

PD-ABJ-091
8-1-28

QUARTERLY REPORT
TO THE
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Regarding activities and expenditures
undertaken pursuant to **Grant No. EUR-0017-G-00-2025-00**

for the Second Quarter of 1994
April 1, 1994 through June 30, 1994

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INTRODUCTION

This report briefly presents information by country or regional project for the period April 1, 1994 through June 30, 1994. All activities discussed herein were funded under the terms of the grant agreement between the United States Agency for International Development (AID) and the Free Trade Union Institute (FTUI).

This report covers only those efforts already underway as of June 30, 1994. In some cases, even where narrative program reports have been received, complete reporting of overseas financial transactions (and documentation thereof) cannot be completed and verified within 30 days. In these cases, financial information will be completed in subsequent reports.

As mentioned in our previous quarterly report budgets were reprogrammed to reflect the application of FTUI's provisional ICR. However, FTUI's audited ICR will not be applied until our next report for the quarter ending September 30, 1994

A financial summary is included at the end of the report.

1. **POLAND/NSZZ SOLIDARNOSC - \$1,387,500**

A. **Summary Description of Project Activities for the Quarter ending 6/30/94:**

The quarterly from NSZZ Solidarnosc was not received in time for inclusion in this report.

B. **Implementation Status:**

Program is completed.

C. **Activities Planned for the Next Quarter (7/1/94 - 9/30/94):**

None planned.

D. **International Travel Requirements Expected for the Next Quarter (7/1/94 - 9/30/94):**

None.

E. **Reasons Why Established Goals Were Not Met:**

None to report.

F. **Other Pertinent Information:** (includes analysis and explanation of any cost overruns or high unit costs)

2. **POLAND/ECONOMIC FOUNDATION - \$75,000**

A. **Summary Description of Project Activities for the Quarter ending 6/30/94:**

Project activities have been completed.

B. **Implementation Status:**

Project activities have been completed. A final report follows. The entire set of reports received by FTUI from the Economic Foundation are presented in the Appendix.

C. **Activities Planned for the Next Quarter (7/1/94 - 9/30/94):**

Not applicable.

D. **International Travel Requirements Expected for the Next Quarter (7/1/94 - 9/30/94):**

Not applicable.

E. **Reasons Why Established Goals Were Not Met:**

Goals were met.

F. **Other Pertinent Information:** (includes analysis and explanation of any cost overruns or high unit costs)

None to report.

FINAL REPORT: ECONOMIC FOUNDATION

Background: The Economic Foundation of NSZZ Solidarity was originally established as an economic arm of the trade union, able to run independent programs as a "foundation", focusing on assisting workers during the economic transition from communism to capitalism, especially regarding vocational retraining of the unemployed. It set up regional departments in 17 cities, selecting locations where unemployment was highest.

Activities funded through this grant: The \$75,000 awarded to the Economic Foundation in FY 1992 was used for two purposes: to subsidize staff salaries and to purchase equipment. Funds were distributed to the regional offices according to need (level of activity, number of staff employed by the Foundation in a given city, and the level of unemployment in the city). On average, a regional department received \$1,000 for the purchase of equipment and \$2,000 in salary subsidies. Of those Foundation staff members whose salary was supplemented through this grant, many conducted courses on free market economics and entrepreneurship. Others assisted clients in setting up small businesses, using the English "incubator" method.

A full accounting of activities and the use of funds is attached as an appendix. The "Inventory of Equipment purchased by NSZZ Solidarnosc and the Economic Foundation" (EUR-17) was sent to AID as part of last quarter's reporting.

FTUI's Decision not to Seek Additional Funds for the Economic Foundation: The trade union NSZZ Solidarity originally asked the Free Trade Union Institute to provide financial support to its Economic Foundation, as this was the sub-organization that was going to provide much needed assistance to workers facing unemployment by providing vocational retraining and support for new small business ventures. The Economic Foundation has done what it set out to do, and it has done so very successfully. Over time, however, it increasingly became a small business concern rather than a trade union concern.

Since it evolved in that direction, the Economic Foundation has been able to seek funds from a variety of different business and management groups, and the service it provides directly to the Solidarity trade union has diminished. Certainly the AID-funded Consulting and Negotiating Bureaus (BKNs) of Solidarity have taken on a far more hands-on approach at the enterprise level in dealing with the problems workers face during the economic transition. For these reasons, FTUI decided not to seek additional funds for the Economic Foundation.

3. **RURAL SOLIDARITY - \$45,000**

A. **Summary Description of Project Activities for the Quarter ending 06/30/94:**

The project has been completed. No further project activities were undertaken during this quarter.

B. **Implementation Status:**

This project has been completed. Final close-out report is provided on the following page.

C. **Activities Planned for the Next Quarter (7/1/94 - 9/30/94):**

Not applicable. Project is completed. No further funding is sought by FTUI for Rural Solidarity.

