

Labour as Entrepreneurs: The Ambivalent Role of Labour in Restructuring in the Polish Steel Industry

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Abstract

The paper analyses steel restructuring at one of the major steel companies in Poland. It traces the restructuring history from the 1990s up to recent times, arguing that restructuring was heavily influenced by EU-accession conditionality and by the sector-oriented policy of Polish trade unions. While steel restructuring is often considered a major success story in Poland, this article, basing its argument on the life trajectories of the redundant workers, highlights the downside of a sectoral approach which operates at the expense of regional restructuring.

Introduction

Restructuring has become an ongoing process in a globalised economy, and analysing the restructuring in the steel industry has been very a prominent topic among researchers across Europe (Stroud and Fairbrother 2008; Hertog, Iterson und Marti 2006; Bacon and Blyton 2003; Stuart 2005; Hinrichs et al. 2000; the EU FP7 project MEDEA, just to name the recent ones). Steel represents one of the old important

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industries which always got special attention in political discourse and activity, not least due to its traditional status as a strategic industry and the significance of the European Coal and Steel Community (ECSC) (Dudley and Richardson 1997). The restructuring of the steel industry was an immense process all over the globe with enormous employment cuts during the last quarter of the last century: 700,000 in the EU; 310,000 in the US; 250,000 in Japan; 80,000 in South Africa; 50,000 in Brazil, among others (IISI 2002). In Western Europe, however, the restructuring was (until 2002) heavily subsidized by the ECSC and the individual nation states, and unions played a very pro-active role in it, with the aim of socially responsible restructuring.

This paper examines the restructuring of the Polish steel industry with a particular interest in the role of labour. The steel industry in Poland enjoyed an exceptional position during socialism: it served as one of the showcase projects of communist modernization, and was one of the most important sectors in terms of employment, representing 11.5 percent of the Polish workforce (Vienna Institute for International Economic Studies 2005). The steelworkers were celebrated as the heroic 'vanguard of the proletariat' (Burawoy and Lukács 1992: 119), and given numerous privileges, such as comparatively high wages, better access to accommodation, and other amenities. Trade unions were particularly strong in the sector, given that the early 'revolutionary' Solidarity was rooted in the ship and steel industry, and many of its intellectual leaders came from these sectors. During transition, trade unions' actions in the steel sector were often quoted as an example of the successful involvement of unions in restructuring in Poland. In this contribution, however, using some of the lessons learned in studies of the restructuring of steel industry in other, mostly West European, countries (Trappmann and Stuart 2006; Sznajder Lee and Trappmann 2010), the evaluation gets more nuanced, arguing that labour's involvement in restructuring was ambiguous at best, and contained also negative consequences for the steelworkers. The analysis of the steel industry adds an empiric foundation to the prominent thesis of David Ost that trade unions in their neoliberal stance pursuing liberal economic politics contributed to their own demise (Ost 2005) and that it is the post-communist legacy that needs to be overcome if labour regeneration is to happen in Poland (Ost 2009).

The argument: The paper distinguishes two phases, restructuring during transition and restructuring under globalisation. It argues that restructuring during transition and in post-communism was shaped by a sectoral approach, intending to safeguard the viability of companies at the expense of a more regional approach that would look to safeguard employment and workers' careers in the region. This strategy was, in its turn, however, backed by the trade unions who, during the transition from

a planned economy to capitalism, behaved like co-owners of the company, promoting privatisation and favouring intensive restructuring programs. Furthermore, unions believed in the entrepreneurship of workers and therefore favoured redundancy packages over training programs for the workers. The overall belief in economic liberal values made them positive about the cure of private ownership both for the company and the workers alike. This policy led to a sense among the rank-and-file workers that the unions were no longer representing their interests by attempting to safeguard employment. With the final privatisation to new foreign investors, unions in the steel sector lost their constitutive role as co-owners, and now face a role conflict. This is a challenging process. But in analysing restructuring under the current conditions of globalisation, it seems that unions are about to reshape their self-understanding, to adapt their activities and to begin again to represent their constituency's interest. Real capitalist conditions were required for unions to develop into real trade unions.

