

ORGANIZED LABOR IN POST SOCIALIST MACEDONIA: THE PATH TO MARGINALIZATION (1989-1998)

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Submitted to the Central European University
Department of Political Science

In partial fulfilment of the requirements for the degree of Master of Arts

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Budapest, Hungary

(2014)

ABSTRACT

This research is a case study narrative that gives a first reconstruction of organized labor's path during post-socialist transition in Macedonia (1989-1998). The study follows the trajectory of the inherited Federation of Trade Unions in Macedonia (SSM), which remained the most resourceful labor representation organization during transition. The main assumption of this research is that SSM's choices during transition contributed to the marginalization of organized labor during transition. The main research questions guiding the study are: What was the path that led organized labor in Macedonia from a position of structural strength to a position of weakness? How did SSM reform internally and what were the power relations between SSM and governing elites at critical junctures? What was the role of the union within the process of transformation of social ownership? In terms of theory, the study utilizes an analytical toolbox comprised by concepts from historical institutionalism and discursive institutionalism. The analytical toolbox helped to build the interpretation based on vast size of original data: interviews with trade union actors, archival and newspaper data. The findings show that the trade unions did not reform internally, missed to act contentiously during critical juncture and therefore could not position themselves as powerful interest actors within the policy-making process.

ACKNOWLEDGMENTS

I am wholeheartedly grateful to my supervisor prof. Lea Sgier for her support during the whole research and writing process. I learned more about social science research from her courses in qualitative research and discourse analysis than in any other courses I had during my studies. I will remember with kindness all the dedicated consultation hours, constructive and detailed written feedback, from which I benefited constantly. I really hope I used every possible opportunity to express my appreciation for her supervision to all my friends and colleagues from the department.

I would have never reached the gates of CEU if it wasn't the sincere support of my dearest friend Olimpija Hristova. *I am looking forward to all of our future endeavors in social science research and politics.*

Borko Hadjievski was a never-ending source of support of every kind during the past two years. *I hope I will be able to return at least a fragment of the love and attention you devoted to me.*

This study year at the CEU was very special because of two extraordinary friends: *Iva, thank you for refreshing my social life with all the nice talks about literature, humanities (and social sciences). Ozlem, thank you for making Budapest feel like home with all the caring and the mother's soul tea.*

I am grateful to my cousin Fanija Ivanovska for 'surviving' the dusty copies of *Trudbenik* during the summer of 2013. I am especially thankful to my academic writing instructor Mrs. Ezster Timar, Iva Dimovska, Aleksandar Sazdovski and Olimpija Hristova for finding time to read final parts of the thesis. During my stay at the CEU, I was very lucky to have a various support, in different points in time coming from many other dear people: my brother Nikola Ivanovski, Nikola Nikolovski, Ivana Stojkovska, Hani Hamid and Marija Aleksovska.

The thesis topic was intimately inspired by the 'politics and labor' talks I have had with my uncle Dragi Dimovski.

Finally, I want to dedicate this thesis to my parents Toni and Vera Ivanovski, for creating an extraordinary cheerful home.

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What is a story?

A story is a narrative. An account. A sequence of events. It tells us who we are, who we have been, who we could become. It is an interpretation. Like theatre, which likewise is a reflection, a vision of the world and oneself, a reading of the past and a projection of the future.

“Tales from the Wild East”

By Goran Stefanovski

INTRODUCTION

After the fall of communist regimes in Central and South Eastern Europe, trade unions faced a crisis of identity and legitimacy. During the economic and democratic transitions trade unions faced the necessity of redefining their organizations, tasks and re-position within the newly emerging political and economic system. This study limits its interest to the organized labor faith in the post Yugoslav region and specifically to the case of Macedonia, which has not been submitted yet to any in-depth empirical inquiry. This research attempts to reconstruct the trajectory of the inherited peak Federation of Trade Unions of Macedonia – (Sojuz na Sindikatitite na Makedonija – SSM), which remained the biggest labor representative organization during the whole period of transition (Hristova 2008). The broader question of interest is: What are the circumstances under which mass intermediary organizations as trade unions who had a particular political function during socialism and organizational strength, ended up marginalized within the newly emerging economic and political regimes?

Among the post – Yugoslav countries, Serbia, Croatia and Bosnia and Herzegovina started the regime change in the early 90s with ethnic wars that immensely damaged their economy and hindered democratization. In contrast, Slovenia and Macedonia, “divorced” Yugoslavia without

being involved in ethnic warfare in the first decade of transition. However, the two countries ended up with different outcomes in terms of organized labor strength during transition, Slovenia being a case of success and Macedonia being a case of failure. In Macedonia, there were very low levels of economic viability during regime change (Bodyzinsky 2010) as opposed to Slovenia which had far more favorable levels of economic development. However the success of the Slovenian inherited peak union is not only accounted by the more favorable economic circumstances but also by the positive legacy thesis, namely the assessment that organized labor in the post Yugoslav countries had inherited organizational experience different than the post-communist countries in the Soviet bloc (Stanojevic 1999, 2003; Mesman 2012). Organized labor in Slovenia managed to mobilize this positive socialist legacy during critical juncture and position itself as a powerful interest group in the political system (Mesman 2012). Thus, the Slovenian case points to the importance of legacy and agency choices for organized labor success during transition.

Macedonia is commonly described as a case of organized labor weakness (Mesman 2012; Saveski 2005 and Hristova 2008). By organized labor weakness this study understands the marginalization of trade unions within the political system and enterprises and the general decline of membership, financial and professional capacities (Kubicek 2004). The Macedonian Federation of Trade Unions (Sozjuz na sindikati na Makedonija –SSM), the only peak trade union during transition, even though it inherited vast membership and infrastructure, gradually lost its strength and power during the 90s. Therefore, it is puzzling how in Macedonia the positive legacy of self-management failed to be mobilized during the initial period of transition. However, the case of Macedonia has not been a matter of systematic empirical research so far and there is little literature that deals with the

topic of organized labor during transition. Therefore, it is hard to compare Macedonia to other post-communist countries.

Mesman (2012, 233-236) in his four type categorization of post socialist trade unions in Europe situates Macedonia in the category of *passive unions* along with Belarus, Moldova, Ukraine, Albania, Montenegro, Bosnia and Herzegovina, Serbia and Russia. This type of *passive unions* is present in countries where the organizational legacy was poor and where the political opportunity structure was closed because of massive societal shocks, such as a war or deep recession (Mesman 2012, 234). Consequently, trade unions in these countries remained passive and subordinated to the political elites (Mesman 2012, 234). However, Mesman's categorization is not based on systematic empirical evidence. The present study aims to examine the 'passive union hypothesis' applied to the Macedonian case. Therefore this study proposes that in Macedonia organizational legacy was not poor and that the positive socialist legacy thesis (Stanojevic 1999, 2003, 2005) is also applicable to the inherited peak union SSM.

Therefore, drawing on Mesman's (2012) "passive unions" hypothesis in Macedonia, I want to shed light on how the key actors of SSM in the transition period shaped the union's "fate" and led to its current position of structural weakness; how they positioned the union with respect to rapidly changing structural conditions, and why. I will show that key actors, at critical points in time ("junctures"), made choices that *put* SSM in a weak position. Therefore this study proposes a first historical reconstruction of the trajectory of the inherited peak trade union in Macedonia, from the late 1980s to the late 1990s, in order to understand whether organized labor in Macedonia had a choice, given the structural constraints and particular socialist legacy to position itself as an influential actor within the political system and vis-a-vis the governing elites.

The main research questions guiding this study are: What was the path that led organized labor in Macedonia from a position of structural strength to a position of weakness? What was its role in the privatization process, the main pillar of the economic reform in Macedonia? What were the power relations between SSM and the political elites during this time? And how did SSM adjust internally to the economic and political transition?

In order to answer the research questions this study proposes an analytical toolbox comprised of concepts from historical institutionalism and discursive institutionalism. In trying to understand what happened to organized labor in Macedonia, these concepts helped me focus on historical legacies, but also – and importantly – on actors' choices (agency) within the given economic and political context. Hence, the analytical toolbox devised for this study helped me to put an order in the vast size of original empirical data I gathered and to come up with an interpretation of organized labor path in Macedonia.

This study is a case study narrative built upon on a data body which comprises a variety of types of data: interviews with trade unionists and other actors related to the work of the union in the 1990s; a large number of articles from the Official Gazette of SSM, *Trudbenik*, for each year in the period 1990-1996; a series of documents from the State Archive of Macedonia from the period 1996-2001; documents from the private archive of one of the interviewees; and finally secondary sources. The data analysis utilized triangulation as a technique for cross-checking information and complementation of information from different sources (Hammersely 2008), as key in deciding which elements should be included in the interpretative narrative.

In the next sections the study will expose the analytical framework that helps us address the research questions. Secondly, the methodology chapter follows, where questions of data gathering, data analysis, and criteria for assessment of the historical interpretative narrative are discussed.

Thirdly I share the findings from the empirical research. Finally, the study ends with a concluding summary of findings and thoughts on the overall research agenda and its limitations.

CHAPTER 1: THEORY

The study at hand presents a historical interpretation of organized labor trajectory during times of regime change and transformation of the economic system in Macedonia e.g. late socialism and the first years of transition 1990-1998. This study applies a dominantly process oriented approach, meaning it focuses on actors' choices and behavior during transition (Kitschelt 1992, 1028; Mesman 2012). However, I do not neglect the importance of the macro-political and economic context, since it is crucial for understanding organized labor's path to marginalization. Therefore this study proposes an analytical toolbox that helps to disentangle actors' actions (agency) in a given political and economic context (structure).

1.1 Historical institutionalism

The analytical toolbox of this study primarily draws on theoretical concepts from historical institutionalism, a theoretical perspective that unites “historical contingency and path dependency” in order to account for historical continuity or change (Steinmo, Thelen and Longstreth 1992, 2). Within historical institutionalism, institutions are seen as frameworks that shape and constrain agency interactions (Steinmo, Thelen and Longstreth 1992, 6).

The key concepts borrowed from historical institutionalism are those of 'path dependency' and 'critical junctures'. Path dependence means that "current and future states, actions, or decisions depend on the path of previous states, actions, or decisions.” (Page 2006, 88). Path dependence pays attention to specific histories and how these restrain the leverage for future actions (Mahoney 2000). Therefore this perspective on historical change cannot contribute to spotting generalizable causal mechanisms (Mahoney 2000) but it is more commonly used for understanding ‘deviant’ cases (Mahoney 2000, Goldstone 1998).

The Macedonian case is not an exceptional case since in most of the post-communist states we can speak about organized labor weakness. However, by using path dependence perspective I can assess how organized labor legacies and trade unionists' earlier choices enabled or restrained certain opportunities for action during critical junctures (Mesman 2012).

Critical junctures, the second concept borrowed from historical institutionalism, are points in history when discontinuities are a viable option. Mahoney defines critical junctures as “characterized by the adoption of a particular institutional arrangement from among two or more alternatives” (2000, 513). According to Bennett and Checkel, a critical juncture is the particular historical moment when “an institution or practice was contingent or open to alternative paths, and actors or exogenous event determined which path it would take” (2012, 28). Capoccia and Kelemen (2007, 347), also argue that critical junctures are exactly the critical points where actors' choices are more central to the outcome than structural conditions. I try to identify those moments in the trajectory of the Macedonian inherited peak union when there was a chance for maneuvering – making certain choices that were decisive for its marginalization.

1.2 Analytical toolbox

In order to make sense of the empirical material, I additionally used four concepts that in a way spring from the literature on labor weakness in post socialist countries (Kubicek 2004, Crowley and Ost 2001) as well as discursive institutionalism: legacy (cultural and material), structure, agency choices and discourse. This study assumes that the interaction between legacies, structure (macro-context) and actors' choices is key for understanding organized labor' path during transition.

Legacy presents an important conceptual tool for understanding SSM's "starting position" during early transition (critical juncture). For the sake of conceptual clarity, it is useful to consider the *material* and *cultural* legacy of SSM during socialism. The *material* legacy that the labor unions inherit from socialism encompasses its organizational resources such as property, finances, the territorial infrastructure (levels of organization), as well as the size of the membership basis. The *cultural* legacy comprises the experiences and attitudes and the 'know-how' (professional training) of trade union leaders and members with respect to work organization within the union, and with respect to managing the union's relations with the political elites (Crowley, Ost 2001). The material and cultural legacies from socialism for the unions 'mediate' the chosen actions of unionists during the critical juncture. Moreover, these legacies resemble a 'potential' that the trade union carries (following a path dependency logic) during transition.

The concept of *structure*, in this study, refers to macro-economic and macro-political (legal and institutional) frameworks within which actors make their choices and interact (cf. for example Bowen and Petersen 1999). This study takes a cautious stand towards the objectivity of such structures (Roots 1999) and gives space for actors' interpretations of the opportunity structures (Tarrow 2011) at a given moment in history. Furthermore, thematizing *agency* draws on the process oriented approach to the study of organized labor (Mesman 2012). This approach involves looking at the choices, deliberations and behavior of trade union organizations and their leadership (Presidency of SSM and presidency of branch unions) and ruling political elites as crucial for understanding the path of organized labor.

Finally, part of the analysis was also driven by concepts from social movement theory, namely those of 'perceived opportunities'. The concept of opportunities structure refers to the objective institutional (structural) frameworks within which actors act (Tarrow 2011). Drawing on the

critique of the opportunity structure concept (Tarrow 2011), more precisely the question of objective and measurable existence of opportunity structures (Roots 1999, 11) this study looks at labor representation during transition through the lenses of agency perceptions and *evaluations*.

1.3 Discursive institutionalism

This study was additionally inspired by the concept of *discourse* as understood in discursive institutionalism (Schmidt 2010). Within the proposed analytical toolbox, discourse is understood as the ideas of actors and the discursive interactions among them, shaped by particular institutional frameworks and legacies (Schmidt 2010). This concept contributes to understanding why something has occurred by focusing on how actors make sense out of the environment in which they act (Schmidt 2010). In the particular case of SSM, ideas and discursive interactions are used to explain why a strictly institutional path of action was taken instead of more contentious types of action, which would also have been possible during times of critical junctures.

The discursive institutionalism approach is interested in ideas and communication in a particular institutional framework. When discursive institutionalism is combined with historical institutionalism, “it infuses (...) ‘structures’ with ‘agency’, by focusing on the ideas of real actors that help explain changes or continuities in institutions, at critical moments or incrementally over time” (Schmidt 2010a, 13). The combination of discursive and historical institutionalism brings into focus the dynamic interaction between agency and structure in times of change. In this sense, discourse adds to the attempt of historical institutionalism to explain change by overcoming the mechanical logic of explanations that emphasize external structural changes as the cause of change and often neglect the importance of agency (Schmidt 2010, 2).