D. **International Travel Requirements Expected for the Next Quarter (7/1/94 - 9/30/94):**

None.

E. **Reasons Why Established Goals Were Not Met:**

Established goals were met.

F. **Other Pertinent Information:** (includes analysis and explanation of any cost overruns or high unit costs)

None to report.

FINAL REPORT: RURAL SOLIDARITY

The Free Trade Union Institute originally sought funding for Rural Solidarity in 1991, and received funding totally \$45,000 from USAID for FY1992.

Background: Rural Solidarity was established in 1981 as part of the mass social movement called "Solidarnosc". While "Solidarnosc" was originally a national movement that took the form of a trade union, it could not easily absorb Poland's farmers who fell into a very unique category within Poland social strata.

Poland held the reputation of being the only country in Eastern Europe that was able to avoid collectivization of farming following the Second World War and the consolidation of communist rule. Since Poland's farmers owned their own plots of land, the government of Stanislaw Kania and later Wojciech Jaruzelski, argued that farmers in Poland did not qualify for trade union membership, since the farmers themselves were owners -- not employees. The farmers argued in their own defense that if they were truly owners in the western sense, why were they being forced by the communist government to make mandatory deliveries of their farm goods at artificially low prices. Poland's farmers eventually won their argument in court, and thus were able to form a union called "Rural Solidarity" which fell under the umbrella of the larger mass movement whose heyday were the years 1980-81. When martial law was declared in December 1981, the movement moved underground and reemerged aboveground in the fall of 1989 during Eastern Europe's democratic revolution.

FTUI-sponsored Activities:

Originally, of course, it was not at all clear what shape the organizations would take that had fallen under the aegis of the Solidarnosc movement. It was certain, nonetheless, that Rural Solidarity considered itself to be a union of democratic farmers who had come together to fight the imposed communist political and economic order. Rural Solidarity (the trade union of farmers) and NSZZ-Solidarity (the trade union of workers) had cooperated very closely during the decade of the 1980s.

The Free Trade Union Institute's decision to seeking a small grant for Rural Solidarity was based on the knowledge that the two union movements had the same democratic foundations and were basically sister-organizations. Thus, in 1991, FTUI requested a grant of \$45,000 to assist Rural Solidarity in launching their programs under the new socio-political and economic order of the 1990s.

Rural Solidarity proposed to undertake a series of training seminars for union activists, who would then themselves become trainers on topics such as agricultural credit, production, and delivery systems in a free market economy. The training that actually did take place under this grant was more focused. It taught over 100 farmers, and particularly women, how to purchase land and operate farms as small business enterprises. This concept

was new to Poland's farmers. Smaller seminars were conducted in various regions throughout Poland on how to set up and manage cooperatives, as well as how to manage an organization such as Rural Solidarity at the local level. Funding was also used to subsidize the salary of Rural Solidarity's Education Director.

Indicators of Success: This very small grant can perhaps best be described as a contribution that helped get a fledgling democratic organization in Poland on its feet in the early post-communist years. It certainly contributed to the education department of this organization. Moreover, the membership of Rural Solidarity rose from 406,000 in 1991 to 450,000 in 1992, despite substantial impoverishment of Poland's rural communities. (Membership figures from the 1994 Congress are not available at the time of this writing.) The major benefit this organization offers its members is trainings and seminars that ease the process of transformation from a controlled to a free economy.

FTUI's decision not to seek further funding for Rural Solidarity: Today, Rural Solidarity is more an association of agricultural entrepreneurs than a trade union. Moreover, there are many American NGOs and PVOs that are better suited to meet the needs of Rural Solidarity from the perspective of farm management and agricultural policy. For these two major reasons, FTUI has decided not to seek additional funds for Rural Solidarity.

4. **CONSULTING AND NEGOTIATING BUREAUS (BKN) \$ 820,278**

A. **Summary Description of Project Activities for the Quarter ending 6/30/94:**

1. Thomas Lewandowski, President of the Three Rivers Central Labor Council, AFL-CIO, Fort Wayne, Indiana, accepted an assignment as FTUI's new Field Representative in Poland and the northern tier countries. He and his family will move to Warsaw in August.

2. Mr. Lewandowski visited Poland during the quarter, accompanied (at their own expense) by his wife and two children. During his visit, Lewandowski journeyed to Gdansk, Warsaw, Plock and Cracow to meet with regional Solidarity leaders and to review the status of the BKN program. He also met with national Solidarity leadership in Gdansk and, during his trip to Plock, renewed his relationship with Solidarity leaders there. Plock has enjoyed a "sister city" relationship with Fort Wayne, Indiana over the years, and Mr. Lewandowski is well known to Solidarity leaders there. During his visit, he also met with representatives of USAID and the U.S. Embassy, as well as with former FTUI representative John Glaser, and staff from the NED-funded FTUI Warsaw office. He and Mrs. Lewandowski also conducted a housing survey in Warsaw, in anticipation of his assignment. His full report will be attached to the next quarterly.