The paper analyses restructuring at ArcelorMittal Poland (AMP) and in particular it looks at one of its sites in Nowa Huta, now called AMP Kraków, formerly Huta Lenina and then Huta im. Tadeusza Sendzimira. The fieldwork started when the mill was called Huta im. Tadeusza Sendzimira, just shortly before it merged with three other major steel plants into Polish Steelplants (Polskie Huty Stali (PHS)). It was privatized, and in 2003 it was sold to Lakshmi Mittal, an Indian newcomer in the steel market. In 2006, Mittal merged with the French Belgium corporation Arcelor and became the largest steel producer in the world. The analysis of Nowa Huta is particularly revealing as Nowa Huta was not only a mono-industrial town, but one of the prestigious projects of Polish communism. Thus, while during the 1990's, the mill was an independent state company, today it is only one production site of the Polish company within the multinational corporation, without any decision-making capacity. This of course had an impact on the role of the company in the community and the region, but also its diminished level of importance for local politicians. The case study is based on fieldwork, the core of which was carried out between November 2005 and September 2007, with follow-up interviews in 2008 and 2010. Early interviews were carried out in 2003. A total of 100 interviews were carried out with trade unionists from the two biggest trade unions, Solidarity and OPZZ, workers, management, ministry officials, EU officials, NGOs, and citizens.

The paper is divided into 6 sections. Section 2 will present the evolution of the restructuring of the mill, with a focus on employment, highlighting the ambivalent role of the European Union in restructuring steel mills. In section 3, I will elaborate on the role of trade unions in restructuring during transition, and indicate the signs

of a union renewal that has been forced by the ongoing restructuring in globalised capitalism. Section 4 deals with the effects of restructuring on the workers, how their relation to unions changed and how they experienced restructuring, in particular redundancies. Section 5 draws some comparisons with steel restructuring in other countries. The last section concludes.

2. Restructuring the Polish Steel Industry

On the eve of 1989, there were 25 steel enterprises in Poland with 147 000 employees. Huta Lenina (later called Tadeusz Sendzimir Steelworks; Huta im. Tadeusza Sendzimir) was founded in 1948. It is located eight kilometres to the East of Krakow, with a new residential district built around the mill called Nowa Huta, planned as an ideological prestige project as a city of the future. The mill was a fully integrated metallurgical plant, built as a flagship of Polish socialism. 30 years later, in 1979, a second huge mill was built, Katowice Steelworks (Huta Katowice), 60 kilometres from Krakow. Together, Huta Lenina and Huta Katowice produced 70 per cent of Polish in 1989. In the early 1990's, the Polish steel industry was affected by a deep recession in the domestic market, and needed to redirect exports to the West; it was clear that the industry needed to engage in technological upgrading and the rationalization of production capacity, and to switch to products with higher value-added. The main modernisation requirement during the 1990's concerned the modernisation of blast furnaces, the closure of open-hearth furnaces (the last in 2002) and their replacement with converters and electric furnaces. During the 1990's, the question of how best to restructure the steel sector was marked by inertia. Only in 2001 was restructuring given a legal basis with the Steel Industry Restructuring Act of August 24, dividing companies in three categories: those that have to be closed due to bankruptcy; those not receiving any further state subsidies; and those receiving extended state aid until 2006 with the hope that they would then be viable. Privatisation was delayed until 2003. This was due to the failure in the attempt to privatise single companies, the government's reluctance to sell the pearls of the sector, competition between the managers of the mills, and scepticism with regard to potential investors. Only when the four largest companies, Huta Katowice, Huta Sendzimir, Huta Florian and Huta Cedler were merged into PHS in 2003 was privatisation successful. Companies like Thyssen Krupp, Salzgitter AG, Arcelor,

US Steel, and the Indian LNM Ispat Group (Mittal) were interested. Mittal was a front runner in the privatisation bids as he was considered to be experienced in restructuring mills in Eastern Europe, having already bought steelmills in Romania and Ukraine. Most state aid was received by PHS and later then Mittal.

Employment Restructuring: Subsidiaries, Early Retirement and Severance Packages

In terms of employment, from the 147,000 workers employed in the sector in 1990 only 27 000 still worked in the sector at the end of 2006 (Polish Steel Association 2006). Reduction occurred in 3 waves: ‘naturally’ up to 1998; state-led from 1999–2003, with the sectoral framework of the HPS and HPA (see below); and company-based from 2004 to 2006. Up to 1998, reduction was mainly due to ‘natural wastage’ (employees becoming eligible for retirement or for disability benefits), reduced intake of new workers, and the transfer of employees to newly created subsidiaries. The state-led period was influenced by two sectoral tripartite agreements, the Steelworkers’ Social Package (Hutniczy Pakiet Socjalny, HPS) signed in 1999, and the Steelworkers’ Activation Package (Hutniczy Pakiet Aktywizacyjny, HPA) signed in 2003, both targeted at accelerating downsizing. The most widespread restructuring instruments during this state-led period were the splitting off of many sections of the company from the core business into subsidiaries offering new employment for workers, and the introduction of early retirement schemes and redundancy packages.