In the next section I will describe the data body and discuss matters of accessibility, data gathering and analysis. Also I will discuss the empirical analysis limitations.

CHAPTER 2: METHODOLOGY

2.1 Case studies and historical narratives

This research is a single case study, in the form of a historical narrative, that aims to reconstruct and interpret the sequence of events and circumstances which followed organized labor's marginalization in Macedonia. In-depth case studies typically produce context dependent knowledge (Flyvbjerg 2006, 223) and provide rich details that comparative studies tend to lack (Bowen and Petersen 1999, 158). Narratives are not undisciplined storytelling, but theoretically informed and empirically grounded reconstructions of events (Capoccia and Kelemen 2007, 357). The narrative sequence selects all the interconnected events that lead to the outcome of interest, while trying to describe the events in detail (Abell 2004, 297- 299).

I chose to make a dense case study narrative since this approach pays attention to specificities within the particular path of organized labor in Macedonia, namely it encompasses individual actors' perspectives and choices within particular events. Furthermore, it allows for the articulation of different plausible hypotheses and conveys different 'perspectives from within' in order to shed a light on organized labor path in Macedonia: it "approach [es] the complexities and contradictions of real life" (Flyvbjerg 2006, 237), which comparative studies tend to reduce.

2.2 Data body and accessibility

This research represents a qualitative case study that utilizes a multi-method approach for data gathering in order to achieve a more accurate understanding of events and processes during the period of transition. The case study narrative is built on a heterogeneous body of data that I

collected during three fieldwork periods in Macedonia: mid-April – June 2013, August – mid September 2013, and December, 2013- mid January 2014. The information on the political and economic context of Macedonia's transition were obtained mainly through secondary sources.

The data body of this research comprises several types of data. Firstly, I decided to use interview data since interviewing is recommended as the best method for assessing the role of agency in particular events (Rathbun 2010, 686), and interviews are very often used as a “source of witness accounts about events and settings in the social world” (Hammersley and Gomm 2008, 91). For the purpose of this study a series of fifteen semi-structured exploratory interviews were conducted. During the exploratory phases of the fieldwork, (from April to September 2013) ten semi structured interviews were conducted in Skopje and one in Shtip in Eastern Macedonia; another round of more focused semi-structured interviews was conducted during December 2013 in Skopje.

The majority of my interviewees in the early 90s were directly involved in the work of SSM. Several of my interviewees were leading figures of organized labor under socialism and became key actors of SSM during transition: the Secretary of the trade union of Skopje and vice-President for political affairs at SSM during transition, who later became SSM's representative at the Agency for Privatization; the President of the branch union STKC in mandate from 1993 until today; the administrative (technical) collaborator in the branch union SGIP from 1986; the president of base trade union in the car factory Zastava in Ohrid, who later became the president of a regional organization and today is the president of the branch union SHNM; the President of the base trade union organization in the Hemteks factory, who later became a member of the executive bodies in SHNM and SSM, and who was an informal strike leader during transition; an administrative member of staff in the branch union SONK who became its President and in 2005 founded the

Confederation of Free Trade Unions of Macedonia, the second largest federation of trade unions in Macedonia.

A second group of interviewees is composed of actors who were familiar with the work of SSM and the wider dynamics of transformation at the time, but were not occupying leadership positions: an administrative and technical member of staff at SSM who works continuously in the federation since 1979; an administrative member of staff and economic analyst in the branch union SIER employed from 1987 onwards; an administrative member of staff responsible for communication and information activities in SSM from 1987 who later served as the Secretary of the branch union UPOZ; and finally a journalist who worked for SSM's official gazette *Trudbenik* from 1982 until 2001 and actively reported on the activities of SSM during transition. Finally I also interviewed the external collaborator of SSM for economic affairs related to privatization during early transition, today a well-known Macedonian scholar who wrote extensively on the Macedonian privatization¹ (for details see Appendix I: Interview data)

Two people explicitly refused to have an interview, the first one is the current president of one of SSM's branch unions, and the other is a retired administrative staff member of SSM. The branch union president thought that he was not knowledgeable enough about the issue at hand (even though he has been the president of the branch union since the early 90s) and recommended other people to me instead. The retired staff member simply did not wish to talk about the events during

¹ Only one respondent was not employed in SSM during the first decade of transition. I interviewed him in the very early stages of the fieldwork, since he could provide me with useful information on the current state of organized labor and labor rights protection in Macedonia. Most of my interviewees currently work for SSM (presidents of branch unions, secretaries of branch unions or administrative staff) and the interviews were conducted in their offices in the SSM building in Skopje (For detailed description of interviewees exact position today see Appendix I: Interview data). The rest are either retired, have changed their job/profession or are unemployed.

the transition. A member of the SSM's administrative staff did not answer my interview invitations. And one retired lawyer who worked in SSM was not available for a conversation for different reasons all the three times he was contacted in August 2013, December 2013 and May 2014.

The interviews lasted one hour on average and most of them were recorded, with the consent of the interviewee. All the interviews were conducted in Macedonian. The citations given further in the text are my translations into English. For five of the interviews I have written notes, and the rest of the interviews were fully transcribed in Macedonian (For more details regarding the interviewees' profiles see Appendix I). The respondents' anonymity was guaranteed during the interview. In the text, I refer to the respondents by pointing out their relation with SSM in the past and I enumerate the referred interview notes or transcript (e.g. Int.No.1- Int. No. 15). The names of the respondents are not disclosed either in the Appendix I: Interview data.

The selection of interviewees for the first cycle of exploratory interviews was done first by looking at the literature on the topic of labor representation in Macedonia and who wrote this literature. This led me to my first interviewee who is an author of several books on strikes in Macedonia. Furthermore, emails were sent with requests for interviews to some of the current presidents of branch unions of SSM who, according to their biographies available at SSM's website, were part of the union's leadership during 90s. Regularly, at the end of the conversation, interviewees were asked to recommend other potential respondents. Thus, the rest of the respondents were selected by a snowballing technique and a list of potential respondents related to SSM's activities during 1989-1998 was made.

The topic guide used in the first (May 2013) and second round (June –August) of data gathering was designed to meet three main exploratory aims: to understand the legacy from socialism for Macedonian trade unionism, then to reconstruct major events for trade unions and labor in the period from 1990 until 2006, and finally, to assess the perceptions of interviewees on different reasons for labor representation weakness in Macedonia (See Appendix II: Topic guide I). During the very first interviews, fully spelled questions were used. However, since this had a restrictive impact on the interview situation, the rest of the interviews were conducted by using general topics that needed to be covered. The main goal of the exploratory interviews was to get as much as factual information on events and actors that are crucial for reconstructing the trajectory of organized labor during transition. Also, another goal was to assess how interviewees make sense of the activities of SSM during transition and the reasons of organized labor marginalization.

After the preliminary reconstruction of the trajectory of SSM based on exploratory interviews and newspaper data, the topic guide used for the third round of interviews in December 2013 changed in structure and tapped into concrete questions for the sequence of events in the period 1991-1996 (See Appendix II: Topic guide II). These interviews were informative in nature and had the task to provide clear guidance for spotting and cross-checking already identified events and actors and interpreting their meaning. For these interviews, an introduction was read out in the beginning of the conversation, informing the respondent of the research topic, the terms under which the interview will be conducted, confidentiality issues and of the subsequent usage of interview data. This helped to establish rapport with the interviewees. In the beginning of the interview, some of the older respondents treated me as a “young lady” who cannot possibly know much on labor matters. Therefore, I had to negotiate my authority in the interview situation by giving longer introductions on labor representation in post-communist countries. In order to establish rapport I

also underlined my research methods training and the code of ethics in social science research. I had the feeling that many of the respondents were reluctant to speak openly about SSM's activities during transition. One of the possible reasons for this are previous experiences or perceived danger with interview data (mis)use which is a common case in Macedonia by journalists. The other possible reason is that interviewees who are currently employed in SSM or occupied important positions in SSM during the early transition wanted to protect themselves for various reasons.

Furthermore, the analysis is based on a vast set of archival data, obtained from the State Archive of Macedonia and by one of my interviewees. In the premises of the State Archive of Macedonia in Skopje, I accessed the list of documents that the archive holds for the period 1996-2001 and that had been submitted by SSM itself. Based on a preliminary assessment and selection of materials, I made an official request to the Archive in January 2014 in order to obtain copies of the documents. With a delay of almost one month (the institution was relocated in a new building), the documents were sent to me in March 2014. The data body consists of copies of the minutes of working meetings of SSM's bodies, and of official reports for implementation of different acts and agreements, annual reports of activities for legal protection etc.

Another set of privately held documents regarding the work of SSM was obtained through one of my interviewees in December 2013. Most of the documents are unofficial copies for private usage by the interviewee who was part of SSM's leadership during transition. The interviewee mentioned that he had some documents, both official and unofficial, from the time he was working in SSM, and that he was willing to give me the originals, so that I could use them for the purpose of my thesis. Most of these documents are speeches and reports written by the interviewee himself on social dialogue issues, containing SSM's stance on different matters for the period of the late 1990s

and early 2000s. All the documents obtained refer to events and circumstances of the early 90s only in retrospective.

Thirdly, articles and published documents from the editions of the official gazette of SSM – *Trudbenik*² for the period 1989-1996 were gathered. The editions of SSM's official gazette *Trudbenik* were accessed in hard copy in the National Library of Macedonia in Skopje in May 2013. Since I was not officially allowed to photocopy or take the samples out from the premises of the library in the beginning, I had to proceed by extensive note-taking. In the beginning, the process of note taking was focused on summarizing the main points. Primarily, I analyzed the editions from 1996-2001, since these were only traceable in the library system. The older editions of interest for the period 1989-1996 were analyzed later during the field work process. During January 2014, I did a second cycle of newspaper data selection from the editions of 1989-1996. The selected data was photocopied and consists of approximately 400 pages of newspaper data, A3 format of pages, in Macedonian language. The selected pages from *Trudbenik* consisted of articles that concerned key events (Council's meetings, SSM's Congress reports, conferences, public announcements), interviews with SSM's leadership and other social actors and published documents. The key criteria for selection of relevant sections of *Trudbenik* were the following: articles were selected if 1) they deal with SSM's internal reform and processes that concern internal organization: discussions and documents, reported conflicts, human resources, education and professionalization matters 2) if they contain comments and reactions by unionists on their participation in policymaking processes and their interactions with the government in the process

² SSM had its official gazette during the whole period of socialism, and in the period after the country independence until 2001, when it was closed after almost 50 years of existence, because of lack of finances. Until then, it employed around eleven professional journalists who covered the activities of base, territorial, regional, branch unions' organizations and the activities of the federation of trade unions. *Trudbenik* journalists had the mission to keep the workers informed on burning labor and social rights matters. The official documents of the work of SSM were published regularly in the gazette. The gazette was financed by the membership fee.

of transformation of social ownership 3) if they speak of unionists' relations with political parties or governing elites on matters related to privatization, collective agreements and legislation in particular.

Fourthly, as supplementary data, nine transcripts from parliamentary sessions dedicated to the final draft of the 1993 Law on Transformation of Enterprises with Social Ownership were obtained from the online archive on the official website of the Macedonian Parliament. The transcripts encompass the plenary sessions held in the period of May-June 1993. These copies were stored in pdf format in the case study database, each being 100 pages on average. Finally, as supplementary data, I assessed descriptive statistical data on economic indicators for the period 1989-1996 from the State Statistical Office in Macedonia.

In terms of data accessibility, several obstacles were encountered during the field work. The State Archive of Macedonia did not have the documents of SSM's work from the 80s and the period of 1991 – 1995 that are of particular interest to this study, even though SSM should have submitted the documentation for these years. Furthermore, I could not access SSM's own archival data: I submitted two requests for access to this archive to the President of SSM, first in August 2013 then again in December 2013, but none were answered. Also, two requests utilizing the Law on Free Access to Public Data were sent to the Ministry of Labor and Social Policy, one in August 2013 regarding statistical data on trade unions' strikes for the period of 1990-2007, and the second in September 2013, regarding the membership statistics of SSM for the period 1990-2006. The Ministry, in both cases answered that they did not have such data at their disposal and that it was SSM's legal responsibility to collect such data. However, the current president of SSM, whom I met in August 2013 in person, did not agree to share the statistical data of SSM.

2.3 Data analysis

There are different possibilities of ‘reading’ the available empirical material, among which the researcher needs to choose one. This constraint of choosing one way over other possible ways is inherent to scientific knowledge and productive in nature (Jorgensen and Phillips 2002). The historical interpretation at hand was done by various cycles of qualitative textual analysis. This narrative reconstruction is a result of a systematic qualitative analysis and triangulation of interview data, newspaper data, obtained archival documents and secondary literature.

Research which involves interview data and documentation has a degree of uncertainty in the direction of the research process (Yanow and Swartz Shea 2006). However, here I will try to describe the sequences of data analysis that led to the final product.

Firstly, I did a rather descriptive analysis of my initial exploratory interviews, alongside a first rough analysis of the newspaper data. That way I could identify a series of key events that were important for SSM during the early transition period (1989 -2001). Then I mapped the interviewees’ personal opinions on reasons for organized labor weakness in Macedonia.

Some categories, or rather potential reasons of organized labor weakness emerged through the analysis of both the interview and the newspaper data. Some of the categories were: internal conflicts between branch trade unions, political parties co-optation of trade unions agendas, economic crisis in the beginning of the transition (high unemployment and inflation), weak capacities of SSM’s leadership, political crisis due to the problems with international recognition of the country etc. Based on these steps, I wrote the first version of data analysis. This phase of data analysis helped me to define more precise criteria for the selection of relevant articles from SSM's gazette *Trudbenik*, devise topic guide II and identify the need for archival data.

After the data gathering phase from December 2013 to January 2014, and with the help of theoretical concepts from historical institutionalism, a revised version of SSM's trajectory was done. The aim of the analysis was to group the data around points of critical juncture and identify sequence of events which helped to understand SSM's path during transition. At this stage, I grouped the newspaper data in three chronological periods, 1989-1992, 1993-1994 and 1995-1996 and across four conceptual axes for each time period: legacy, structure, discourse and agency choices and interactions (see Appendix III: Coding scheme logic). I wrote part of the findings following the chronologization and logic of the coding scheme. However, I received later in March 2014 the archival data, which after I read, led to refined and extended chronologization. During the writing process I regularly returned back to the descriptive analysis of the interview data and other statistical data, documentation, parliamentary transcripts I have stored in the case study database.