3. Mr. Lewandowski was accompanied by FTUI Program Evaluator David Kopilow. In addition to the meetings with trade union leaders, Mr. Kopilow held separate meetings with Solidarity leadership to discuss reporting issues and a forthcoming FTUI audit. A critical aspect of these discussions involved future funding, and the need to focus closely on BKN sustainability during the course of the 1994-96 grant. His report will be attached to the next quarterly.

4. The translation of very extensive and comprehensive BKN regional reports, which was discussed in the 1st quarter report, was completed and is attached to this report. It contains substantial reports on BKN and other AID-funded activities.

4. Base-line data forms and standardized quarterly report forms for BKNs which were distributed in the 1st quarter and reported on in the last report, had yet to be collected. These and other reporting issues will be priority items for Mr. Lewandowski's first quarter scope of work

[The quarterly from Solidarity's BKN program was not received in time for inclusion in this report.]

B. Implementation Status:

Programs are on schedule.

C. Activities Planned for the Next Quarter (7/1/94 - 9/30/94):

Installation of new FTUI director and his family in Warsaw and continuation of program.

D. International Travel Requirements Expected for the Next Quarter (7/1/94 - 9/30/94):

Tom Lewandowski and his family will journey to Poland, accompanied by FTUI Program Assistant Danuta Szumal. Ms. Szumal, a fluent Polish speaker, will provide administrative and other support during the Lewandowski family's first week in Poland.

E. Reasons Why Established Goals Were Not Met:

Goals were met.

F. Other Pertinent Information:

See Attachment

5. **WARSAW OFFICE - \$187,861**

A. **Summary Description of Project Activities for the Quarter ending 6/30/94:**

Activities under this project are completed. FTUI's Warsaw Office functions will now be incorporated under the Northern Tier project in this report. FTUI's presence as a resource to the democratic trade unions will be expanded under the new bridge project entitled, the Northern Tier Regional Office.

The programs already begun with the establishment of the Warsaw office will continue with greater emphasis towards increased program activity and facilitation of AID funded projects in the Czech Republic, Slovakia and Hungary.

B. **Implementation Status:**

Future reporting will be found under the Northern Tier Project.

C. **Activities Planned for the Next Quarter (7/1/94 - 9/30/94):**

See Northern Tier Office project report.

D. **International Travel Requirements Expected for the Next Quarter (7/1/94 - 9/30/94):**

See Northern Tier Project report.

E. **Reasons Why Established Goals Were Not Met:**

Goals were met.

F. **Other Pertinent Information:**

None to report.

6. **ALBANIA - \$18,000**

A. **Summary Description of Project Activities for the Quarter ending 6/30/94:**

No activities were conducted; all funds have been spent.

B. **Implementation Status:**

All funds have been spent. Albania is included in a Sub-Regional Education Project in FTUI's nine-month "bridge" proposal submitted in December 1993.

C. **Activities Planned for the Next Quarter (7/1/94 - 9/30/94):**

There are no activities planned for next quarter. All funds have been spent.

D. **International Travel Requirements Expected for the Next Quarter (7/1/94 - 9/30/94):**

None; all funds have been spent.

E. **Reasons Why Established Goals Were Not Met:**

Program goals were met.

F. **Other Pertinent Information:** (includes analysis and explanation of any cost overruns or high unit costs)

An error in reporting expenses in the fourth quarter of 1993 has been corrected. Expenses from the October 1993 training program conducted in Albania were incorrectly charged to AID rather than NED.

7. **BALTIC REPUBLICS - \$210,496**

A. **Summary Description of Project Activities for the Quarter ending 6/30/94:**

Activities under this project are complete. The functions of this project will now be incorporated under the Lithuania project in this report.

B. **Implementation Status**

Future reporting will be found under the Lithuania project.

C. **Activities Planned for the Next Quarter (7/1/94 - 9/30/94)**

See Lithuania project.

D. **International Travel Requirements Expected for the Next Quarter (7/1/94-9/30/94):**

See Lithuania project.

E. **Reasons Why Established Goals Were Not Met:**

Goals were met.

F. **Other Pertinent Information:**

None to report.

8. **BULGARIA - \$276,938**

A. **Summary Description of Project Activities for the Quarter ending 6/30/94:**

During the quarter FTUI conducted the following programs under this grant;

In April, the Podkrepa trainers participated as students in the FTUI/University of Delaware sponsored course on the fundamentals of a market economy. The trainers found the course to be extremely useful in providing them with a better understanding of the market context in which they operate both as consumers and trade union trainers. They expressed a strong desire for further training in economically-related subjects in their course evaluations at the conclusion of the program.