In general, early retirement meant a reduction in the statutory age of retirement. For steel workers the eligibility was even further reduced to 25 years of service. This generous early retirement scheme ended in 2006. Today, early retirement is only possible for people who worked in hardship conditions for 15 years, at 55 with a full length of service of 35 years, or at 60 with 30 years of service. Up to 2004, additional pre-retirement schemes were available to those who became unemployed but did not meet the criteria of early retirement. Two forms existed:

1. Pre-retirement benefits were assigned permanently until retirement age, granting 120 or 160 per cent of unemployment benefit for laid-off workers with full service years but not yet at retirement age (Ministry of Economy and Labour 2005: 145).
2. Pre-retirement allowances covering 80 per cent of the pension and were granted to those who were not more than 2 years short of retirement age under certain conditions related to age and years of service.

At the steel mills, a special programme was designed to motivate older workers to retire despite the low pre-retirement benefit. This meant that the company paid a sum equivalent to the salaries workers would get up to retirement, plus jubilees. In addition, laid-off workers could register as unemployed and claim unemployment benefit during the first 12 months. These rather passive instruments were complemented by more active instruments of occupational activation laid down in HPA like training contracts, conditional severance payments, and partial reimbursement of wages paid to employers recruiting former iron and steel workers. However, the use of active measures like training has been limited.

Restructuring and the EU

Employment restructuring was seriously affected by accession negotiations between Poland and the EU and the asymmetrical relation between the two. The steel industry was a delicate topic in the competition chapter of the *aquis communautaire*: The EU was demanding the reduction in production capacity and employment as well as the abolition of state aid, regulating how and within what time schedule Poland had to fulfil the European Steel Aid Code forbidding state subsidies. In an extra protocol to the Accession Treaty, transitional periods and possible state subsidies in single company cases up to the end of 2006 were granted, under the condition of clear restructuring plans for those companies receiving state aid, defining precisely the instruments of capacity reduction (closure of mills, and restructuring of assets). Given the increasing pressure of the EU, Poland decided on its sectoral restructuring program HPS and HPA and adopted the Law on Restructuring of Iron and Steel Industry. Also the privatisation of PHS and its restructuring plan, including the amount of employment reduction, had to be approved by the European Commission. 10,411 was the final number of employment at PHS/AMP allowed by the EU.

We might read this an example of the great influence the EU had in shaping the Polish economy during accession in general (cf. Kutter and Trappmann 2006), but also argue that the EU policy was shaped by the strong influence of the Western steel-lobby groups. While Sedelmeier (2002) underlines that Western steel-lobby groups were not able to prevent state aid, I would argue that binding the candidates to the European Steel Aid Protocol was nevertheless to limit the competitiveness of the CEEC and to preserve as many advantages as possible with regard to the accession countries.

On a more general level, the EU enhanced eventually the completion of what some authors have called 'dependent capitalism' (King 2002; Staniszkis 2006; Greskovits and Bohle 2009). What is striking however is that the EU did not counterbalance its demands of harmonization in competition policy with a call for harmonisation of social policy. The European Employment Strategy was not part of the negotiations, a strategy where employment creation instead of employment cuts would have been fostered. Conditionality in the field of social policy was weak, subordinating social policy to the functioning of the Single Market. Only after 2004, with the European Social Fund becoming available to the new member states, were means provided for active labour market instruments that could counterbalance restructuring.

3. Restructuring and Trade Unions: the Myth of Polish Entrepreneurship

The role of the trade unions in restructuring has been ambiguous. Unions were very successful in shaping restructuring in the face of reluctant managers and undecided, often changing governments. They were able to define sectoral frameworks for restructuring. However, their activities were targeted only at the survival of the sites, at the expense of the workers' fate. On the positive side, unlike in many other sectors, trade unions were able to conclude industry-wide collective agreements. The Supra-Enterprise Collective Agreement for Steel Industry Employees has been one of the rare extra-budgetary sectoral collective agreements in Poland, dating back to 1995. Furthermore, the unions pressed for the tripartite Steelworkers Social Package (Hutniczy Pakiet Socjalny, HPS) signed in 1999. The signing of the package was considered to be of great importance for the industry's employees' who were at risk of redundancy; it alleviated the conditions of layoffs by, for example, subsidising severance payments (Sula 2005). In 2003, the agreement was followed by a second one, the Steelworkers Activation Package (HPA), answering European Commission demands, focusing on active labour market instruments to be offered to laid-off steel workers. During privatisation, the unions reached an agreement with the investors, a so-called 'social package', guaranteeing employment protection until 2009, plus some advantages such as pay increases and a privatisation bonus and the presence of two employee representatives on the advisory boards of mills. Also, while during the early 1990's, trade unions in the steel sector were opposed to