2.4 Evaluation and limitations of the analysis

This historical interpretation does not claim to reveal the ultimate truth on what happened with organized labor in Macedonia during transition. In its essence, this study is an interpretation of what happened with SSM during early 90s and the sequences of events that led to the marginalization of SSM in the political system, based on the pool of available empirical data.

Interpretative methods have their own procedural criteria for the assessment of the quality of research (Yanow and Swartz Shea 2006, 70). A rigorous interpretive research is one where the arguments are logically plausible in the light of the empirical data presented (Yanow and Swartz Shea 2006, 72). The coherence and plausibility of the interpretation are substitutes for the criteria of validity that is applicable in the evaluation of nomothetic research. Given that the interview data

are produced through the active and to some extent subjective intervention of the researcher, they cannot easily be replicated. However, the process through which they were obtained and analyzed can be made transparent, in order to ‘validate’ the credibility of the sources (Yanow and Swartz Shea 2006).

The data used for this research have some limitations. Most importantly, as already mentioned, I could not access archival data regarding the work of SSM during late 80s and early 90s. I think that this gap impacts the quality of the interpretation, especially in terms of making more backed up account on trade unionists choices and interactions with governing elites in the early 90s. I do think that based on the gathered data I managed to identify important sequences of the trajectory, but a more refined interpretation would have been possible if the archival data had been accessible.

Another major limitation is that I did not manage to interview actors from the governing elite of early 90s. The power relations between SSM and governing elites appeared as an important aspect of the narrative quite late in the research process; therefore I lacked time to gather this data. Also, if I could have interviewed more trade union actors, and especially those who refused the interview invitation, I would have had better quality data for triangulation. Finally, because of the vast size and diverse character of the gathered data, I could not perform a systematic and detailed analysis of the whole data body.

This study recognizes that there are different biases or “threats to validity likely to be involved in each type of data” (Hammersley 2008, 23). *Trudbenik*’s articles were ‘biased’ in the sense that they did not engage in criticizing the activities of SSM explicitly or disclosing sensitive information on SSM’s work. The journalists wanted to create an image of a struggling union even when the reality was different (Int. No. 11, p.15). I mostly used the newspaper data in search for official documents

and more factual information, but also I sometimes quote people who were interviewed by the journalists.

The interview accounts by trade unionists were not completely independent from each other, since a snowballing technique for interviewees selection was applied (for example, trade unionists give very similar accounts – they use similar phrases for describing past events). Many of the respondents could not clearly remember the sequence of events during the early transition. The accounts they shared, sometimes were surprisingly general and common, as if they were given by ‘ordinary people’ and not ‘real actors’. I think this is due to the nature of the questions I asked on events and settings that happened years ago, and the interview situation itself affected the articulation of accounts (Hammersley and Gomm 2008, 100).

Also, the interviewees’ responses seem to have been influenced by the relation they had with SSM during transition and their relations with SSM today. The interviewees who were part of SSM’s leadership during transition, gave a ‘polished’ version of SSM’s role, emphasizing the achievements while trying to hide the failures. This stance is also present among current employees of SSM or presidents of branch unions, who feel “obliged” to defend SSM’s reputation. And those that were not part of SSM’s leadership (meaning related to the work of the federation or the branch unions), and were leaders of base trade union organization, external collaborators, members of staff or similar, were far more critical in their assessments of SSM’s work.

Triangulation in the context of this analysis was used for cross-checking information from one type of data with data of other sources (Hammersley 2008). Furthermore, triangulation in its different meaning was used also in the data analysis, namely, for complementing one type of data with another so I could better grasp the occurrences and circumstances of the 90s (Hammersley 2008). However, if an information from only one data source seemed plausible, especially if it was

an official document, I included it in the narrative. I believe that the interpretation I come up with is plausible since most of the information points that shaped the final account appeared in at least two of the data sources. Yet, in the findings I sometimes include information which appeared in only one source and I discuss its plausibility subsequently. The chronologization of the account emerged through the triangulation of data and the search for critical junctures. I recognize that the way I draw the cutting points in time shapes the story I tell. I could have extended the analysis to the beginning of the 2000s when there was a significant change in SSM's leadership (new President) and the first massive contentious actions (general strikes) were organized by employees in the public sector and workers from loss making private sector companies (Global Nonviolent Action Database, ed. Roseberry-Polier 2011). However, I find these occurrences just as a consequence of the events during the 90s and I don't read them as signs of organized labor revival.

CHAPTER 3: FINDINGS

This study aims to offer a plausible interpretation of how marginalization of organized labor occurred in Macedonia, giving significant space for specificity and context. In this sense, details matter in understanding the interplay between structural conditions - economic, legal and political circumstances; past legacies - cultural and material capacities of SSM, and actors' choices and interactions. As presented in the theoretical chapter, these conceptual tools help to reconstruct a rather contingent path of labor representation in Macedonia.

This chapter provides the necessary information on the economic and political changes and beginnings of the process of transformation of social ownership in Macedonia. In order to understand what happened to organized labor during transition, here I disentangle the context in which SSM was making choices and acting in the period of late 80s and early 90s.

3.1 Political and economic context: late socialism and early transition

The challenges on SSM's status-quo within the political system began during the last years of Yugoslavian socialism. The two crucial characteristics of the Yugoslavian reformed type of socialism were social ownership and self-management. This means that property belonged to the society, and not to the state like in the countries from the Soviet bloc. Yugoslavian self-management was a system where workers were responsible for the management of companies (Todorova, Uzunov 2009, 206-7). A dominant frame was propagated among employees even during the late transition period that "workers owned the enterprises" (Freedom House 1987, p.16; Int. No.7, p. 2; Int. No.3, p. 3 and Int. No.13, p. 5).

In the end of the 80s, Yugoslavia was experiencing a deep economic crisis, as well as a political crisis at the federal level. The system of self-management turned out to be very inefficient in terms of macroeconomic performance (Slaveski 1996, 1). There were “in built institutional mechanisms that push[ed] both inflation and unemployment rates” (Slaveski, 1996, 1). The economic logic of self-management led to enterprises being interested in raising wages instead of profit (Slaveski 1996, 1; Freedom House, 1987, p.16). Thus, many enterprises were working with losses and were highly inefficient.

Therefore, a reform process in Yugoslavia, known as the Markovic reform of 1989, was launched (Bartlett 2004). The aim of the reform policy package was to reduce the frightening inflation rates and lower Yugoslavia’s accumulated foreign debts towards Western countries and international financial organizations (Cohen 1993, 68). The reform policies encompassed the introduction of market competition mechanisms, ownership pluralism, enabled foreign investments, privatization of the banking system etc. (Cohen 1993, 66; Todorova, Uzunov, 2009). However, because of the gradual political disintegration of Yugoslavia during the 80s, the proposed measures were not consistently implemented in the republics (Cohen 1993, 70-71). This deepened the economic crisis.

The independence of Macedonia in 1991 set off an almost decade long process of transition towards democracy and liberal market economy. The “triple transition” (Offe 2004) including the independence of the country (establishment of state institutions for the first time in history), economic and political transformation caused great social uncertainties.

Firstly, the independence of the state was followed by problems with the international recognition of the country due to the name dispute with its southern neighbor, Greece³, over the usage of the name Macedonia, for which Greece imposed an economic embargo on Macedonia in the early 90s (Cohen, 1993, 270; Boduszynski 2010, 140). Furthermore, Bulgaria, the eastern neighbor of Macedonia, contested the existence of Macedonian ethnic identity and language, even though it recognized the country's independence. Finally, the ethnic Albanians who lived in the western part of the country saw the independence of Macedonia as a hegemonic threat to their community (Cohen 1993, 149).

In terms of economic transformation, Macedonia started the regime change with extremely low levels of economic growth and living standards (Boduszynski 2010, 2). The economy of Macedonia was suffering from “massive foreign debt and unemployment, hyperinflation and plunging economic production” (Cohen 1993, 279). At the beginning of the transition process in Macedonia, there was simultaneously a high rate of unemployment and overemployment in the enterprises (Slaveski 1995, 94).

The Macedonian industry and companies were designed to function within the internal market of Yugoslavia, therefore the loss of the old market and external shocks on the economy caused by the violent dissolution of other states in Yugoslavia additionally hindered Macedonian prospects for gradual transition towards market economy (Hristova 2008, 229, Slaveski 1997, Cohen 1993). In the first years of transition, Macedonia did not have access to the international market of capital as an opportunity for getting financial resources to support the transition process (Todorova,

³ Greece refused to recognize Macedonian independence claiming that the new country exposed irredentist claims in the Macedonian Constitution of 1991 over Greek's northern territories (Cohen 1993, 270) and objected to the usage of the name Macedonia, which amounted to imposed blockades of Macedonian integration in several international organizations (Boduszynski 2010, 162). The name dispute is still not resolved, but the country proceeded the international integration under the temporary name Former Yugoslav Republic of Macedonia (FYROM).

Uzunov, 2009, 223). The Macedonian economy was greatly affected by the UN sanctions on neighboring Yugoslavia⁴ (1992, 1996) as well as the refugee crisis from Kosovo at the end of the 90s (Boduszynski 2010, 141). In his book “*The Macedonian economy in transition*”, Slaveski (1995) briefly summarizes the political and economic environment in Macedonia during the first years of transition:

We were cut off from the main international finance institutions. There was a blockade coming from the southern border and another on the northern border which excluded Macedonia from external markets, and we have lost our traditional markets within Yugoslavia (1995, 57).

In 1995, the program for restructuring of Macedonian heavy industry was launched under the patronage of the IMF and World Bank as part of the grant assistance program for re-designing the Macedonian economy (Slaveski 1995). The 1995 Law on the Twenty-Five Loss-Making Companies from the heavy industry was part of the IMF and World Bank program for restructuring of the Macedonian heavy industry. The implementation of this law left many citizens without their jobs.

Thirdly, in terms of political transformation, Macedonia changed its constitutional framework in 1991, which marked the country's transition towards a western type of democratic regime based on an ideology of liberal rights and freedoms. The first democratic elections of 1991 in Macedonia, produced a fragmented parliament and an expert government led by the academic Nikola Kljusev, which lost the support of the parliament in 1992 (Boduszynski 2010, 146). During the first elections, the political parties proposed very vague reform programs (Boduszynski 2010, 145) even though the country's economic crisis asked for thorough and well-designed reforms. The new government coalition was led by the reformed communists - Social Democratic Alliance of

⁴ The new Federal Republic of Yugoslavia (FRY) was now a federation comprised by Serbia and Montenegro (Cohen, 1993, 270)

Macedonia (SDSM), together with the Party for Democratic Prosperity (the most popular Albanian party) and the Liberal party.

The political elites during 90s were deeply corrupted and ‘simulated democracy’ just enough for the country to receive the international support necessary for its own survival (Boduszynski 2010, 141, 161). Political parties were the “main site of corruption (...) and used quasi privatization to enrich their members” (Boduszynski 2010, 144). Even though SDSM “spoke the language of liberalism (...), it was a highly undemocratic organization internally” (Boduszynski 2010, 152).

In this context, organized labor was supposed to find its voice and position in the political and economic system. The low level of democracy, external and internal threats to the peace and even the existence of the state and a frightening economic decline, added up to a closed opportunity structure (Mesman 2012; Tarrow, 2011). Nevertheless, the beginning of the economic reforms was an opportunity for organized labor to exert some influence over political elites' decisions. In the next section I present what happened during the privatization processes in Macedonia in order to sketch the playground in which organized labor acted during the period of the early 90s.

3.1.1 The 1990 Federal Law on Social Ownership

The marginalization of organized labor in Macedonia was tightly connected with the process of transformation of social ownership, the main pillar of the structural economic reform in Macedonia. Kubicek describes how in the post-communist countries privatization was the most harmful reform for organized labor which led to “the disempowerment of workers at the enterprises, as well as (...) [in many cases] to the outright disappearance of trade unions” (2004, 38-39). The transformation of social ownership in Macedonia was conducted through two laws,

the first enacted during late socialism in 1990, and the second in 1993 by the independent Macedonian Parliament.

The privatization of social ownership in Macedonia started with the 1990 Federal Law on Social Ownership (popularly known as the Ante Marković's law) that enabled an insiders' led privatization with issuing shares that the employees could buy under very favorable conditions (Slaveski 1997, 1995; Drakulevski, 2002, 54). According to Slaveski, this law was implemented in Macedonia much more intensively than in Croatia and Slovenia where similar laws were suspended (1995, 98). The implementation of this model of privatization in Macedonia was due to the strong position of the managerial lobby in enterprises that benefited from the insiders led privatization.

According to Slaveski, during 1990/1991, "around 240 large and medium enterprises were transformed into joint stock-companies, and at the same time partly privatized through "internal shares" distributed to employees under favorable conditions" (1996, 3). This model of privatization led to buying shares by their book value, which during times of hyperinflation, and big discounts for employees, led to an erosion of social capital (Slaveski 1996, 2). The shares obtained by employees could not be traded and later, when the financial market was established in 1996, most of this capital stayed in the hands of managers (Slaveski 1996, 2).

The League of Communists of Macedonia hesitated to agree on the form and basic principles that should guide the transformation of social ownership (Trudbenik, 15.06.1990.25:p.6). The Communist Party came to the conclusion that social ownership first has to be re-nationalized, before being privatized by selling the shares on the market (Trudbenik, 15.06.1990, 25: p.6).

The new expert government of the independent Republic of Macedonia abolished the 1990 Federal Law on Social Ownership in the beginning of August 1991, and announced the preparation of a new law on the transformation of social ownership, whose actual elaboration turned out to be a very long process. The new privatization law was passed in late June 1993, after two years of parliamentary stalemate and delay (Slaveski 1997, 33).

The legal vacuum of two years regarding the privatization processes and the external shock of the economy led to “*the deterioration of social capital*”, meaning that the enterprises stopped the necessary activities for their restructuring dictated by the market economy (Slaveski 1996, 3). The feeling of ownership over the enterprises, present among both management and employees, made them avoid external investments in order to assure their own chances for enterprise shares ownership (Slaveski 1996, 2-4).

3.1.2 The 1993 Law on Transformation of Enterprises with Social Ownership

Key decisions over property transformation and industrial restructuring were made in the Macedonian Parliament in 1993. The 1993 Law on Transformation of Enterprises with Social Ownership enacted a model of dominantly commercial paid privatization, where each company had been previously assigned a value according to a particular pre-set methodology. The 1993 law recognized the privatization of social ownership conducted under the previous 1990 federal law, and by this, in a way, it gave the ‘green light’ for continuation of the insiders led privatization (Slaveski 1996). The 1993 Law on Transformation of Enterprises with Social Ownership, advocated by the reform communist party SDSM and by the minister Jane Miljovski, proposed a case by case sell out model of enterprises with dominant managerial insiders’ buyouts that favored the rights of managers over companies in most of the cases (Slaveski 1997). For the

implementation of this law, an Agency for Privatization was established as a central administrative body.