A new course developed recently by the trainers is on the subject of privatization. Although based on material received in both FTUI and ICFTU courses, two of the trainers have done their own research and added to the substance of the course; they've even created special simulations to help the participants better grasp their roles. The topic is important and one which is least understood. FTUI will continue to introduce materials and information about the impact of privatization for trainer's use.

In a recent seminar the trainers used a very clever method to bring the message home. They issued a pseudo-official announcement that the plant where the participants were working was available for privatization. The participants immediately became involved in forming alternative action plans. Once suspicious participant went to look for the original "State Gazette", the publication where these announcements appear.

Later, she returned with the news that the announcement was not really true. Immediately work on the issue stopped (although this enterprise will indeed probably undergo privatization). After some light laughter work was resumed. In this way the participants learned not only about privatization, but also about themselves. They finished the course wanting to know more about what they could do.

Concerning the development of federation-based education programs, Vice-President Manolov agreed to distribute and collect a FTUI survey on the current education programs and needs of the federations. Based on the results of this survey, FTUI and Podkrepa will consider the sponsorship of federation trainers.

In May, the Podkrepa trainers continued their regular training activities conducting courses on the local level for Podkrepa's regional organizations. FTUI is continuing to develop and finalize the operations of a FTUI/Podkrepa database. This database is already functioning in Sofia and local activists were hired to input all course information on previously completed programs by the Podkrepa trainers. Although the kinks in the system are still being worked out, FTUI anticipates that quarterly reports from this database will be made available to AID/Washington and the Mission in the coming months.

Also in May, Richard Torres and Salvatore Ciriano from the Transportation Communications International Union delivered a course on, "Use of Video in Training" for the core group of Podkrepa trainers. The course was held in response to the trainers requests for improving public relations skills and classroom delivery skills. As a result of seeing themselves on camera several times during the week, their public presentation skills improved dramatically.

In June, Penny Schantz, FTUI consultant on labor education for Podkrepa, completed the first phase of a trainer skills enhancement project. The first phase involved teaching courses on basic trade union subjects to the trainers, following up each course with a short session on how to teach the material they had just learned. In order to assist them, Schantz prepared teaching guides for each specific subject.

In addition, she provided to all of the "old" trainers (and some of the new ones) individualized on the job skills improvement training and evaluation during the course of a one week program. The trainers have expressed much appreciation for this one-on-one approach, where both individual problems and strengths can be identified and addressed in a non-threatening, supportive setting. In the next phase, FTUI plans to have Ms. Schantz work individually with the "new" trainers and they enter the program.

In addition to individual instruction, she led a general discussion with the whole group on teaching methods, based on their current situation.

Local Level Union Publications Work

Ms. Schantz also worked this month with the trainers to finalize revisions for local union publications on the following topics:

- * How to conduct a meeting
- * The role of a local section leader
- * Conflict resolution

Regional Trouble-Shooting Project

Collin Gonze (FTUI labor educator) and Daniel Sieber (Swiss Confederation of Labor, SGB) were the facilitators for this two week project, designed to focus union problem solving efforts at targeted problems within a specific regional and specified time frame. The goals of the project included:

- * to enhance the effectiveness of the Podkrepa trainers by targeting their training efforts at specific problems of a selected region;
- * to encourage more cooperation and collaboration between different departments and structures of Podkrepa;
- * to encourage the Education Department of Podkrepa to take more initiative in operationalizing the use of trainers in real life problems of the union around the country
- * to demonstrate how the union can increase membership with effective regional level trade union programs rather than waiting for all solutions to come from the national structures of the union

The methodology was as follows:

1. The four participating trainers prepared a short survey to be answered by a significant sample of members in the region. The purpose of the survey was to elicit and focus on the major problems. The project was broken down by industrial branches.
2. Regional and local section leaders were briefed and involved in the problem-solving process.
3. A press conference was held to announce and describe the project in the region.
4. Surveys were distributed and collected. Each day, the working teams met to coordinate their activities and share their results.
5. Survey results were tallied, and action plans were designed on that basis.
6. Organizing drives, labor-management consultation or negotiating meetings and seminars targeted at particular problems were held according to survey results.

7. Results were compared among all groups, and a follow up press conference was held to announce them. The decision was made by local union activists to duplicate this process in other regions.

The surveys were distributed to individuals in different branches such as tourism, chemical machine building and construction and building. A total of 1,350 individuals were surveyed. The average members surveyed was between 30 and 50 years.

The general findings of the survey were:

1. Most section leaders are ignorant of their tasks and responsibilities.
2. The most serious problem, in the members' view, was usually management.
3. A majority of section leaders no longer considered the UDF as "their" party.
4. Most members joined Podkrepa in 1991-1992. Few have joined since.
5. Half of those polled knew nothing about the labor code; 70% received information only through personal contacts.
6. Two thirds of those polled now believe that a larger organization would be a better one.
7. 70-80% blamed the general situation in Bulgaria for their employment/workplace problems. A second cause cited was the absence of clear legislation. A third, infrequently cited cause, was internal union conflicts. The last problem cited was the CITUB.
8. Most would like to participate in privatization, but few know anything about it.