privatisation, mostly interested in defending the status quo of individual companies by mobilising strikes (including even hunger strikes) demanding modernization and state guarantees (Sznajder 2003), in the early years of this century, trade unions have become strong supporters of privatisation, and have opposed managements in favour of mergers and privatisations. The trade unions considered privatisation to a strategic investor entering the enterprise to be the key to the survival of the companies and thus they pressed for privatisation, even when the government was stalling. They considered the splitting up of the steelworks into smaller subsidiaries to be a cure-all and precondition for the viability of the enterprise, with the long-term goal of privatization and sale of shares in the companies. They even founded subsidiaries themselves, with the intention of providing employees with a positive example of how private economic initiatives can operate successfully. In terms of the consequences of restructuring for the employees, the union representatives tried to improve employees' attitudes towards restructuring. Property ownership, so went the assumption, would encourage entrepreneurial behaviour and better labour productivity. In particular, Solidarity's orientation to the free market economy and the strong belief in the virtues of free entrepreneurship caused the unions to follow a radically market-driven strategy. The unions understood themselves as 'co-owners'; mostly concerned with preserving the parent enterprise and believing in the success of the entrepreneurial initiative, they advised employees to become entrepreneurs themselves. This means, on the negative side, instead of advocating the protection of employment contracts, the unions preferred to negotiate a suitable severance pay that would later allow the workers to become self-employed. To this end, the unions offered special courses on 'How to start your own business.' According to the unions, the redundancies were supposed to 'make workers able to start up something of their own, [such as] open a small business'. Severance pay, like the splitting up of the enterprises, was thus considered to be a cure-all for the sector. This was emphasized during interviews with various union secretaries: 'Our people are going freely, they want to go; they've got the money, maybe they'll find another job and start up their own small company,' or 'The worker will get his money and then can open up a shop.' Even as the sector packages ran out, the unions and management considered enterprise start-ups to be the best option for employees during the restructuring process. According to a union secretary in one interview, 'We hope that the next internal enterprise restructuring program will contain still more generous severance packages, so that an employee can stand on his own feet and become self-employed' (for more details see Trappmann forthcoming).

The Legacy of Post-communism as an Obstacle to Finding a New Role

While the influence of trade unions in Poland in general has declined dramatically, in the case of steel industry unions in the eyes of many observers preserved symbolic power and a good reputation for a long time (compare Gilejko in this volume). In the literature, explanations for the weakness of the unions generally focus on the macro level. Broadly, they can be divided into external and internal causes. External sources include the role of the state socialist legacy (Crowley 2004; Ost and Crowley 2001) and state etatism (Bluhm 2006), high unemployment levels (Greskovits 1998), and the EU and globalization pressures (Kutter and Trappmann 2010; Bohle and Greskovits 2006; Kubicek 2004). Internal ones emphasize the lack of cooperation and coordination (Meardi 2006), and the lack of a class consciousness (Ost 2000, 2001). The analysis of restructuring in the steel industry adds a micro foundation to the existing findings. It shows that adverse external pressures and conditions notwithstanding, it were the unions' company-level strategies in relation to restructuring during transition and privatization that contributed to their weakness. Given that the historical phase of transition to capitalism is finished – a new owner has taken over the company and runs it autonomously – trade unions have become superfluous as co-owners. In the successfully operating transnational concerns, unions became practically irrelevant as a management function. The unions now face the need to redefine or reinterpret their mandate. But their identity conflict had almost disqualified them as interest representatives. It is only recent that the unions perceive the management as pure profit maximizers and recognize the need to represent workers' interests. A very clear signal was the reaction to the financial crisis. In 2010, with the termination of the social package, the management laid off 1,300 workers, half of them re-employed as agency workers, half of them just laid off without any financial compensation. One manager frankly admitted: 'I have no choice. Our production has to be competitive'; 'People have the same choice like me. They can do it (accept a working contract at an employment agency) or they have to resign. The crisis showed us we won't survive the next crisis' (Interview with HR director 2010).