The object of privatization were most of the companies from the industrial and commercial sectors. Initially, the number of companies that needed to be privatized was 1500, out of which 1050 were small, 300 medium and 150 large (Slaveski, 1996, 2). The 1993 privatization law enabled shares buyout by employees of up to 30% of the enterprise ownership with discounts within a three months period. The employees discount corresponded to the privileges for purchase of “internal shares” under the former law from 1990 (Slaveski 1996, 7).

The economic transformation policy in Macedonia included: *macro-economic policy reforms* (monetary policy, taxation and new income policy), *micro-economic reforms* (price and trade liberalization, stock market establishment, policy for attracting foreign direct investments) and finally *structural reforms* (that included the processes of privatization of social ownership, support for the development of small and medium enterprises, new way of managing the enterprises and structural reforms of the financial market) (Todorova, Uzunov 2009, 224-225). The structural policy reforms which included transformation of ownership, changes of management practices and internal re-structuring of the enterprises were not fully implemented (Todorova and Uzunov 2009, 228). Moreover, as Todorova and Uzunov (2009, 228) claim, the projected *reforms of the enterprises* in practice were reduced only to the transformation of ownership – e.g. privatization - which was not enough for a substantive transformation of the real private sector (production sector) and its efficient functioning. Consequently, the crucial reforms of the enterprises that go hand in hand with the process of transformation of ownership were disregarded. For example, Macedonia did not have a law on monopolistic practices or a competition policy that would have assured that the enterprises with monopolistic position would have been excluded from the privatization

(Slaveski 1996, 13). Therefore, it happened that some enterprises with monopolistic position were included in the Pilot Privatization Programme (Slaveski 1996, 13).

According to Shukarov (2012), a Macedonian scholar:

(...) There was a prevailing opinion [among the governing elites] that the government should not be involved in any restructuring programme, so the new owners, having completed the privatization process in their companies, were to take on all the necessary reforms at micro level (2012, 111).

Therefore, the state only distributed privatization rights, and the responsibility for the privatization success, was left in the hands of the new entrepreneurial class.

The reformed communist party (SDSM) in power and the minister of privatization, Jane Miljovski, were fierce opponents of the mass privatization model (voucher privatization) that opted for a wide distribution of shares among the population (employees), and instead advocated for a case by case sell out model of enterprises with dominant managerial insiders' buyouts favoring the rights of managers over companies in most of the cases (Slaveski 1997). The 'paid privatization' model enabled a redistribution of resources that favored the already rich and powerful groups in society, e.g. the old socialist management and political cadres.

There were two competing frames in the parliamentary discussions on the 1993 Law on Transformation of Enterprises with Social Ownership: the dominant 'core capitalist' frame and the marginal 'social justice' frame. The core capitalist frame of the governing party (SDSM) was that the new owners would be motivated to manage the enterprises in an efficient way and to buy out the rest of the shares from the Agency for Privatization from the future profits (Miljovski, Stenographic notes of parliamentary debate, 27.05.1993, and p.3-11). Thus management will be motivated to complete the internal restructuring of enterprises. The marginal social justice frame

was voiced by few MPs from oppositional parties, defending a model of transformation of enterprises with vouchers – based on emission of free shares for the employees and/ or citizens that can be traded on the financial market.

The "problem formulation" (Bacchi 2009) remained quite obscure in the parliamentary debates on privatization: there was simply no clear formulation of the problem that the 1993 Law would aim to solve. Instead, there seemed to be an implicit consensus between the parties in parliament over a set of vague and unspecific problem(s) that the privatization was supposed to address, based on which, a model of paid privatization that could not be implemented in its full capacity was enacted.

According to Boduszynski, the international financial organizations – IMF and the World Bank pressed the government led by SSM to conduct paid privatization, which “turned out to be a fiasco, with most firms 'sold' to SDSM insiders at 'preferential rates’” (2010, 167). Slaveski claims that the reformed communist elites opted for a paid privatization model since they wanted “the property to remain in their hands, as a basis for political power” (1996, 5). Therefore, we can speak of attempts for power hijacking through concentration of socially owned capital in the hands of a powerful managerial lobby and political elites.

Unfortunately, this study lacks data on the whole policy making process of the economic transformation. Therefore, I cannot assess the impact of foreign experts and international financial organizations in designing the specific Macedonian model of privatization, but rather focus on the internal actors and the consequences of the model they chose, on what I will shortly dwell in the next section.

3.1.3 Failed Privatization

The Macedonian policy-makers at the time envisioned that once initial ownership was transformed, the private owners would carry out the rest of the structural reforms at the level of the enterprises. This vision turned out to be unfounded: the implementation of the 1993 privatization law was very slow, since the citizens lacked financial capacities and there was low interest and knowledge among employees for shares buyout. Moreover, the regional warfare situation in the Balkans profiled Macedonia as a very unattractive investment site for foreign capital.

External foreign investors were not interested in shares buyouts of inefficient large enterprises, therefore management teams were allowed to use internal shares from previous privatizations to obtain rights over the rest of the shares (Slaveski 1996, 14). According to Slaveski, this secured the complete insider character of the privatization: “The management in the enterprises saw this as a sign that they could do whatever they wanted since the government has made a political decision that they were the chosen future owners” (Slaveski 1996, 15). Hence, the management teams were using all the means possible to secure their dominance over the shares, and this was tolerated by the Agency for Privatization (1993, 10).

To make sense of how the trade union behaved in this context of deep systemic reforms, particularly privatization, in the next chapter first I will present and discuss the socialist legacy of SSM, mainly relying on interviewees and newspapers data. Understanding the functions and material capacity of trade unions during late socialism contributes to making sense of the trade unions' behavior during transition processes, since cultural and material legacies determine the possibilities for action to some extent. The socialist legacy had its own “stickiness” (Mesman 2012) on the trajectory of SSM during critical juncture.

3.2 The socialist legacy of organized labor in Macedonia: Material and cultural aspects

In most post Yugoslav countries ‘the inherited peak unions’ remained the most significant actors during transition (Mesman, 2012). This was the case with the Macedonian peak union inherited from socialism, the Federation of Trade Unions of Macedonia (SSM), which remained a central actor during transition⁵ in terms of labor representation (Hristova 2008, 231; Eurofound 2012). Therefore, this study focuses on the reconstruction of SSM’s trajectory.

It is important to assess the socialist legacy of organized labor, since the ‘experience under communism shapes trade unions (...) and arguably helps account for many of their current problems.’ (Kubicek 2004, 21). Stanojevic (1999; 2005 in ed. Dimitrova, Vilroxx ed. 2005) considers that the socialist legacy of trade unions in post-Yugoslav countries is different from the one in the post-Soviet space because of socialist employees’ experiences with self- management in the works councils and in the trade unions.

⁵ The new democratic environment enabled trade union pluralism. Pressures for introducing pluralism on the trade unions scene came from international confederations of unions, foreign foundations and ILO (Int. No. 13, p.9), however there was not any truly alternative trade union federation during the first decade of the transition. For example, the Union of Independent and Autonomous Trade Unions of Macedonia was established in 1992 and united several independent unions, however it did not have any policy making influence (2012 Eurofound). In 2005 the Trade union of Education, Science and Culture (SONK) led by the president Dojcin Cvetanovski separated itself along with three other branch unions from SSM and formed the Confederation of Free Trade Unions of Macedonia (Konfederacija na slobodni sindikati na Makedonija- KSS). This confederation today has nine branch unions and it represents the public sector on national level. Today, there are two other confederations despite SSM, the Alliance of Autonomous Trade Unions of Macedonia (Unija na avtonomni sindikati na Makedonija – UNA) with five branch organizations and the Confederation of Trade Union Organizations of Macedonia (Konfederacija na sindikalni organizacii na Makedonija – KOSOM) with 2 branch unions (Anceva 2012, 14). The last two federations are not significant in terms of coverage and representation capacities.

My analysis was guided by a refined concept of socialist legacy, differentiating its material and cultural aspects: the trade union's socialist legacy comprises the resources that they acquired during socialism and the inherited capacity to influence decision-making (Kubicek 2004, 32). The reformed trade unions also inherited a leadership which lacked "know how" - ideas and organizational modes necessary for 'surviving' in the new economic and political environment (Crowley and Ost 2001, 45). Therefore I tried to assess what SSM inherited in terms of material resources and organizational modes and capacities to influence policy-making process (Kubicek 2004).

3.2.1 The material legacy

SSM inherited resources from socialism, which included property, organizational units, finances and membership (Eurofound 2012). The material legacy from socialism during the first years of transition encompassed a massive organizational infrastructure and financial capacities based on the 'automatic'⁶ membership fees. Everyone who was employed during socialism automatically became a member of the union (Int. No.13, p.2, Int. No.10, p. 1 and Int. No.7, p.3). In the words of one longstanding staff member of SSM, the continuation of the 'automatic membership' in the union in the initial transition period was a positive inheritance (Int.No.9, p.3).

The re-registration of members started in 1990 after the adjustment of the Statute of SSM with the Statute of the Yugoslavian Federation of Trade Unions (SSSY)(Trudbenik, 20.07.1990; 20:p.4). The process of membership re-registration did not cause a significant loss of members, therefore the unions retained their material basis (membership and finances) in the very beginning of the

⁶ The membership was not compulsory during socialism, but automatic, meaning that when someone got employed he/she automatically became a member of SSM through his/hers membership in the base trade union at the work place (Int. No. 10, p.1).

transition. I did not find statistical data on how many members SSM had by the end of the 80s and documents on the value of SSM's property. Only in the online country profile on industrial relations in Macedonia made by Eurofound it is reported that "Until 1990 the union density amounted to 97%–98 %" (2012). Since SSM inherited the membership from socialism, it seems plausible that the union had enough financial capacities from the membership fee.

In terms of material legacy, SSM also inherited infrastructure, property as well as support from international foundations, trade unions from Western Europe and the International Labor Organization (ILO) (Int. No.7, p.4). The finances were collected through the base organizations and then distributed to the peak union (SSM) and to the branch unions. Even though SSM was recognized by the public as a 'state union', the finances were acquired through employees' membership fee and not by the state (Int. No.8, p.15).

The material legacy positioned the union as the largest massive intermediary organization in the beginning of the transition. However, as we shall see later in this analysis, the union was not able to transform this initial favorable material influence into a position of power to influence policy-making.

3.2.2 The cultural legacy

The cultural legacy of socialism played its role during the critical juncture period, and it seems to have shaped some of the choices of the trade unions. In terms of power relations between trade unions leadership and governing elites during socialism, the analysis shows that the union was co-opted by the Communist Party. Even though the data is not very persuasive, there are concrete indications that the close ties from socialism had an impact on some of the choices made by SSM's leadership during early transition.

Most of the interviewees, when asked about SSM's legacy from socialism, agreed on the subordinated position of SSM to the Communist party and the enterprises' management. For example, the former base trade union leader and member of the Oversight board of SSM during transition says that work councils and base trade unions in the enterprises were "puppets in the hands of the managers" (Int. No. 3, p.2). The leading positions in the unions were filled with people that the Communist Party had co-opted, which had led to lack of organizational autonomy of SSM (Int. No.7, p.2). For instance, the secretary of one branch union of SSM, claimed that the highest organ of SSM, the Presidency, was filled not with workers, but people who occupied important political positions within the Communist Party bureaucracy⁷ (Int. No.7, p.4.). In terms of cultural legacy, trade unionists lacked "know-how" and leadership experience in matters of market labor relations.

Communication between the different levels of organization was mainly based on top-down one way channels (Int. No.1, p.2). Importantly, the presidents of the base trade union organizations were often not represented in the higher bodies within the trade union hierarchy (Int. No.7, p.4). This means that in the late 80s, there was a considerable disconnectedness between the basic organizations in enterprises and the peak organization leadership.

SSM's leadership also inherited close ties with the political elites from the Communist Party. As Kubicek writes, the successor trade unions from communism were "subservient to the interests of the communist parties" (2004, 17). Similarly SSM was largely subordinated to the directives of central bodies of the Communist Party of Socialist Republic of Macedonia in the 45 years under reformed socialism (Trudbenik, 18.05.1990; 21: p. 3). In this regard, SSM was a socio-political

⁷ I cannot clearly demonstrate that unionists in leading positions came in SSM's organs through building careers in the Communist Party, since I don't have a full list of persons who filled the highest trade unions bodies or their biographies.

organization embedded in the socialist system of institutions that contributed to the maintenance of the political order (Int.No.6, p. 1). . In this sense, SSM was an organization “led from above”.

In this political system, where workers enjoyed the privileges and protection of the League of Communists of Macedonia, social disputes and questions raised by workers were solved with political decisions by the party, not through negotiations between the social partners. Consequently, the labor representative organizations were transmitters of Communist Party policies:

During socialism someone else decided over the benefits workers got, they did not fight for it (Int. No.8, p.2)

and

There were agreements between the union and the government for the level of wages, but this was not a collective agreement as we know it today or something that the union gained by fighting, but it was what the Communist party decided (Int. No.11, p.5).

This means that SSM's leadership entered the transition with no experience of bargaining with political elites, since labor rights and social protection were secured by the Communist Party (Trudbenik, 12.01.1990, 3:p.3).

SSM was an organization that maintained a distribution of social benefits among employees. Prof. Gjorgje Mladenovic from the Faculty of Law in Skopje, in an interview for *Trudbenik*, describes the role of the unions in the following way:

Their main functions for decades was organizing New Year's distribution of presents and providing employees with various products for lower prices (16.03.1990, 12; p.19).

In this sense, unions were social benefits' providers for the socialist state. According to the secretary of one of the branch unions during transition, formally, the system of self-management facilitated workers' participation in the companies' decision-making process, which shaped workers' sense of privilege and empowerment within the social and political system (Int. No.7,

p.2). Furthermore, workers developed a *strong feeling and perception of ownership over the companies* where they were employed (Int. No.7, p.2; Int. No. 3, p. 3; Int. No.13, p.5). One of my interviewees nicely describes the workers' feeling of well-being and ownership over companies during self-managed socialism, from the perspective of an employee and trade union leader of a base trade union organization:

Wages were high and no one complained, there was full employment (...) we used the membership fee money for celebrations. We had nothing to complain about since we had all the social rights one can imagine. Simply, factories were owned by the workers. (Int. No.3, p.2)

These attitudes were widely shared by employees and they played a role in the process of privatization of companies, since the employees and trade union leadership (like the management teams), were both against external buyouts of companies (Slaveski 1997).