In addition, Collin held a seminar in Varna on the role of a leader, covering the following areas:

1. How to communicate with the manager
2. One on one contact
3. How to work with groups
4. How to organize a meeting
5. Indirect methods of communication
6. Conflict resolution
7. A system for solving problems
8. Purposes of a Press Conference

In addition to this seminar, many meetings were held with plant management and union section leaders throughout the region.

Also in June, the University of Delaware sponsored a seminar on "Fundamentals of a Market Economy" for the Stara Zagora region.

Publications Work

1. Part II of Podkrepa's Labor Code Analysis, produced for regional and section leaders as an aid in collective bargaining and legal defense of workers, was published. (This was sponsored by FTUI)
2. The FTUI sponsored trainers' manual on adult teaching methods has undergone its final revisions at Podkrepa and has been sent to the printer. Collin Gonze and Penny Schantz helped facilitate the development of this manual.

B. Implementation Status:

The Podkrepa Trainers program is being implemented on schedule. Specific impact and results are as follows:

Podkrepa increased its membership from 10,000 to 14,000 in the Varna region. This in part was largely due to the work of the Podkrepa trainers who actively developed new organizing plans for local leaders.

1. Organizing efforts on the part of trainers resulted in five metal machine sections forming a regional federation.
2. A section of 200 shipyard machine builders joined the new federation.
3. A salt production plant manager agreed to obtain new protective clothing for plant workers.
4. A food canning plant manager agreed to sign a collective bargaining agreement with Podkrepa. Two union workers who were fired also received legal counsel.
5. Meetings between union and hotel complex management produced the following new joint objectives;
 - * workers participation in the development of the complex
 - * development of the entire complex for higher paying tourism

* settlement of the land ownership problem was reached.

6. The trainers held numerous meetings with section members to discuss the issue of privatization in the Black Sea Coast regions. Due to the groundswell of demand on section leaders to have more concrete knowledge to offer, many obtained copies of the labor code and privatization laws and began to use them. As a result of this, Podkrepa trainers convinced these locals that paying their dues was for a good cause.

FTUI will continue regularly scheduled programs in addition to replacing the current field representative during the next quarter. All programs are on schedule.

C. Activities Planned for the Next Quarter 4/1/94 - 6/30/94:

Plans were finalized in December for a cooperative effort with the University of Delaware to deliver basic market economics training to Podkrepa members. It has become clear to FTUI that many Bulgarians still do not have an understanding of the workings of democracy or free markets, and therefore are ill-prepared to adequately respond when transitional changes threaten their security. The FTUI Sofia office has succeeded in working cooperatively with the University of Delaware to partner a series of courses which will reach a broad audience of Bulgarian workers in general, about these topics.

In April, FTUI and the University of Delaware have scheduled another course, "Fundamentals of a Market Economy". The target region for this program is currently being selected.

FTUI labor consultant, Penny Schantz will travel to Bulgaria in June to coordinate the completion of instructor's guides and participant materials for the Podkrepa trainers on the topics of "Parliamentary Procedure" and "role of a local section leader". She will also conduct additional training for the Podkrepa trainers.

D. International Travel Requirements Expected for the Next Quarter (4/1/94 - 6/30/94):

FTUI program officer will travel to the region in June. FTUI Sofia representative will attend the third Congress of the BNS trade union in Braila, Romania from May 11-13, 1994. FTUI's programs for 1994 will include trips to the region to monitor and develop new programs for newly emerging independent unions. This represents the first visit to Romania by FTUI's Sofia office.

FTUI's Sofia representative will complete a two year contract in May 1994. FTUI is actively recruiting an experienced labor officer for this post and anticipates that a new representative will be in place during the next quarter.

No specific dates for departure to US have been scheduled for the FTUI representative. Developments concerning the selection of a new Director for the Southern Tier are being reported to AID Washington's program staff on an on-going basis.

E. Reasons Why Established Goals Were Not Met:

The program goals continue to be met.

F. Other Pertinent Information: (Includes analysis and explanation of any cost overruns or high unit costs)

Nothing to report.

9. **HUNGARY - \$757,983**

A. **Summary Description of Project Activities for the Quarter ending 6/30/94:**

A program report was not received by the Liga in time for inclusion in this report.

FTUI Washington staff completed the preliminary Washington audit requirements for the Hungary project.

On June 26, 1994 FTUI Washington's Finance Director, Camille Weicker and Sam Johnston travelled to Hungary to begin facilitation of the financial audit of FTUI's AID and NED programs in Hungary for the period covering 1991-1993.