But also beyond the crisis, unions realize the daunting challenges they face: the increasing flexibilization of work and employment relations; competition among subsidiaries within the corporation; and the concomitant uncertainty about the

future of entire groups of workers. In reply, Solidarity at company level is expanding its activities to organize the agency workers. And on sectoral level, in 2010, they participated in projects on training and lifelong learning aiming at upskilling and qualifying the steelworkers working in the plants. Employability has become an issue.

4. Workers and Restructuring

It is obvious that one major task of restructuring has been achieved – to reduce the total number of employees significantly. The unions' pro-active role in restructuring has however distanced them from the rank-and-file. With their orientation towards preserving the sector rather than creating jobs in the region, they lost legitimacy in the eyes of employees. As one employee of ArcelorMittal in Krakow said:

'What was in fact the power of Solidarność? It was the motto: All for one, one for all. But today this solidarity doesn't even exist among the union leaders themselves. Solidarność has a problem: through its splinter-groups and internal differences according to sector, the common interest has been lost. Everybody thinks now only of themselves'.

Even union members in the companies expressed criticism. As one worker said:

'The unions have sold out. They're not even unions any more. They teamed up with those who just wanted to sell the company. The workers were of no interest to them'.

Another one said:

'The unions have failed. They've completely lost their power. They can't do anything more for the workers. They simply don't have any role now'.

That estimation is reflected in opinion polls carried out by the Warsaw School of Economics on the workers' assessment of restructuring. 42 per cent of polled steelworkers felt that nobody represented their interests well. Though by comparison, at the national level, slightly more, 54 per cent of polled workers felt that nobody represented their interests well (Gilejko 2003: 49, 54–55). Steelworkers did not even feel well informed about restructuring. An opinion poll among steelworkers carried out by Kulpa-Ogodowska (2006) revealed that 43 per cent of steelworkers were not consulted about restructuring plans although they demanded so, further 25 stated they were not even informed about restructuring. Only 16 per cent stated that they got information on restructuring.

Among the instruments offered to the workers, the most prominent was early retirement and redundancy packages. Training under HPS and other active instruments as implemented by HPA seemed to be something virtual, because the promise of a new job was too artificial compared with the redundancy packages. Money for leaving was something visible, something that workers could touch, that they could spend. However workers did not become entrepreneurs. Most of the workers I talked to invested the money in personal expenditure, buying or renovating a flat, buying a car or consumer goods.

Lets look at some of redundancy packages and trainings in more detail, asking why workers opted for them if they had a choice and what happened to them.

Severance payment/redundancy packages: The voluntary leavers before privatisation of the mill are the most interesting case: they took a more or less free decision in the middle of their working career, without a clear future perspective, in an institutional surrounding that was characterised by high unemployment and a passive labour market policy. They had to rely on themselves and find some way to muddle through.

Ewelina for example, 46 years old, worked in the steel company's administration, in the same department as her husband. They were asked to decide upon one to leave. Her husband earned more, and she had good qualifications, so, convinced that she would easily find a new job, she took the redundancy package in 1999 under HPS and registered as unemployed. Her search for new employment was not successful; she was considered too old. Only by helping out at her daughters' school, she found a new part-time job as a gate keeper. She has other, unofficial, tasks, closely related to her interest in art and theatre, preparing festivities and events for the school. She has worked there for 5 years, now having completed her years of service entitling her for retirement. She managed to get through a tough situation and she considers that it was her character that helped her:

'It was the confidence and belief in myself. If I did not believe in myself, we wouldn't be speaking now. There were many who did not cope with such a situation, losing the job. You know that your environment, your husband are important. I believed all the time that I have to do this and that I will do it, being capable of it. Being desperate sometimes, afraid, especially when I had too much time, I concentrated on positive thinking'.

Władysław, a former manager, 59, decided to leave the company in 2000, following the replacement of the general director. Władysław disagreed too much with the restructuring policy, therefore he left. He had many contacts so that he easily found a new job, only as he said, 'you won't be employed as a manager again, but just as

an ordinary employee. And this you need to handle.’ He was quite satisfied with his new position in public administration. Being a very active person, he started a distance-learning university program in psychology, assuming that this would help him to keep his new job. He considered these last years as very important:

‘If I look at these last years, I am regaining ground. I recover from the abyss. It took many things: I had to learn many new things; I started an university program in pedagogy. I just defended last year, and I am still continuing learning. Some other people are now in early retirement or pre-retirement, and now they are only old men with a walking frame’.