In conclusion, based on my data I can say that SSM inherited a strong material basis, e.g. resources that made it the most well equipped intermediary organization in Macedonia in early 90s. Furthermore, I find that SSM inherited organizational practices and modes of thinking and functioning were typical for state unions during communism: subordination to the Communist party, a lack of 'know-how' and an inability to impact policies. The attitudes of the employees (trade unions' members) towards the enterprises where they worked were also a legacy that organized labor carried during regime change. This legacy affected SSM's choices and behavior during transition, as we will see in the next chapter.

3.3 SSM's choices during critical juncture (late 80s – 1993)

Having described the political and economic context during transition as well as the character of SSM's socialist legacy, we now turn to the question of agency, e.g. the behavior, deliberations and choices of SSM's leadership during this period. I follow the process oriented account proposed by

Mesman (2012) in his case study on Slovenian peak trade union, where he showed that strategic choices during critical juncture, namely internal reorganization reforms and political repositioning vis-à-vis the political elites matter for understanding organized labor strength in post-socialist countries. In this section I also take into consideration the power relations between political elites and trade unions, since having political allies in government during critical junctures affects organized labor's strength (Mesman, 2012).

In this section, the focus is on deliberations and choices regarding internal re-organization and political repositioning of SSM in the changing political and economic context of early transition (late 80s – 1993). I consider the period of the late 80s until 1993, before the model of paid privatization was enacted, as a 'critical juncture': a period when, despite the serious economic crisis in the country and problems with international recognition, the unions *could* have mobilized their members and reorganized internally, so as to demonstrate their strength to political elites and enterprises management – but did not.

The decisions made during the critical juncture help us make sense of SSM's path during transition. Although SSM's leadership were aware of the need for substantive internal organizational reforms, the data largely indicates that SSM did not manage to re-organize internally in a way that would have met the challenge of defending labor interests during a period of regime change, intense marketization and transformation of social ownership.

3.3.1 A call for trade unions reforms in Yugoslavia

The political and economic circumstances of Yugoslavian society at the turn of the decade triggered early debates on the changing role of the trade union, signaling its legitimacy crisis. The profound reform processes in Yugoslavia yielded trade unions' calls for reforms on every level of

organization, both national and federal, and a repositioning of these organizations vis-à-vis the new private and mixed economic entities and emerging political parties (Trudbenik, 02.02.1990, 6:p.3). In the late 1980s, the national federations of trade unions in the Yugoslav republics wanted to strengthen the (sectorial) branch unions as a way to bridge workers' interests from the same sector in different republics, through unification of working standards and labor prices (Trudbenik, 02.02.1990, 6).

The republics' federations of trade unions expressed a commitment for internal reform which was supposed to transform the trade unions into independent and autonomous social organizations, freed from Communist Party co-optation: *“In the search for its new identity the union has to free itself from the dictate of the state bureaucracy and the Communist Party”* (Trudbenik, 02.02.1990, 6:p.3). The reforms were triggered officially by the Federation of Communist of Yugoslavia, however separate reform processes took place in the republics' unions federations undermining the unity of labor representation on federal level (Trudbenik, 16.02.1990, 8:p.3).

The Macedonian Federation of Trade Unions (SSM) was aware of the ongoing economic and political changes at the end of the 80s in Yugoslavia, and participated in deliberations connected to them. SSM at that time publically supported the reform program of Prime Minister Ante Markovic which introduced market liberalization and social ownership transformation (Trudbenik, 7.09.1990; 37:p.2).

3.3.2 SSM's attempts for internal reforms

Since the old political and economic system was changing, SSM found itself in an identity crisis, much like the other peak unions in Yugoslavia. The Secretary of one branch union I interviewed, describes this period of early transition with the following words: *“These were years when people*

did not understand what and who SSM will serve in the new system” (Int. No. 7, p. 3). What was the role of this massive intermediary organization within the newly emerging economic and social environment? – was the question of the day.

Employees in socially owned companies criticized the low efficacy of trade union organizations in enterprises (base union organizations) and expressed their desire for radical changes. The secretary of one branch union of SSM believes that employees (workers) were underrepresented in the higher levels of organization (branch unions and the federation) (Int. No.7, p. 4). Moreover, the former president of one branch union organization in SSM, now retired as leader of the second biggest representative peak union, claims that branch unions were disconnected from their constituencies (e.g. employees) during early transition because of high bureaucratization (Int. No.6, p. 9).

In 1990, SSM's Council met to discuss the draft versions of the documents for the upcoming 13th Congress of SSM. The central question was how to reform SSM into a powerful interest organization within the new political system (Trudbenik, 16.02.1990, 8:p.5). A new Statute and Action Program were passed at the 13th Congress of SSM (27.04.1990, 18-19:p.3). Thus, the newly elected president of SSM, Svetozar Vasilevski, quite enthusiastically declared: *“The reformed trade union got its own new identity and legitimacy”* (Trudbenik, 27.04.1990, 18-19:p.3).

At the 13th Congress in 1990, SSM acknowledged the need for a better representation of base-level union units in the decision-making bodies at the top. Until then, the base union organizations had autonomy and finances, but SSM made decisions and approved their activities (e.g. strikes) (Int. No 10, p.1). The positive aspect of the old organization was that the base trade unions were very well entrenched in the enterprises and maintained close ties with employees (Int. No. 4, p.8;

Int. No. 10, p.1). However, according to a longstanding staff member of SSM, the misuse of finances by base trade unions organizations was a negative aspect of this organization (Int. No. 10, p.1).

3.3.2.1 Organizational reforms

The trade unionists' choices regarding internal reorganization made during the critical juncture of the early 1990s affected the power relations within SSM. In the 1990s, in the context of economic crisis, the enterprises managers started to diminish or neglect the significance of the base trade unions within the enterprise statutes (Trudbenik, 02.02.1990, 6:p. 3). More efficient responses to the need of employees in different sectors were needed. Therefore, the trade union leadership saw the re-registration of the branch unions as independent legal entities as a chance for reforming SSM's internal structure and power relations from within (Int. No.10, p.1; Int. No. 4, p.8). This meant a centralization of decision making power in the branch unions.

In 1990, SSM made a decision to strengthen the branch unions (Trudbenik, 20.04.1990:17; p. 14). SSM was now constituted by the thirteen branch unions (Trudbenik, 23.03.1990, 13:p.3). The branch unions delegated members to SSM's Council and decided upon SSM's general strategy for action and finances. From this point on, the trade union members were formally affiliated to the *branch* trade unions and not to the Federation of Trade Unions (SSM) any more, as they had until the reform. The finances were centralized in the newly registered branch unions (Trudbenik, 24.04.1990; 18-19:p.4) and the new organizational autonomy of branch unions undermined the autonomy of base union organizations.

The internal re-organization caused conflicts, as well as a lack of coordination of interests and demands across different organizational levels regarding the future economic reforms of the

Socialist Republic of Macedonia (Trudbenik, 22.06.1990; 26:p.3). A former journalist in SSM's Official Gazette *Trudbenik* points out that the process of centralization of power of finances in the branch unions caused “*unions to focus on the narrow interests of their branch*”, which seriously undermined the sense of cross- sectorial solidarity and incentives for collective action (Int. No. 11, p. 12).

Firstly, the concentration of finances and decision-making power in the branch unions created internal conflict of interests between the leaders of branch trade unions and base unions' organizations. Secondly, the branch trade unions were struggling over the membership in the same enterprises and over the distribution of finances (Int. No.11, p. 7). For example, in February 1992, *Trudbenik* published an article revealing that the internal disagreements between the branch unions' leadership and the Council of SSM affected the discipline of membership fees gathering (14.02.1992; 7-8:p.3). This possibly means that some branches were not handing in the membership fees. It seems that the main concern of the branch unions' leadership was to “survive” rather than to organize the interests of the base or to unite organized labor's interest. Finally, the strengthened autonomy of the branches undermined SSM's leverage for maneuvering. Aleksandar Donev, the president of SSM's Council for the period 1982 -1984, in an interview with *Trudbenik* pointed out the problematic relationship between the strong and self-interested branch unions and SSM's Council and Presidency, which weakened of the federation (Trudbenik, 26.02. 1992; 9-10:p.9).

However, we cannot be sure whether this choice to strengthen the branch unions, which led to a fragmentation of interests within the labor representation organizations, was the result of a lack of know-how on the part of the unionists or whether it was an unexpected outcome of a well-intended strategy for reforms that should have consolidated organized labor's interests. It seems plausible

that SSM's leadership primarily thought that strengthening the branch unions would lead to overall more efficient organizations. Whatever the exact reason was, from this point on the branch unions' became increasingly interested in their own survival, given the context of economic crisis and the high number of bankruptcies of enterprises and the related loss of trade unions' membership. In other words, the economic crisis in the country seems to have triggered a more self-interested behavior in the branch unions. Also, trade unionists had never before been in a position to have to articulate or truly defend employees' interests. In this sense, SSM's cultural legacy – a lack of experience with 'real' strategic behavior for defending and organizing labors interests in capitalist system - also shaped leadership choices on internal organization.

3.3.2.2 A Change in SSM's cadres?

Another aspect of internal reforms was the need for a reduction of the number of trade union employees (human resources rationalization), and the concomitant necessity to hire more qualified personal (professionalization). In an attempt to "rationalize" and professionalize the organization, during the 13th Congress, SSM's Working Commissions were reduced from thirteen to five and the Presidency was henceforth professionally to employ only the President and the Secretary (Trudbenik, 27.04.1990; 18-19, p.4). Furthermore, the number of employees in the working community of SSM's Council was reduced from 105 to 91 (Trudbenik, 02.08.1990, 31-32;p.5). The journalist and later chief editor of *Trudbenik* whom I interviewed, claims that many professional unionist and specialized administrative staff left the union in the early 90s, since they could not see any career prospects within the union any more (Int. No. 11, p.3).

The base trade union leaders were elected before SSM's 13th Congress in 1990, before decisions on internal re-organization were passed. Dragoljub Matovski, Secretary of SSM's Presidency in 1990, in an interview for *Trudbenik* pointed out that: "*A majority of the presidents of base*

organizations still do not understand the new role of the union. The determination for reforms has not reached them yet” (02.08.1990; 31-32:p.5). For example, the success of the campaign for attracting and retaining members was threatened by the weak capacities of base trade unions’ leadership (02.08.1990; 31-32:p.5). The journalist who worked for *Trudbenik* pointed out that “the members were left uninformed on why they should be members of SSM in the new context” (Int. No. 11, p.3).

There is not enough data on how many of the old leaders stayed in the organs of the federation, the branch unions and the base trade unions organizations after the re-organization of 1990. However, according the former president of the base trade union organization and current president of one branch union, there was no significant change of human resources at the level of SSM's leadership in early 1990s (Int. No.14, p.1). It seems that the change of trade unionists cadres happened mostly at the level of enterprises (in the base trade unions), but not at the level of branches or at the level of the federation itself. The candidates for elections of members of the Council of SSM in 1990 had already long serving careers within the organization (Trudbenik, 02.03.1990, 10: p.4). Thus, the ‘reformed’ trade union federation still gathered the old leaders from socialism.

At this point of the analysis, the plausible conclusion is that the lack of know-how and experience with unionism within the emerging capitalist system hindered the actions towards a substantial internal reform of the union. The decision taken by SSM's leadership to strengthen the branch unions and to centralize the finances as part of an internal reform process harmed the unity within SSM. The gap between the rank and file and the union leadership (branch unions and SSM) that existed during socialism deepened. The disconnectedness between base organizations in enterprises and SSM's leadership was a major organizational obstacle for increasing the efficacy

of the union (Int.No.11, p.4). There was no substantive change in the leadership structures, meaning that the same people that occupied leading positions during socialism stayed on in SSM.

3.3.3 SSM's choice of an institutional path of action

Another very important step for the reform of trade unions during transition, in addition to attempts for internal organization, was the political repositioning of the union (Mesman 2012). This section focuses on SSM's strategic choices: I will try to convey what SSM failed to do, since I agree with Kubicek that "(...) organized labor stands out not [only] for what it has done, but for what it has failed to do despite deteriorating economic conditions and government assaults on its position" (2004, 32). Namely, during the period of critical juncture, SSM made an explicit choice for an *institutional* path of action, focusing its efforts on the establishment of national bargaining mechanisms and the negotiation of collective agreements in a narrow cooperation with the government, as the only possible means for organized labor's action. SSM did not undertake any major contentious action (general strike or protest) in times of widespread workers grievances: thereby it signaled its weakness to the political elites.

SSM opted for the creation of tripartite (labor-state-employers) corporate bodies (Int. No.9, p.2; Int. No.5, p.1). For the unionists, negotiations with the government and the employers aiming at a consensus were the only legitimate task of a reformed western type of trade union (Trudbenik, 21.09.1990; 39:p.5). Svetozar Vasilevski, the president of SSM in the early 1990s, identified collective agreements as the strongest means for action (Trudbenik, 23.03.1990; 13:p.3). Other members of the union also considered formal corporatist institutions to be the only right way to act (Trudbenik, 21.09.1990; 39:p.5). Strikes – as an alternative path of action – were seen as an option only if the institutional strategy should fail (Trudbenik, 27.03.1990: 18-19: p.3).

At a few occasions in the course of 1990 SSM appeared as truly representative of labor interests. Namely, SSM participated in the negotiations for the first general Collective Agreement of the Socialist Republic of Macedonia (SRM) in the summer of 1990, thereby making a concrete step towards establishing itself as a legitimate representative organization of employees in the private sector (Trudbenik, 21.09.1990;39:p.4). SSM appeared as representative of employees' interests in a public debate on the problem with over-employment (Trudbenik, 27.04.1990; 18-19:p.3). Finally, SSM contributed to the public hearing for the draft amendments of the Macedonian Constitution focusing on those amendments that regulated the employees' rights and status of organized labor (Trudbenik, 20.07.1990; 30:p.4).

There were many strikes in Macedonia during early 90s organized mainly by workers themselves (Majhoshev 2006), but these were supported by the trade unions only to “avoid undermining their credibility” among workers, as was the case in other post-communist countries (Kubicek 2004, 36). While workers at the base were dissatisfied and expressed their grievances, SSM's leadership did not voice the contentious wave in the base under one coherent action program, but on the contrary distanced itself from the strikes in the enterprises.