B. **Implementation Status:**

The audit is expected to be completed by August 31, 1994.

C. **Activities Planned for the Next Quarter (6/30/94 - 9/30/94):**

Currently, FTUI has plans for an AID program implementation trip to Hungary in September. Dates are still being discussed.

D. **International Travel Requirements Expected for the Next Quarter (6/30/94 9/30/94):**

Two round trips for program officer and Director of FTUI's Programs in September.

E. **Reasons Why Established Goals Were Not Met:**

Goals of this program continue to be met.

F. **Other Pertinent Information:** (includes analysis and explanation of any cost overruns or high unit costs)

None to report.

10. **ROMANIA - \$460,943**

A. **Summary Description of Project Activities for the Quarter ending 6/30/94:**

The following activities took place during the months of April, May, and June 1994:

The FTUI Bucharest office staff continued to implement programs and assist Romanian trade union leaders. Ms. Monica Moscu attended monthly meetings at the AID/Bucharest office.

We submitted a new proposal to AID/Washington for activities in Romania beginning in January 1994 for nine months. The proposal has been approved and the funds have been released to FTUI.

Professor Ken Mericle, Director, University of Wisconsin-Extension School of Workers, travelled to Romania and conducted a training program on Job Evaluation from April 24 - 29, 1994 in the port city of Constanta. The affiliates of the BNS in Constanta requested of FTUI to provide training in the area of Job Evaluation Systems.

Mericle joined the faculty of the School for Workers in 1979 and has served as Director since 1992. He taught industrial relations the Massachusetts Institute of Technology before coming to Wisconsin. He teaches in the fields of collective bargaining, work re-structuring and union administration in addition to his area of expertise -- compensation policy. He has conducted dozens of seminars on Job Evaluation and other compensation systems and has frequently served as a consultant to unions and joint labor-management committees on the design and implementation of compensation systems.

The seminar was held at the Parc Hotel and the seminar met for about 3 - 3.5 hours in the morning and 3 hours in the afternoon. The content of the seminar followed the planned schedule with some mid-stream adjustments to relate the material directly to Romanian situations. The topics covered were: History and function of Job Evaluation in U.S. industrial relations; Job evaluation: internal and external labor markets; Quantitative systems: factor point manuals; non-quantitative systems; sample point evaluation systems; Job evaluation summary sheets; Work re-structuring, new technology, joint decision making and job evaluation; Job analysis procedures; Proactive job analysis; Visit to worksite at the Constanta harbour; Rules for writing job descriptions; Arguing a job evaluation case; Job evaluation in the Romanian context; Procedures for designing and implementing a job evaluation systems; and Administering a system: evaluating jobs and resolving disputes.

In the U.S., the training focuses on the administration of existing job evaluation systems. Early in the seminar it became obvious that design and implementation of new job evaluation systems required more emphasis in the Romanian context.

The BNS provided translated copies of the U.S. training materials to seminar participants.

The seminar participants consisted of staff and officers from several BNS affiliated federations and their local union affiliates. The federations represented included shipyard workers, port workers, construction workers, auto workers, electrical power and electrical machinery workers, and subway workers. The largest delegations came from the shipyard and port worker federations. The participants understood the abstractions (graphs and statistics) and the complex aspects of the subject matter very well, according to Professor Mericle. They asked good questions and participated actively in discussions. They participated enthusiastically in classroom exercises.

Romanian organizations have many serious problems related to compensation systems. Following are examples of a few of the most important:

1. Low Productivity Can compensation policy be used as an instrument for raising productivity levels?
2. Inequities Existing wage differentials frequently have little relationship to either economic need or current social values. How can wage structures be rationalized to remove obvious inequities and to improve economic performance?
3. Declining Purchasing Power How can the purchasing power of wage income be protected in periods of very rapid inflation?

Each of these problems were discussed and debated during the seminar.

Job evaluation is an administrative procedure used to establish wage relationships in an internal labor market. The main advantage of job evaluation in addressing this problem is that wage differentials are based on systematic and measurable differences in skill, responsibility, effort and working conditions, factors which are widely viewed by workers as providing a fair basis for establishing differences in pay between jobs. As such, job evaluation is a good tool for addressing the problem of perceived inequities in existing wage structures. Job evaluation also addresses the productivity issue to the extent that inequities lead to low morale and low productivity, and to the

extent that the rationalized wage structure results in more efficient allocation of labor within the enterprise.

Professor Mericle's conclusion is that the seminar worked quite well at a number of different levels. It helped participants identify and differentiate the various problems related to wages and wage administration. It allowed them to raise broad philosophical and theoretical issues related to job evaluation and its application in Romania. And finally, the participants learned a great deal about the nuts and bolts of designing, implementing and administering job evaluation systems.