After privatisation in 2003, given the demands by the European Commission to reduce the personnel down to 10,411 and given the promise of job protection until 2009 laid down in the social package, ArcelorMittal Poland had to introduce further incentives to stimulate voluntary departures. Besides making use of natural retirement, the voluntary redundancies motivated by financial compensation were the only way to *really* influence the number of lay-offs. New human resource departments mainly staffed with a younger generation of managers had to invent innovative incentive programs to make more people leave the companies. On very short notice, up to 31 times monthly income was granted for resigning. AMP lost mainly younger and higher paid white-collar workers, but considered it a success as most administrative sections were still considered overstaffed, and the employees regarded their chances on the labour market as good.

Grzegorz, a 48 year-old white collar worker, made use of this late offer in 2005. It took him 16 days to think it over, discuss it with his wife and to finally take the redundancy package. Though still unemployed almost a year afterwards, he was satisfied with his decision because he had been unhappy of late about worsening working conditions. He had already resigned from his management functions as he disagreed with the new personnel policies. Although he thinks that it will be more difficult for him as a specialist to regain employment than for blue-collar workers, and social downgrading seems a real fear to him, he does not regret his decision.

Maria, an accountant, 39 years old, having worked for 13 years in the finance department, decided also to accept the a redundancy package. She got an offer of 65,000 PLN as redundancy pay, and decided that it was the right incentive to leave. She wanted a job in the private sector with better pay and more challenges. As she put it, ‘I don’t know why, but I was convinced that I was right. I am not afraid, maybe that’s unreasonable, but that makes it much easier’. One reason for her decision was related to the consequences restructuring had on her employment. Accounting departments were closed in the divisions and centralised to the headquarters in

Katowice, so Maria had to commute every day. In order to be closer to her family, she applied for another job in the training department back in Nowa Huta, but which did not satisfy her professionally. So, her decision seems entirely reasonable to her.

The decisions to leave were more or less free. Particularly at the beginning of restructuring, some workers were encouraged to leave, others left because they were unsatisfied with the changes at the company. This concerns primarily white-collar workers and those in middle-management. They were in an uncomfortable position because they had to transmit decisions taken by the top management which often they were not in favour of. So the decision to leave seemed rational to them. Also white-collar workers considered their labour market chances much better and were more encouraged to leave. Interestingly, it was not as easy as they imagined. They often remained unemployed for some time and suffered from this personal trajectory. The redundancy packages were not used in most cases, as the unions had hoped, to start up businesses and to enable the workers to become entrepreneurs. Just the contrary, people looked for a new employment contract.

Gender played a decisive role in job searching priorities. While men were looking for full-time jobs, the women set other priorities. In the case of Ewelina, her primary concern was to complete the necessary working years to qualify for pension rights, second was the amount of money she would earn or the job she would do. In the case of Maria, she is lucky enough to be able to live on the income of her husband, so she wants to take time until she finds a new job that would meet her needs of being in Krakow, and that would represent a professional challenge. But also women were made redundant more easily due to the hidden assumption on the part of the management of a predominantly male-breadwinner society despite the time-honoured discourse of gender equality in socialist Poland (cf. Pollert 2003).

Training contracts: Workers with a training contract were even slightly worse off. They also suffered from the need to reorient on the labour market but did not get large financial compensation. And the training offered did not seem to be of much help: offers comprised flower arranging, basket weaving, aromatherapy or traditional handcrafts; the training courses were designed for one year, releasing the workers from work, but most of these courses could be terminated before time due, if you gained a new job contract. Those who undertook training often feigned a new job contract, thereby avoiding doing a training course but getting their salaries for the rest of the year as a kind of farewell bonus.

Pawel, for example, had a job opportunity as a warehouseman in a friend's company and therefore he started a training course as a warehouseman, that would he do just pro forma, getting the new employment contract, signing off from the

training. But he did not in fact get the job, so he started the training, feigned another job contract, got the farewell bonus, and registered as unemployed. After six months, he found new employment as a construction worker, but only temporary and at a much lower pay level. He regretted his decision bitterly.

The training programs were not very well received. As a manager at AMP tried to explain:

‘...it’s very hard to incite workers, who were told “we will train you, we will give you compensation, but you will lose your job in the next twelve months. And we cannot guarantee a new job’... People did not like it and we had problems using the money effectively... Usually our package was considered a relatively modern tool. It was the very first package offering help for an employer who wants to employ a worker made redundant from the steel sector... but it didn’t work’ (interview with representative of management board).