In the activity report of SSM between the 14th (1993) and the 15th Congress (1997), published in *Trudbenik*, the external economic blockades and partially regulated internal economy were pointed as main reasons for workers layoffs and increased social unrest in the early 90s (Trudbenik, Report 1997, p.7). The external and internal threats to the future of the young independent state greatly constrained the available options of SSM's leadership for articulating workers grievances (Int. No.7, p.9; Int. No. 3, p.3). However, some of my interviewees mentioned that the main interest of the government was to secure that labor would refrain from contentious action (Int. No.4; Int. No.8). It is possible that the governing elites used the difficult economic and political crisis in the

country as their main argument to secure SSM's loyalty. However, this study lacks sufficient data on the perspective and decisions of the governing elites during this period of critical juncture to be able to corroborate this point.

SSM apparently did not perceive any opportunity for action in the context of an illiberal political atmosphere and of deep economic crisis and thus appeared as a harmless actor with no mobilizing power. The case of Slovenia, where the inherited peak union organized a general strike in 1992 which led to its inclusion in the decision-making process over the economic transformation and the new labor code on the national level (Mesman 2012), indicates that trade unions choices for modes of action *can* indeed make a difference for the strength of organized labor. However, unlike the Slovenian trade union, SSM did not have a political ally in parliament during this critical juncture (Mesman 2012), as we will see in the next section.

3.3.4 Power relations: SSM and the governing elites during the critical juncture (1991-1993)

By the end of 1992, unionists as well as public intellectuals quite commonly considered that the trade union had been politically marginalized by the government (Trudbenik editions 1990-1992). In this period of massive layoffs of employees and decreasing living standards (Boduszynski 2010), negotiating with the government was still considered the most appropriate line of action (Trudbenik, 18.11.1993; 27-28:p.5). SSM considered the possibility to lodge complaints to the Constitutional Court and to file requests for the abolishment of some laws which harmed labor interests as particularly valuable means of action (Trudbenik, 18.11.1993; 27-28: p.5).

The interaction between the government and SSM in the period of 1991-1992 in a way determined the dynamic of interaction and the power relations between organized labor and political elites in the later period. In 1991, a conflict erupted between the expert government of Prime Minister

Nikola Kljusev and SSM: the government claimed ownership of the main building of SSM in the center of the capital city Skopje, where the branch unions and the federation had their main offices (Int. No. 5, p.1; Int. No.4, p.15). The Secretary of the Presidency of SSM successfully filed a complaint to the Constitutional Court, and SSM managed to retain its property rights over the building (Int. No. 4, p.15). This episode can be understood as an attempt of the ruling elite to ‘discipline’ organized labor.

During the early 90s the union continuously complained for being ignored by the government. Unionists perceived the political elites as always having the last word on everything and that organized labor depended on the political elites’ will to accept SSM (Trudbenik, 02.02.1990; 6). In January 1992, one of the main points at the meeting of the Presidency of SSM’s Council regarding the action agenda for the following year, as reported in *Trudbenik*, was SSM’s concern that: “(...) *In practice, the power centers and decision-making centers avoid [us] as a serious societal factor*” (1.01.1992; 1-2:p.15). In January 1992, SSM’s Council complained about the way SSM was treated by the government, since the latter was too busy to communicate with SSM on the draft text of the general collective agreement (Trudbenik, 17.01.1992; 3-4:p. 3).

However, not all members of SSM agreed on viewing the government attitude as the main problem. Trifun Talevski, member of SSM’s Council, located the problem in the trade unions themselves: he claimed that, since the trade union did not manage to exercise its authority within the enterprises (referring to the gap between SSM’s leadership and base), it could not reasonably be expected to exercise its authority over the government (Trudbenik, 1.01.1992; 1-2:p.15). SSM’s failure to make a substantive internal reform and the fact that it refrained from major contentious actions during critical juncture quite clearly placed it in a subordinate position vis-à-vis the political elites.

3.4 SSM during the privatization processes

Scholars maintain that privatization processes undermined organized labor in post-communist countries since it led to concentration of capital in the hands of a few, to massive layoffs and to the bankruptcy of large numbers of enterprises (Kubicek 2004, 38). Thus, privatization weakened the trade unions: it led to a decrease of resources (membership and finances) and further undermined the union's influence on policy-making (Kubicek 204, 32). SSM was aware that the privatization processes were key for the wellbeing of the workers and for the position of organized labor (Trudbenik, 24.07.1992, 26-27:p.4). Therefore, it asked to be included in the deliberations over the model to be chosen for the transformation of social ownership, and it demanded the adoption of a legal framework that would protect the employees during the transformation of social ownership (Trudbenik, 1.01.1993, 1-2:p.5; 24.07.1992, 26-27:p.4).

The power struggle between SSM and the governing elites culminated in an open confrontation during the public debates on the Macedonian model of privatization in light of the enactment of the 1993 Law on Transformation of Enterprises with Social Ownership. SSM immediately opposed the model of paid privatization passed by the parliament which favored internal shares buyout by management teams. Instead, SSM's Presidency supported a mass model of privatization (voucher model) with wide emission of free shares for the employees⁸. On a council meeting, during the public debates on the draft of the 1993 privatization law SSM agreed that the social

⁸SSM's synthetic demands at the time were the following: *Demands for workers shareholding; Excluding the trade union's ownership from the privatization process; Establishment of a public social fund for lay offed workers; Guarantees for social protection of workers from bankrupted enterprises; Regulating the rights and duties of the Agency for Privatization and regulating the management rights of employees in companies* (Trudbenik, 24.07.1992, 26-27:p.4)

ownership was created by the employees, and thus, should be distributed via free shares (Trudbenik, 24.07.1992, 26-27:p.4).

In reaction to the protests of SSM, the governing elites accused SSM of being against the privatization process altogether. This can be understood as an attempt, on the part of the government, to de-legitimize organized labor demands for a more ‘employee friendly’ model of privatization. The newly elected president of SSM, ZivkoTolevski, reacted to these accusations by stating that SSM was not against the transformation of social ownership *per se*, only against the text of the 1993 law which would foreseeably lead to a "robbery of social ownership" (Trudbenik, 1.01.1993, 1-2:p.5). SSM pointed out that insisting on this model as the only possible choice was economically implausible and socially unjust and ungrounded (Trudbenik, Report, 1997, 18th of July, 13-14:p. 10). Jurshit Rifat, SSM’s vice president responsible for political affairs, claimed that the proposed model of privatization disregarded the interests of the workers who originally created the social capital, and favored only the ‘old’ owners whose capital was nationalized when socialism was established (Trudbenik, 24.07.1992, 26-27:p.4).

In the weeks before the law was finally passed by the parliament, SSM representatives repeatedly met with policy-makers, in an attempt to influence the outcome – unsuccessfully as it turned out (Int. No. 10, p.2; Int. No. 4, p.1). SSM’s former vice president responsible for political affairs whom I interviewed, vividly described the encounter with the minister for privatization, Jane Miljovski, in the premises of SSM, regarding the model of privatization proposed by the government. He emphasized the stark refusal of the minister’s to even enter a discussion regarding the issue of workers’ shareholding:

When we [SSM] asked him about the employees' shareholding, since the property belongs to the society [i.e. the employees], he answered precisely with these words: "If you talk about

employees `shareholding rights I will stand up and leave". This man did not accept anything we proposed. (Int. No.4, p.1).

In another episode, the whole Presidency of SSM had a meeting with the President of the Macedonian Parliament in order to communicate their disagreement with the proposed model of privatization (Int. No. 4, p.3; Int. No.10, p. 2; Int. No. 8, p.6). SSM`s former administrative member of staff responsible for communication and informing describes how the President of the Parliament tried to calm down SSM`s representatives by saying that the law was just a formality, so “Macedonia can show Europe that the privatization process has started” (Int. No. 8, p.6).

I could not obtain any documentation regarding these meetings, and neither could I interview members of the governing elites from that period, so I cannot corroborate this information provided by the former vice president of SSM for political affairs. However, it fits the general finding that political elites during post-communist transitions commonly saw inherited unions as threats to marketization (Kubicek 2004, 12). During the regime change in Macedonia, as Boduszynski (2010) claims, the reformed communist party (SDSM) in power had their *own interests* in the privatization, as was the case in other post-communist countries as well. Moreover, SDSM, the governing party was aware that SSM lacked the capacity for coordinated contentious action, thus it could avoid their demands.

In his opening speech on the issue on privatization, at the SSM Council meeting, Jurshit Rifat, SSM`s vice president for political affairs explained retrospectively that:

(...) [SSM] was the only opposition against the 1993 Law on Transformation of Enterprises with Social Ownership, and against the way the privatization was implemented. (...) we had no support whatsoever for the idea of mass [voucher] privatization with the exception of a few people in social science academia. On the contrary, we were attacked for allegedly blocking the process of privatization (...). (Rifat, Opening speech, November 1996, p. 2).

This quote shows that SSM did not have political allies among the political parties in government. It means that it was left ‘alone’ with its criticism against the paid model of privatization.

By advocating the voucher model of privatization, SSM seemed to be offering an alternative to the paid privatization model championed by the government (Int.No.4; Int.No.12). However, discordant voices could be found even within the ranks of SSM: One of them was the secretary of one of SSM’s branch unions whom I could interview, and who criticizes SSM for somehow “having lost themselves” in that period and for not having offered any constructive and *realistic* alternative solution (Int. No.7, p.3). Implying a rather economic reasoning, she believes that SSM’s leadership uncritically asked for the right of each worker to some piece of social ownership. Trajko Slaveski, a Macedonian scholar whom I interviewed, also implied that SSM wanted to defend employees’ interests with methods inherited from the ‘old socialist mindset’ (Int. No. 15, p. 1).

According to these voices, SSM’s leadership was actually defending the interests of employees’ in a rather ‘old-fashioned way’. According to Kubicek, it was quite common that trade unions inherited from socialism were skeptical of neoliberal market reforms and that they “(...) remained [more] interested in protecting their privileges [from] the old system than promoting anything new” (2004, 11, 31). Since I was not granted access to SSM’s archive for documentation from this period, I cannot assess whether SSM had a truly developed alternative on the model of privatization or the assumptions on which their strategy was based on.

In *Trudbenik*, the journalist Suzana Babunska criticized SSM for not mobilizing its members and having had a too mild reaction against the paid model of privatization (Trudbenik, 20.03.1992, 13: p.3). Even though SSM recognized the potential effectiveness of more contentious means of action, such as a general strike, they refrained from this type of action against the paid model of

privatization, considering the difficult economic and political circumstances in the country (Trudbenik, 18.11.1993; 27-28: p. 4-5).

In sum, even though SSM was in a position to act more pro-actively, it chose not to, since it perceived the opportunity structure as being closed, and because it had been ‘persuaded’ by the elites that it was not a good time to act contentiously. This led to hesitant negotiations with the government on the most important economic reform during transition, the privatization of social ownership. Furthermore, SSM lacked the know-how and the persuasiveness to push forward the voucher model. As we shall see in the next section, the choices made at this point in time had consequences in the following period.

3.4.1 “Loyalty repeated”: SSM’s failed referendum initiative

The only collective action that SSM undertook after the privatization law passed Parliament in 1993, was an initiative for collecting 150 000 signatures to file a request for a referendum aiming to amend the adopted model of privatization. This initiative was an alternative to a possibly more radical collective action (Int. No.8, p.5). The initiative was launched and the collection of signatures was successful. However, the initiative did not reach its aim, as it was called off in the last moment, with only a few thousand signatures left to be collected. What was the reason for the failed initiative and what does this tell us about the relations of power between governing elites and SSM?

The available data are unclear over the reasons for the initiative cancelation. As reported in *Trudbenik*, the official reason for canceling the initiative was that SSM had failed to collect the necessary number of signatures⁹ (Trudbenik, 18.11.1993; 27-28:p. 5). However, some of the

⁹ It was reported that 142 000 signatures had been collected (Trudbenik, 18.11.1993; 27-28:p. 5)

interviewees imply that the initiative was actually called off because of heavy pressures coming from the governing party and pushing SSM to give up on this initiative. The former SSM's vice president for political matters during transition for instance maintains that the party in power resisted the initiative (Int. No. 4, p.15). Intriguingly, *Trudbenik* reported that the failure of this referendum initiative was related also with the parliamentary elections to be held in 1993 (Trudbenik, 18.11.1993; 27-28:p. 5).

Some of the interviewees were reluctant to speak about this event, probably because it reveals the influence of the governing party SDSM over SSM's leadership in that period. A journalist who worked for *Trudbenik* during the transition suggested that SSM's leadership had always been leaning towards the reform communist party SDSM since it gathered the old political elites with whom unionists collaborated during socialism (Int. No. 11, p.6). In *Trudbenik*, the union leadership routinely displayed hostility towards the governing elites' decisions though. However, it is possible that SSM played a 'double game' here, manifesting opposition in public while nevertheless being co-opted by SDSM behind the scenes. An alternative explanation is that SSM's leadership canceled the action because of the perceived sensitive political and economic circumstances that the country faced in that period.

The initiative's failure, according to my interviewees, is the decisive point when the union failed to demonstrate its power, and the model of paid privatization was finally enacted (Int. No. 1, p.1). This is best expressed by the ex-secretary of one branch union: "*We did not achieve a score when the goal post was empty*" (Int. No. 8, p.5). I believe that SSM's chances for political repositioning considerably diminished after this event. Had this initiative succeeded, SSM might have demonstrated its legitimacy among workers, its mobilizing strength and could have profiled itself as a powerful actor vis-à-vis the political elites. The failure of this event was a signal of SSM's

incapacity to influence key policy-making processes. This will become more evident during the following period (1994 onwards) and through further interactions with the governing elites.

3.4.2 The 1995 Agreement and its implementation

In the period after the 1993 Law on Transformation of Enterprises with Social Ownership was passed, SSM dismissed any official communication and cooperation with the government on the matter of privatization (Int. No. 4, p.10). Nevertheless, in 1994, SSM managed to sign two general collective agreements on national level, one for the private sector and one for the public sector, together with the government and the employers' organizations (Letter to EU Ambassador in Macedonia Ervan Fuere from SSM's Presidency, p. 1). Moreover, almost all branch-specific collective agreements were signed in this period. Even though SSM was kept at a distance from the central economic reform in the country, the transformation of social ownership, the unionists considered these collective agreements as a major proof for SSM's legitimacy as a representative social partner (Int. No. 9).