In April, Monica Moscu during her vacation visit to the USA, attended an intensive course on computer skills in wordperfect and windows. These skills will further increase her efficiency and contribution to the FTUI program in Romania.

The search continues for an in-country representative to be placed in Bucharest to implement FTUI training and education programs.

Nicholas Camarasescu, FTUI's in-country accountant and computer specialist, arrived in Washington, D.C. June 25 and began his training program and consultations at the FTUI headquarters. A full report on his activities will be included in the third quarter report.

B. Implementation Status:

We have begun implementing the 9-months bridge proposal.

We were unable to send two Romanian women to the Summer School for Union Women held in Florida due to budgetary constraints and other training priorities.

A survey has been developed for the union administration and dues collection project. The survey will be distributed to the 25 federations affiliated to the National Union Bloc (BNS) to determine a number of issues: their financial status, number of affiliates and in which industries, number of members, number of dues-paying members, how the BNS can help in increasing their dues collection, identify what type of services and activities that you provide to your affiliates, etc... We have attached a sample copy of the survey. Once the results from the survey are tabulated, then we can proceed with the technical assistance for the BNS in order to meet the goals of the project.

A sub-grant was awarded to the Center for Participative Management in Lodz, Poland to conduct the following program:

Initiating and Facilitating Process of Change in a Company

Objectives and Goals of the Project

Goal: to re-structure a small enterprise in Romania to make it a profitable and viable workplace with the cooperation of labor and management with the counsel of the Center for Participative Management (CPM) in Lodz, Poland. This is a pilot project which can be replicated in other enterprises around Romania.

The funding for this project will be in the form of a support grant to CPM of \$40,400 for a period of 1.5 years.

This project fits in the stated goals in the bridge proposal approved by AID: "The Free Trade Union Institute is requesting a grant to improve the BNS capability to conduct its own educational programs, **economic and legal research**, and to provide basic services to its members."

Output: This project will initially train labor teams in 4 to 5 small enterprises to work cooperatively with management to improve the company's performance and continue to be a viable place of work; the BNS will help its members in those enterprises have a voice in the re-structuring of their workplace; the BNS will benefit from the materials and advice & counsel provided by the CPM; the BNS will be able to conduct its own economic research and be a player in the economic transition in Romania; and the BNS will have trained teams on every level of at least two companies who can assist others and duplicate the project in other small enterprises around Romania.

* * * * *

The project with the Center for Participative Management (CPM) will promote, develop and initiate a process of re-structuring and change in an enterprise. Initially, the BNS confederation will work with its members in choosing 4 to 5 small enterprises where this project can be implemented. Labor and management representatives will go to the summer school in Poland and there a decision will be made to pick two enterprises as candidates for this project.

The project will include five phases: 1) First phase: a summer school in Lodz, Poland for Romanian trade union leaders and managers from 4 to 5 enterprises to introduce them to the basics of the process of company re-structuring to

meet the demands of a market economy and to narrow the field to one or two enterprises for actual implementation of the project; 2) Second phase will be focusing on one or two enterprise and the CPM will send counsellors to Romania to hold a two-day seminar on the initiation and facilitation of the process of change in those enterprises; 3) Third phase: CPM will send 3 to 4 consultants to help the Romanians draft a cooperation council agreement on the company level, prioritize problems, develop a plan for solutions, and creation of project teams on every level of the company; 4) Fourth phase: meeting with the teams and 2-3 day workshops for the project participants with Polish counterparts and monitoring of their progress; and 5) Phase five: return to Lodz for a training session to review progress in achieving the goals of the cooperation agreement between management and labor.

Background on the Recipient of Support Grant:

Since 1991, Cornell University's School of Industrial and Labor Relations and the Norwegian Work Research Institute have been helping to establish the Center for Participative Management and Industrial Development in Lodz, Poland. The purpose of this center is to develop a facility in Poland that can help establish new work systems in firms, enabling them to remain solvent in a global economy. An additional goal has been to develop ways to increase the decision-making power of trade unions and their members so that their ideas and concerns can be part of the changes implemented in these firms. This involvement is important not only in terms of the tangible results that are achieved by these activities but a more long term goal to provide citizens the ability to have their workplaces create opportunities for greater decision making, a critical tenant of a country which practices democracy. In so doing, the building of democratic values is being developed from the workplace.

Although the development of this center has been complicated by the extensive economic problems in Poland and the continuous shifts of governments, the center was finally officially established and activities began in January 1992.

At the present time, the center is expanding its capacity to work on 4 or 5 in-plant projects in Lodz as well as develop a more systematic process for training scholars, students and trade unionists.