In 2004, the training offers were improved thanks to the ESF and a more active labour-market policy. However, the implementation of active labour-market policies faced many problems. Experts point out that there is still a lack of recognition of labour-market needs, so training is not well adjusted to the market demands (Interview, November 2005). One exception which affects ex-steel workers has been welding courses. Welders were in demand, both in Poland as in other countries. Those who took these classes had a particularly interesting story to tell.

Marcin is 44 years old; he took the redundancy package in 2000. He then started working in the informal sector and the black economy. When his third son was born, he took parental leave and this way ensured himself an official status and access to healthcare. When the son went into a nursery school, he started working as a driver for an international company in Krakow, though officially still on parental leave from his regular employment. After two more years, he wanted to re-legalise his employment record, and registered as unemployed, looking for jobs. He got an offer from a Spanish company but lacked the official certificates for welding. So in 2005, he applied for a welding course. I met him when he was taking classes in English as part of the program; it was obvious that he and all his colleagues in this class wanted to work abroad. The motivation was clear: better pay. Marcin would prefer to stay with his family, but he had some outstanding debts and wanted a secure perspective for the future. As he told me:

‘It is all about money. Nothing else’.

And migration looks like the best opportunity:

‘In Poland you can’t work anymore. It is important that I got back some perspectives. And definitely I will emigrate, I am just waiting for my course to finish. I am really motivated’.

Marcin’s case demonstrates that once you lost your permanent employment, your labour market position became much more vulnerable. Employers force people into self-employment, or into working in the informal economy, as they are interested in reducing their social security contributions. Emigration often results as individuals escape poor working conditions and of low paid jobs.

Both men and women equally experienced the loss of employment as an existential loss of security, thrown back on themselves. Certainly, the difficult job situation had an influence on private and family life as well. What is notable however is that none of the workers considered redundancy and the difficult situation afterwards as a personal failure. This is in stark contrast to a study by Mrozowicki (2010), who found a broad variety in workers’ self-reflection on their fate, ranging from individual failure to collective fate. Those who experience their careers as individual failures in his typology are ‘patchwork’ and ‘dead-end’ careers, ‘patchwork’ careers being predominantly defensive and without any clear design. While Mrozowicki interviewed workers from many different sectors, I would hypothesise that in this case the steelworkers’ collective memory of being a privileged group, with a special pride of their profession, prevented them from seeing their careers as individual patchworks (cf Mrozowicki 2010 for a typology of careers). Redundancy was something happening to them without any fault of their own and they had to make the best of the situation in positive evaluations, dealing as well as they could in the less successful cases. Steelworkers’ careers after redundancy in Mrozowicki’s typology are of a bricolage type, based on recognising opportunities. Entrepreneurship was not widespread, it were single cases. The steelworkers’ coping strategies consist of looking for a new employment contracts, working in the informal economy or emigrating abroad. They experienced it as a collective destiny although their coping strategies were mainly individual. It was individual networks, family contacts in case of blue-collar workers, professional contacts in case of white-collar workers, that were the most helpful resource. But it did not lead to any kind of new collective action as on the contrary the workers were disappointed by the unions. Lets now take a look into how restructuring occurred in other European countries.

5. International Experiences in Steel Restructuring

The challenges to the steel industry are European and world-wide. The age profile worldwide is high with the majority being over 45, with a huge percentage of formally unskilled or low skilled workers. This calls for effective recruiting programs but also for intelligent programs ensuing the transfer of knowledge and preventing a polarisation of the two generations working in the companies. More pressing, however, is the upgrading of competences of workers, given the changes in work organisation (Hertog und Mari 2001). The steel industry has become more and more a high-tech industry with many workplaces in production being ICT jobs due to automatisisation processes. Looking beyond the internal issues, employability of workers is key. Many qualification initiatives have arisen in reply to this need. Also, those workers that have kept their jobs after harsh restructuring have had to learn how to adapt to the characteristics of the new business environment. In practice this has meant employers looking to increase the flexibility and adaptability of employees through increased multi-skilling, as they look to get increased productivity out of fewer workers (Stuart 2005). Multi-skilling is not an easy process, as it is often associated with redundancies, and a work intensification that destroys room for cooperational work (Greenwood et. al 2005).