However, in 1995, an Agreement granting the employees of enterprises to be privatized more privileges (discounts) for shares buyout was signed by SSM and by the government after long negotiations. SSM perceived the 1995 Agreement as a valorization of the employees' contribution in the creation of social ownership during socialism. Before signing the 1995 Agreement, the Agency for Privatization apparently preferred the method of managerial buyout, which meant that a group of directors would take over the management of the enterprise (Slaveski 1996, Rifat, Opening speech, November 1996, p. 5). The implementation of this privatization method was against employees' interests.

The 1995 Agreement was a compromise solution which built upon the paid model of privatization previously accepted by the parliament. With the 1995 Agreement, elements of the model of the so-called mass privatization (voucher model) – a model that grants employees a higher degree of participation in the transformation of social ownership - were introduced in the process of privatization in Macedonia. Jurshit Rifat claimed that with the 1995 Agreement “*the process of privatization was unblocked and fastened, and employees' ownership was enabled. In other words, the possibility for workers' shares buyout and taking over the management package was opened*” (Opening speech, November 1996, p. 3). The 1995 Agreement became a basis for the privatization process along with the 1993 Law on Transformation of Enterprises with Social Ownership.

The Agreement had two important aspects. Firstly, the government promised “security and job guarantees for the employees, and [promised to] meet all obligations towards workers, namely payment of unpaid salaries and social insurance installments” (Information, 1996, p. 1; Jusshit, Opening speech, November 1996, p. 4). Secondly, the Agreement gave workers the right of buying shares at favorable discounts:

Workers lay claim to buying stocks under favorable conditions up to 30% of the estimated value of the enterprise, with installments paid in five years period with a two year grace period. The discount of these stocks is fixed by the law of transformation of the enterprises with socially owned capital (the basic discount of 30%) and the additional percent for each full year of service” (The Agreement, 1995, Official translation).

These buying out privileges were applicable to all current, former and retired employees in the enterprises (Agreement; 28.09.1995, p.1).

The 1995 Agreement allowed a representative of SSM to be appointed to the management board of the Agency for Privatization. Moreover, SSM's representatives gained access to the files of every company that was to be privatized through their membership in enterprises' privatization boards and to the Government's Board of Commissioners for privatization (Information, 1996, p.

3.) Hence, the 1995 Agreement seemed to be a victory for SSM. But was it for the workers who did not know what to do with their shares?

The number of enterprises that were privatized under the 1993 Law on Transformation of Enterprises with Social Ownership up to September 1995 was small – only 162 (Information for realization of the Agreement, 1996, p. 2). This meant that “in 1995 [when the Agreement was signed] there were in total 1216 companies [left] to be privatized, out of which 113 big, 273 medium and 830 small scale companies.” (Information, 1996, p. 2). Thus, SSM seemed to still have a chance to influence the privatization process in favor of the workers.

SSM representatives were advocating for an employees' buyout method wherever applicable. The results of the further privatization process, however, did not work in the employees' favor. By 30th September 1996, 876 companies were transformed, meaning that 71% of the companies which, according to law, should be privatized had terminated the privatization. The most common buyout models applied were *employee's buyout* and *sale to the management of the company*, meaning that *the privatization was predominantly done by enterprises' insiders* (Information, 1996, p. 2). In half of the privatized companies the employees acquired management rights by possessing over 51% of the shares (Information, 1996, 3). However, the privatization of the medium and the big companies was done dominantly through sell out to persons already undertaking the management of the company (Information, 1996, 3).

The trade union claimed that, despite the worker friendly 1995 Agreement, the managers of many companies went to great lengths to actually prevent the mass of employees' to gain ownership as foreseen in the Agreement. SSM claimed that many management teams left employees uninformed about their shares buyout rights and that the dominant method of privatization of enterprises

therefore was the manager buy-out. For this reason, SSM requested improvements in the legal framework so as to provide a better protection of employees' shareholdings (Information about the implementation of the Agreement, 1996, p. 9).

In 1996, the final stage of the privatization – the legal registration of the new privatized entities - was not finished yet and during this time period the management of companies tried to gain employees' shares in various – and apparently often manipulative ways (Information on the implementation of the agreement, 1996): Employees were exposed to manipulations and pressures by management teams in enterprises pushing them to renounce their management right in favor of the manager (Slaveski 1996; Information 1996). In some cases, the employees did not receive the certificates for possession of the shares to which they were entitled, which opened a space for various manipulations of employees' rights by the management. Also, individuals who had acquired 55% of the capital started behaving as if they were absolute owners of the company, disregarding the fact that 30% of the shares still belonged to employees and 15% to the Retirement Fund (Information, 1996, p.7). In a 1997 report about the activities of SSM between the 14th (1993) and 15th Congress (1997), SSM openly accuses the enterprises' management of undermining the terms of the Agreement:

Workers are pressured to give up their shares, to sell them at low prices or to transfer their management right to the management teams or to the directors (...) Workers – shareholders - are left unprotected from the pressures from their employers, which leads to internal conflicts and demands by the trade union organization in companies to change the model of privatization. (...) Workers do not get a certificate for ownership over the shares and therefore cannot exercise their right to participate in the decision making bodies within the companies. (Trudbenik, 18th of July 1997, 13-14: p.11)

Base trade unions apparently were also quite passive and did not warn employees so as to help them differentiate between their rights as share owners and their right as workers. As a

consequence, many employees thought that if they sold their shares to the managers they would keep their jobs (Rifat, Opening speech, November 1996, p. 8; Int. No.13, p.2).

It is worth noticing that the Information about the Implementation of the 1995 Agreement (1996), an official report issued by SSM's administration, contains some elements of self-criticism on the part of SSM, namely the failure to provide timely and organized action by base trade unions. The *Trudbenik* journalist that I interviewed, also points out that SSM failed to educate the employees and to raise their awareness regarding their role as shareholders in the companies:

The 1995 Agreement was a victory for SSM, but was it for the workers? SSM did not inform workers about the value of their shares or how to fight for more of what once belonged to them. SSM did not tell the workers how they could turn shares into money and what these shares actually mean. Many workers wrongly believed that the share was connected to their employment status. This opened up opportunities for the management to proffer threats that, if the workers did not sell their shares to them, they would lose their jobs. (Int. No. 11, p.14).

At the meeting held in 1996, Neda Tanevska, a member of SSM's Council, explained that many employees were inclined to sell their shares to management teams because they were poor and needed money (XII meeting of the Council of SSM, Stenographic Notes, 5.11.1996, p. 5). In the same session, Miroslav Peterushevski, a member of SSM's Council warned the other members:

It should be noted in the minutes of this meeting, that 99% out of 1000 employees are not aware of their entitlement to enterprises' shares or that they possess certain rights as shareholders. The trade union representatives or presidents are under great pressure on the part of someone. (...) Some political parties are using us; trade unionists became part of political parties, and the consequences are serious (Council Meeting, Stenographic Notes, 5.11.1996, p. 6).

Kiro Josifovski, a member of the Council also alarmed the Council about the trade unions' inability to protect employees' rights during privatization of enterprises since “[SSM] has [already] a very weak position at the national level and only two-three branch trade unions are functioning [properly].” (Council Meeting, Stenographic Notes, 5.11.1996, p. 7). Risto Dimkovski, another member of the Council, criticized SSM for not being visible in the public sphere and staying silent

about their activities in the privatization processes (Council Meeting, Stenographic Notes, 5.11.1996, p. 9).

SSM's president Zivko Tolevski, defended the union by pointing out that, even though the aim of the union was to assure part of the shares for employees, it was in no position to have complete control over all the privatizations of enterprises in the country (Council Meeting, Stenographic Notes, 5.11.1996, p. 6). Therefore, he deemed it wrong to accuse SSM of being guilty of the manipulations of employees in the privatization process, and of layoffs, unpaid wages etc. (Council Meeting, Stenographic Notes, 5.11.1996, p. 6). According to him, the problem was that, regardless of the chosen model of privatization, the trade union was in no position to forbid the employees to sell out their shares (Council Meeting, Stenographic Notes, 5.11.1996, p. 8). This is possibly true, since SSM and the base organizations gradually lost the trust of employees who, in times of massive layoffs and economic crises, were strongly determined to keep their jobs at any rate.

As I have shown in this section, SSM suffered the consequences of earlier unsuccessful attempts for internal re-organization, which left the trade union without enough professional capacities to organize, inform and mobilize labor. As a consequence employees were left largely uninformed of their rights to shares in the privatization process. The data indicates that the base trade union organizations in the enterprises were not really capable of preventing employees from selling their shares and give away their management rights. SSM lost a great share of their membership during this period because of the massive layoffs and increasing distrust among workers. Although I could not access SSM's membership statistics from that period to check what share of members was lost exactly, it is probably fair to say that during this period of privatization, SSM also lost a large part of its inherited material legacy (resources). This considerably weakened the organization, since as Kubicek says: "Without members, unions die" (2004, 32).

3.5 Signs of marginalization of organized labor in Macedonia (1996-1998)

The definitive marginalization of SSM can be clearly observed during the late 90s. The transformation of social ownership and the re-structuring of the heavy industry as performed in Macedonia left many employees on the street, therefore late 90s were times of spontaneous social unrest and massive strikes. In 1996, the wages and other insurance payments were either not paid, or paid with a delay of one or two months in many enterprises.

SSM tried to help the layoff workers from the loss making companies, but could not oppose the government's policy of industry restructuring passed under the patronage of the IMF and the World Bank. SSM successfully pressed for the enactment of a law that guaranteed social benefits for workers from the loss makers companies. (Note from the meetings regarding the draft proposal of the Law on employment and insurance in case of unemployment, 14.04.1997, p.1).

The largest strike wave in Macedonia occurred during the late 90s, after the privatization of companies was unleashed (Majhoshev 2006). The role of SSM in initiating this wave of wild cat strikes remains obscure. For example, the informal strike leader and president of a base trade union organization who I interviewed, claims that they received organizational and official public support from SSM (Int. No. 3, p.1). Contrary to this, the president of the branch union SONK at that time, and later the founder of the second largest federation of trade unions, claims that these strikers were mainly self-organized, as an act of spontaneous revolt of angry workers, and that they should not be regarded as result of SSM's efforts (Int. No. 6, p.8).

By 1996, trade union organizing was forbidden in some of the enterprises and trade union representatives were fired (cf. Information for protection of employees rights, March, 1996, p.9). According to the Labor Code, the employer was supposed to consult with the trade union in the

enterprise regarding legal disputes at hand. However, as SSM's Council reports, in many cases the employers did not ask for the opinion of the base trade unions' representatives (Information for protection of employees rights, March, 1996, p. 11). In this period, SSM's legal administration was confronted with increased requests for legal aid in court proceedings related to labor law infringements. The number of complaints for unpaid wages and other compensations increased from 1368 in 1995 to 1876 in 1996 (Information for protection of employees rights, March, 1996, p.1). SSM's professional cadres (e.g. lawyers specialized in labor legislation) diminished considerably. The base trade unions did not have the professional resources to protect their members' rights and in only three branch unions was the necessary legal protection actually provided (Information for protection of employees rights, March, 1996, p.2 and p. 4).

In 1996, upon request of SSM, the Socio-Economic Council, a tripartite corporatist body, was established with the agreement of the three partners: the government, the Federation of the Trade Unions of Macedonia (SSM), and the Organization of Employers of Macedonia (Council Meeting, Stenographic Notes, 5.11.1996, p. 9-10). From the start, the work of this body was fraught with difficulties, and SSM's leadership was often dissatisfied with the quality of its functioning, as the Council did not have a budget or satisfactory administration (Int. No. 10, p. 2). The government and the Ministry of Labor and Social Policy were not obliged to act in accordance with the Council's opinions, therefore the effects of its work were minimal (Anceva 2011, 6-7; Rifat, private document, year unknown, p.2).

The weakness of the Socio-Economic Council was that it worked on an ad hoc basis only and that it was used by the Ministry of Labor and Social Affairs as a rubber stamp procedure for assuring the legitimacy of already taken decisions (Anceva 2011, 6-7). The tripartite body in Macedonia, similarly to other post- communist countries, was just used to '[assure] legitimacy to neoliberal,

often anti-union policies, or to keep unions under control” (Kubicek 2004, 40). Tolevski, the President of SSM at the time, claimed that the government treated the Socio-Economic Council as a means of ex-post legitimization of its decisions in front of the international community, and as a proof for the existence of tripartism in the country (Meeting of SSM Council, 25.12.1998, p.5). Even though the Council did not function properly, SSM did not protest by getting out of the institution.

In 1998, the main activity of the union was concentrated around the issue of unpaid wages and insurances (Tolevski Zivko, President of SSM, Meeting of SSM Council, 25.12.1998, p. 2). In mid-1998, the grace period for shares buyout was coming to an end, meaning that the workers needed to pay off their assigned shares. However, the hard circumstances in many enterprises, with over 100'000 employees not receiving a wage in the subsequent months, and over 70'000 employees being on forced leave, made it impossible for many employees to pay the share installments (Proposal for moratorium, June 1999, p.2).

The developments of the late 90s show that organized labor lost material resources and did not have any real impact on the policy-making process. The trade unions lost their significance in the enterprises and there was an “overall decline of membership” in SSM – only 17.5% of all the employees in the private and the public sector were SSM’s members (Anceva 2011, 5). Furthermore, the Socio-Economic Council was a façade institution where organized labor did not have much influence. The Macedonian scholar Zdravko Saveski (2005), in his analysis of labor rights in Macedonia during transition, showed their sharp decline during the first decade of the transition, regardless of what government was in power. Trust in trade unions was generally low, and the unions were largely disconnected from their workers. There are no credible data on union density available, however analysts such as Anceva (2010, 2011) argue that from the late 1990s

onwards, Macedonian trade unions have had very low levels of membership. Eurofound (2012) reports that union density in Macedonia in 2010 was about 28%. Moreover, Anceva (2011, 5) claims that trade unions feel powerless with regards to policy- making influence, no matter which party is in government. When interviewing trade unionists for the purpose of this study, I also gained the impression that unions do not have any impact or relevance in today's society.

CONCLUSION

This study was inspired by existing in-depth case studies of labor weakness in post-communist countries, more precisely by a research on the Slovenian case. I was particularly interested in understanding the “effect” of the socialist legacy in the case of Macedonia and whether trade union choices have been of any importance for the marginalization of the Federation of Trade Unions of Macedonia (SSM) during transition. The overarching questions that guided this research were: What was the path that led organized labor in Macedonia from a position of structural strength to a position of weakness? How did SSM adjust internally to the economic and political transition? What were the power relations between SSM and the political elites during this time? And finally, what was its role in the privatization process, the main pillar of the economic reform in Macedonia?

