	06.01.
30.04.	24.06.	03.02.	19.01.	17.01.
09.05.	06.07.	02.04.	01.02.	17.01.
21.05.	28.07.	09.04.	09.02.	21.02.
04.06.	.08.	16.04.-	15.02.	17.04.
18.05.	23.09.	27.04.	21.06.	13.06.
25.06.	06.10.	12.05.		
02.07.	13.10.	21.05.	(break-up)	
(break-up)	(break-up)	08.06.		
		15.06.		
		06.07.		
		20.07.		
		10.08.		
		30.08.		
		07.09.		
		14.09.		
		05.10.		
		12.10.		
		19.10.		
		23.11.		
		01.12.		
		07.12.		
		10.12.		
		21.12.		
<b>Total</b>	8	24	6	6

**Table 4 Social Dialogue in Bulgarian Electronics: Issues Discussed**

**(based on 50 protocols of the sessions of the Sectoral Council for Tripartite Cooperation in Electronics, for the period August 1992--March 1994)**

Issues	Number of discussions (separate sessions)
* Concrete problems in enterprises:	186
-- Replacement of company management boards and directors	90
-- Restructuring and production in companies;	67
Analysis of the financial and economic condition in enterprises	
-- Lay-offs in companies	10
-- Social partnership in enterprises (collective agreements)	10
-- Social tensions and strikes in companies	9
* Industry-wide collective contract	3
* The reform in electronics	2
* Procedural	8

**Table 5 Regional Social Dialogue in Vratza: Issues Discussed  
(based on 52 protocols of the sessions of the Regional Council for Tripartite  
Cooperation in Vratza, for the period April 1991 -- June 1995)**

Issues	Number of discussions (in separate sessions)
* Concrete problems in enterprises on the territory of the region:	<b>41</b>
-- Of them municipal enterprises, including:	14
-- reorganization of municipal companies	4
-- replacement of management	6
-- analysis of the financial and economic condition of municipal companies	4
-- Of them state enterprises, including:	27
-- reorganization of state companies and labor problems	7
-- financial-economic analysis of the companies	13
-- union requests for replacement of directors and changes in the management boards of companies	5
-- health and safety issues, ecology	2
* Appeals and letters to upper structures	<b>18</b>
* Regional employment/unemployment issues	<b>14</b>
* Conclusion and control over the implementation of regional agreements between the social partners:	11
* Infrastructure	<b>8</b>
* Social Problems	<b>7</b>
* Procedural	<b>7</b>
* Problems in Education	<b>6</b>
* Privatization of municipal enterprises	<b>6</b>
* Problems in local health care	<b>2</b>
* Municipal Budget	<b>2</b>
* Political	<b>2</b>
* Regional restructuring	<b>1</b>

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