Surprisingly, little attention has been devoted by the unions in Poland to identifying any lessons from previous experiences of restructuring in the West (compare also Blazyca 2002: 264), even though unions in the West have been extensively involved in such activities as a response to the challenges of the sector. Unions in some areas of the West took over a constitutive role in order to combat not only redundancies but also the demise of regions, and involved themselves in a broad range of initiatives aimed at cushioning structural and regional change (Dörre and Röttger 2005). In the Ruhr-Area, for example, unions created strategic alliances with many local agents such as scientists, business, administration, and local NGOs, putting pressure on companies that reduced personnel, and committing themselves to the creation of new jobs in the region. The policy consensus model, based on co-determination, creating strong regional networks, proved of value for coping with later crises and redundancies (Dörre and Röttger 2005). One idea in many former mono-industrial regions was the tourism in the industrial region, heritage tourism

becoming fashionable. In the Ruhr and the Lausitz areas, both in Germany, as well as in Wales or Northwest England, just to give a few examples, industrial sites were preserved as industrial heritages or transformed into museums or offices.

Other noteworthy innovative programs developed by the unions deal with training. In the Netherlands, unions at the steel company Corus, now Tata steel, invented a training program for older and lower skilled workers to protect them against unemployment in case of redundancy. The so called 'Practical Craftsmanship Programme' aimed at educating workers who were lacking in formal education, in order to raise their chances in the internal and external labour market. The qualification was voluntary, lasted a maximum of two years and took place one day a week. The subsequent modules were built around the operational requirements of the company and dealt with topics such as health, occupational safety, work organisation and commitment to work, but also with basic education in learning how to learn, reading, writing and arithmetic.

In the UK, unions established training companies directed at assisting union members to cope with the experience of redundancy. The training company Knowledge Skills Partnership (KSP; formerly Steel Partnership Training) has developed a series of activities like information and consultation, support; advice and guidance, financial support for learning, and initial training courses to deliver opportunities for displaced workers and those under threat of redundancy, to learn new and transferable skills that should increase employability in the labour market (Trappmann and Stuart 2005). Furthermore, unions trained special so called union learning representatives (ULRs) to promote and facilitate learning processes at the company. Among the goals of the ULRs are analysis of individual learning needs; information, advice and guidance for workers regarding all aspects of learning and further education; organisation of continuing vocational training and education; cultivation of the idea of learning; and advice to the employer on the learning needs of workers. Indeed, ULRs have been particularly successful in winning over groups of workers who are seldom reached by management (Wallis, Stuart, Greenwood 2005). In Sweden, unions organised special training programs for redundant steelworkers to prepare them for the healthcare sector. While this might at first glance be the most unexpected program, it was very successful in preparing steelworkers for a new professional biography in local areas that had a need in healthcare jobs (Randle 2006). To summarize these union initiated learning activities, we can distinguish two approaches in the European steel industry: a more pro-active and a more reactive arrangement. It remains to be seen which path Polish unions will take in the long run. They have been quite pro-active in restructuring but not in training and learning

activities, and did not consider these earlier European experiences fitting to their conditions of transition. That this might have been a disadvantage is becomes evident with the Polish unions' recent policy shift.

Conclusion

The restructuring of Arcelor Mittal Poland during transition from planned economy to market economy has been successful in terms of modernising the assets, reducing the workforce, increasing productivity and making the company viable. However, the restructuring approach was targeted at the sector. New employment for redundant steelworkers in the region, or indeed the employability of the redundant steelworkers was not a major concern for any of the actors involved. Unions restricted themselves to being proud of the rather peaceful way restructuring occurred compared to other sectors, due to their deals realised with the sectoral agreements and the social package. However, this has distanced them from the rank and file, as well as from non-unionised workers. With globalisation, unions have become more sensitive to employment protection and to workers' needs, they have adopted a more regional restructuring approach. This is due to changed restructuring conditions when it has become less important to reduce the workforce than to enable a qualified up-to-date competent workforce that can be competitive within the global market, and competitive even within the own multinational corporation. In the global corporation, the local management has lost power. Decisions on investments, on the closure or maintenance of sites are made by the top management in Luxembourg who has even already closed viable sites. Decisions thus have become contingent.

But the turnabout is also due to a change in the role perception on the part of the unions themselves. Having been convinced that the capitalist economy is better than the socialist economy (cf Ost 2005 for a general view on this issue), and now confronted with the realities of capitalism, unions are realising the arbitrariness of employers' decisions, like redundancies without social compensation or the forced change of employment contracts, with worse conditions for the same job, as happened in AMP. Unions no longer behave like co-owners or co-managers, but are starting to act more like workers' representatives. A shift from entrepreneurs to workers' interest representatives is becoming visible. They now invest in the training of workers, both to enable individual employability but also to guarantee a competitive position of

AMP within the corporation. It is to be seen if this will affect their legitimacy among the rank and file and the workers. The advantages of, and need for, a worker-oriented restructuring policy are clear.

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