The results of this study indicate that despite the favorable material legacy from socialism (property, organizational infrastructure, finances and membership), its cultural legacy i.e. the leaders’ attitudes and their lack of know-how regarding internal reforms of the union constrained the possibility for internal reforms during the period of critical juncture (late 80s until 1993). The research shows that the period of the late 80s and early 90s was indeed a critical juncture at which the unionists could have opted for a more efficient internal reorganization of SSM. However they failed to strengthen the communication between the different organizational level so SSM and the branch unions can reconnect with the base and failed to professionalize and refresh the human resources in the organization.

Also, at the critical juncture, the trade union leadership decided that the only legitimate modes of action for the peak union were through the state institutions. Therefore, the peak union leadership

did not use the already high level of contention in the enterprises (great number of strikes) to mobilize the members into a wide contentious action against the slow, unsatisfactory process of economic reforms and, particularly, against the proposed paid model of privatization of 1993 by the governing elites.

One of the possible reasons for this critical strategic choice is that the trade union leadership did not want to cause social problems in times when the newly independent state's future was highly uncertain. This means that trade unionists' 'perceptions' about the political and economic threats the country faced, restrained their activities. The other plausible reason for the passivity of the union, hinted in my data, is that a large number of leading members of SSM- a remnant of socialism - had close ties with the governing elites of the reformed communist party. This explains the union's high degree of "loyalty" in this period of critical juncture. Even though SSM officially and publically opposed the paid model of privatization proposed by the government, it did not undertake any contentious stance, but voiced the employees' interests through meetings with government representatives. SSM publically favored the free emission of shares among employees, the so called voucher model, and later asked for increased employees' shares discounts.

During 1993, after the paid privatization model had been enacted, SSM tried to amend the law via the Constitutional Court, and also started an initiative for a referendum that aimed to abolish the law. The initiative for referendum was cancelled by SSM leadership since as the sources indicated, the reformed communist party pressed for its termination. Based on my research and data analysis, I argue that because not being able to reform internally SSM was kept out from the policy-making process by the governing elites. The parties in power did not consider SSM as a 'serious player' during the transition because they were aware of its incapacity to act. Therefore, SSM stayed out

of the privatization process until 1995, when it was called by the government to sign an agreement that granted favorable conditions for employees' shares buyout.

The trade union, with the 1995 Agreement, gained access to the Agency for Privatization and could influence the privatization method choices in the enterprises. Anyway, the transformation of social ownership by both the 1990 federal law and the 1993 privatization law favored insiders led privatization with dominantly management buyouts, and this tendency continued after the signing of the 1995 Agreement. Namely, the management teams found different and mostly illegal ways to gain the majority of shares in the enterprises, thus de facto undermining the employees' rights as granted in the 1995 Agreement. Many layoffs and intentional bankruptcies followed as well as asset stripping of the enterprises.

SSM, because of the disconnectedness from its basic unions due to earlier failures for internal reform and professionalization, could not inform many of the employees on their shares ownership rights. It seemed impossible to protect the employees in each and every company from manipulations by their management. Therefore, the failed attempts for internal reorganization and the missed opportunities to influence the privatization process earlier during transition gradually led to the marginalization of organized labor within the enterprises and the political system.

The marginalization of the trade union is evident in different ways in the period after 1996. The newly established Socio-Economic Council was not functioning, and employees increasingly lost different rights and benefits. After the IMF and the World Bank launched the implementation of the program for restructuring of twenty five gigantic enterprises from the heavy industry, the level of strikes and social unrest reached its peak in the late 90s. By that point, SSM had problems collecting membership fees since many enterprises had closed down and many of the employees

worked without paid wages or other social insurances. It seems that workers in Macedonia indeed ended up being losers of the transition (Kubicek 2004).

In the case of Macedonia, at times of great institutional reshuffling, the relations between key social actors followed the “old logic”: in times of critical juncture, when the rules of the game could have been re-written, structural path dependencies largely determined the institutional outcome. Past choices of non-contentious behavior signaled organized labor’s loyalty to political elites and management in the enterprises. The management could pursue their interests during the transformation of social ownership without interference of organized labor. After the critical juncture period was closed, the new institutional framework limited the possibility for maneuvering of trade union elites and stabilized social relations. The ‘wild’ privatization and continuous economic crisis resulted in further political marginalization and weakening of organized labor - loss of membership, finances and legitimacy.

This thesis shows that under unfavorable economic circumstances trade unions have a limited leverage for internal reforms and political repositioning. However, trade unions choices also matter on the path to marginalization. In sum, trade unions in Macedonia had inherited material resources that would have allowed for contentious action during critical juncture through which they could have imposed themselves as an important actors in the political process. Yet, they failed to use this potential: they trade union leaders were more interested in defending their own (personal and structural) interests than to defend the employees’ interests.

This research has various limitations. For instance, this study under-represents the voice of the governing elites of the time, which could bring an insight into political parties perceptions on trade unions activities within the events during critical juncture. Also, the whole process of economic transformation of the country is not covered in great detail and is based only on the few available

sources by Macedonian authors. Moreover, the fact that I did not manage to gain access to documents from SSM's archive for the period of early 90s as well as necessary statistical data on trade union membership and level of strikes possibly affects the results of the final account. If I had the data I would have much more refined portrayal of the character of the internal reform and the relations between trade unions' leadership and governing elites than I offer in this study. Finally, the extent of my data body has set limitations to the depth of my analysis: I cannot exclude that a more detailed analysis of my data sources might have somewhat altered the chronologization.

Nevertheless, this reconstruction is the first systematic account of the trajectory of labor representation organizations in Macedonia during the transition. Its various limitations hint to possible directions for future research: as already suggested, a first direction would consist in a more systematic embedding of my analysis in the economic context of the time, and in the inclusion of the political elites' perspectives on the role of labor. Moreover, this research could usefully be expanded in the direction of a comparative research on organized labor trajectories in the Yugoslav successor states more generally. Finally, a more systematic comparison of different trajectories of organized labor would surely lead to new and useful typologies of organized labor weakness or strength in post-communist countries.

APPENDICES

APPENDIX I: INTERVIEW DATA

Number of word document	Interviewees relation to SSM in period 1989-1998	Interviewees current position/relation to SSM	Time and place of meeting	Data status
No. 1	President of the trade union of Shtip	Research on labor strike activity during transition in Macedonia; Professor at the Faculty of Law in Shtip	09.05.2013, Shtip, His office at the Faculty of Law, Campus IV (10:00h)	He did not grant me with permission for recording the conversation; Notes from the conversation in Macedonian
No.2	No relation	Spokesperson and Chief of Cabinet of the President of SSM in 2009/10; Coordinator of the Social policy and trade unionism program of the Friedrich Ebert Foundation (FES) in Macedonia	14.05.2013, His office at the Friedrich Ebert Foundation in Skopje	Recorded conversation; Transcript in Macedonian
No. 3	President of base trade union organization of the branch Trade Union of workers in Chemical, Metal and Non- Metal Industry (SHNM) in Hemtex factory; strike leader during transition	After 1996 he was a member of the Oversight board of SSM in one mandate; Today je is a member of the executive board of the Trade Union of Workers in Chemical, Metal and Non- Metal Industry of the Republic of Macedonia (SHNM)	03.05.2013, His home in Skopje	Recorded conversation; Transcript in Macedonian; Partial transcript in English
No.4 – first meeting	Secretary of the trade union of Skopje; President of the Commission for political affairs	Retired	Two meetings: 21.09.2013 and 25.12.2013 in his	First meeting – recorded conversation; Transcript in Macedonian,;

No.5-second meeting	at SSM; Trade union representative at the Agency for Privatization		apartment in Skopje	Written notes from the second meeting
No. 6	Administrative member of staff in the Trade union for Education, Science and Culture (SONK); Later president of SONK and the Confederation of Free Trade Unions of Macedonia, opponent of SSM	Retired	05.09.2013 in a restaurant yard in Radishani, neighborhood on the periphery of Skopje	Recorded conversation; Transcript in Macedonian
No.7	Administrative member of staff and economic analyst in SIER since 1987	General Secretary of the Trade union of Industry, Energy and Mining (SIER)	05.07.2013 in her office at the Trade union of Industry, Energy and Mining (SIER), building of SSM in Skopje	Recorded conversation; Transcript in Macedonian
No. 8	Administrative member of staff responsible for communication and informing in SSM from 1987; later served as the Secretary of UPOZ	President of the Trade union of the Workers from Public Administration, Judiciary Institutions and Citizens Associations (UPOZ)	19.08.2013 in the premises of UPOZ in the building of SSM, Skopje	Recorded conversation; Transcripts in Macedonian
No. 9 – first meeting No.10 – second meeting	Administrative and technical member of staff at SSM since the 80s	Administrative and technical member of staff at SSM	19.08.2013 and 20.05.2014 in the office in the building of SSM, Skopje	Recorded conversation from the first meeting; Transcript in Macedonian; Written notes from the second meeting

No. 11	Journalist in the SSM official gazette <i>“Trudbenik”</i> from 1982 until 2004; later became main editor of the official SSM’s gazette under its new name <i>“Sindikalen Zivot”</i>	No relation with SSM; changed profession	05.09.2013 held at local cafeteria “Deus” in Debar Malo Neighborhood in Skopje	Recorded conversation; Transcript in Macedonian
No. 12	President of the Trade union of Workers in Textile, Leather and Shoe industry (STKC) from 1993	President of the Trade union of Workers in Textile, Leather and Shoe industry (STKC) and General Secretary of SSM	19.12.2013 in his office at Trade union of Workers in Textile, Leather and Shoe industry (STKC), building of SSM, Skopje	Recorded conversation; Transcript in Macedonian
No. 13	Administrative (technical) collaborator in SGIP from 1986	Secretary of the Trade union of Civil engineering, Industry and Planning (SGIP)	1.09.2013 in her office at SGIP, building of SSM in Skopje	Recorded conversation; Transcript in Macedonian
No. 14	President of base trade union organization in the car factory <i>Zastava</i> , Ohrid (2800 members)	President of the branch Trade union of Industry, Energy and Mining (SIER)	20.12.2013 in his office at the Trade union of Industry, Energy and Mining (SIER), building of SSM in Skopje	Recorded conversation; Transcript in Macedonian

No.15	External collaborator of SSM for economic affairs related to privatization	Professor at the Faculty of Economic in Skopje; published book and articles on the process of privatization in Macedonia	26.12.2013 in Skopje (13h) in his office at the Faculty of Economics (UKIM)	Written notes from conversation in Macedonian
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APPENDIX II: TOPIC GUIDES

TOPIC GUIDE I

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- Introduction of research topic and the purpose of the interview
 - Requesting recording permission
-

| Socialist Legacy

-
- Trade union strength and labor strength within the political system
 - Self-management experiences of trade unionists/labor, decision making autonomy in the enterprises
 - Legacy evaluation (practices, finances, know-how for self-organization and mobilization, organizational resources, trade union membership)
-

| Labor representation during transition |trajectory reconstruction|

-
- The consequences of socialist legacy for trade unions behavior in the first years of transition
 - Ideological and political repositioning of SSM
 - Trade unions` strength vis- a-vis the governing elites (the state) and the enterprises management (key moments)
 - Internal re- organization of SSM and leadership (key actors)
 - The trade unions` role in the decision-making process on the model of transformation of social ownership (The making of the 1993 law on privatization)
-

| Labor strength during transition |plausible reasons|

-
- SSM`s capability to protect labor`s interests during transition
 - Possible reasons for trade unions weakness during transition (open question)
-

- Probes on possible reasons for trade unions weakness:
-
- IMF and World Bank policies
 - SSM's leadership (capacities and relations to governing parties)
 - Internal relations among branch unions
 - Financing autonomy
 - Political parties co-optation
 - Intra-organizational communication and relations among different organizational levels
-

| **Assessment of outcome: labor representation weakness?**

-
- The position of SSM within the political system today
 - The general standing of labor rights and social protection in Macedonia today
 - Evaluation of trade unions impact on the status of labor rights in Macedonia today
 - Critical and key moments within which SSM failed to defend employees interests during transition (Reconstruction of events)
-

| **Concluding part**

-
- Expectations about SSM's role in the near future
 - Requesting recommendations for other potential respondents
 - Requesting info on sources of documentation about SSM's activities during 90s
-

TOPIC GUIDE II

| **Introduction: Informed consent**

| **Questions:**

-
- What was SSM's legacy from socialism (description)?
 - SSM's internal reform and centralization of power within the branch unions happened during early 90s. How and why did the reform happen?
 - Law on transformation of social ownership of 1993. What was the stance of SSM regarding the models of transformation of social ownership (timing and events)?
 - Who proposed the initiative for referendum regarding the Law on transformation of social ownership of 1993? When was the decision made for this initiative? Describe the sequence of events. What was the initiative outcome?
 - When did SSM decide to take an institutional path of action? Can you recall particular meetings or events?
 - Why did SSM not organize any mass contentious action, namely general strike or protests in the early 90s?
-

- Law on the twenty five loss makers and IMF's program for restructuring of the heavy industry. What was SSM's reaction towards this program? When and where?
 - During the period of 1993-1994, SSM dismissed all the contacts with the government regarding the implementation of the privatization process. When was this decided and why?
 - How did the signing of the Agreement for favorable conditions of employees' shares buyout occur in 1995? When did it happen exactly? What were the relations between SSM and the governing elites in this period? What did SSM's participation in the work of the Agency for privatization amount to?
 - In 1994, two collective agreements for the public and the private sector were signed with the Government. What was the meaning of these agreements in terms of labor protection during privatization processes?
 - Why did SSM not mobilize employees in order to demonstrate strength and exercise influence over the governing elites? (reasons)
-

| Concluding phase:

- What are the role and main functions of SSM today?
 - Requesting recommendations for other potential respondents
 - Requesting documentation and archival materials on the work of SSM during 90s (if applicable)
-

APPENDIX III: CODING SCHEME LOGIC

CONCEPTUAL TOOLS	1989-1992	1993- 1994	1995-1998
LEGACY	Material and cultural aspects of socialist legacy		

STRUCTURE	Changing economic and political context	Legal framework for transformation of social ownership + economic and political context	Some changes in the legal framework on privatization, lack of institutional regulation makes the privatization slow and corrupted. Economic circumstances furthermore complicate position of labor.
DISCOURSE	Thinking and understanding about how the trade union should position itself and what are legitimate mode/means of action	Frames on privatization models	
AGENCY (ACTORS` CHOICES AND INTERACTION)	Agency early choices and pattern of interaction with ruling elites. Institutional path of influence and patronage from reformed communist party	Agency past choices and patterns of interaction with ruling elites determine lack of contentious action. Loyalty repeated.	New relations of power are established. The union is used by ruling elites when needed. Passive player.

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