Since April 1990, Professor Stanislaw Rudolf, Director of CPM, has been involved in joint project with the Faculty of Cornell University in New York, USA. The project focuses on improving efficiency and profitability of several workplaces and enterprises in Lodz, Poland. The goal of the project is to engage as many employees as possible in the process of transformation of these enterprises to the market-economy conditions. Since January 1992, he

has been director of the Center for Participative Management (CPM). He has given many lectures and seminars on political economy and various aspects of industrial democracy. Professor Rudolf has published 9 books and 70 articles and conference papers in Polish, English, and Russian including Industrial Democracy in Developed Capitalist Countries, 1986, Warsaw, 860 pages and the Transformation of Polish Enterprises - A Difficult Process (co-authors P. Lazes and R. Johansen), in Economic and Industrial Democracy, 1992, vol. 13 (4).

C. Activities Planned for the Next Quarter (7/1/94 - 9/30/94):

Ms. Monica Moscu, the Local Liaison for FTUI, will continue to report on the Romanian Labor movement's activities as well as on the general political, economic, and social situation in Romania. Monica will begin to work full-time in August.

We will be preparing programs on trade union administration and labor law to take place during the next six months.

D. International Travel Requirements Expected for the Next Quarter (6/30/94 - 9/30/94):

There will possibly be three trips taken by trainers and FTUI Washington staff during the next quarter.

E. Reasons Why Established Goals Were Not Met:

Program goals continue to be met.

F. Other Pertinent Information: (includes analysis and explanation of any cost overruns or high unit costs)

None to report.

11. **DEVELOPMENT OF INDEPENDENT UNIONS BY TRADE AND INDUSTRY - \$80,675**

A. **Summary Description of Project Activities for the Quarter ending 6/30/93:**

None to report.

B. **Implementation Status:**

The Service Employees International Union and the Communications Workers of America have implemented programs as planned.

C. **Activities Planned for the Next Quarter (4/30/94 - 6/30/94):**

None to report.

D. **International Travel Requirements Expected for the Next Quarter (6/30/94 - 9/30/94):**

None to report.

E. **Reasons Why Established Goals Were Not Met:**

Program goals have been met.

F. **Other Pertinent Information:** (includes analysis and explanation of any cost overruns or high unit costs)

None to report.

12. **AFL-CIO TECHNICAL AND POLICY FOUNDATION ASSISTANCE PROGRAM - \$145,000**

A. Summary Description of Project Activities for the Quarter ending 6/30/94

Director of Technical Services

Leon Wickersham, Director of Technical Services, provided assistance to FTUI program staff by locating and arranging for the participation of Trade Union experts, and other resource people in FTUI education programs.

During the last six month period he arranged for labor educators and technical experts from The Graphic Communications International Union, the United Rubber Workers, the Cincinnati Central Labor Council, and the George Meany Labor Studies Center for programs held in the following countries. A two and one half week training session for the Printshop crew in Lithuania; a one week Organizing seminar in Lithuania, and a similar session in Belarus; a program in Belarus on Occupational Safety and Health, and a program held in conjunction with the British Amalgamated Engineering and Electrical Union in Romania.

B. Implementation Status:

Proceeding as planned.

C. Activities Planned for the Next Quarter (7/1/94 - 9/30/94):

Working an average of twelve days per month, Leon Wickersham will continue to provide assistance to program staff and field representatives, to broaden the contact base of Trade Union expertise available to be called upon by FTUI. He is also working on a regular basis to secure, organize and develop, training materials for use in FTUI Programs.

D. International Travel Requirements Expected for the Next Quarter (7/1/94 - 9/30/94):

None expected.

E. Reasons Why Established Goals Were Not Met:

Goals are being met.

F. Other Pertinent Information: (includes analysis and explanation of any cost overruns or high unit costs).

None to report.

13. **ASSISTANCE TO TRADE UNION PUBLICATIONS IN CEE - \$200,000**

A. Summary Description of Project Activities for the Quarter ending 6/30/93:

Nothing to report.

B. Implementation Status:

All funds under this project have been expended.

C. Activities Planned for the Next Quarter (4/30/94 - 6/30/94):

HUNGARY - Due to rental increases in Hungary, the national leadership of the Liga trade union plans to facilitate moving the printshop from its current site in Budapest. Possible new locations were discussed with FTUI management representatives, Paul Somogyi and Richard Wilson on a recent NED funded visit to Hungary in June.

FTUI program officer, Adrienne Doherty plans to travel to Hungary during the next quarter to facilitate the implementation of the Legal Advisory project. FTUI will visit the new printshop site and staff on the upcoming visit.

D. International Travel Requirements Expected for the Next Quarter (10/1/93 - 12/31/93):

There are no travel funds remaining under this grant.

E. Reasons Why Established Goals Were Not Met:

Program goals continue to be met.

F. Other Pertinent Information: (includes analysis and explanation of any cost overruns or high unit costs)

Nothing to report.

14. **MULTILATERAL DEMOCRATIC EDUCATION AND TRAINING PROGRAM**
- \$37,500

A. **Summary Description of Project Activities for the Quarter Ending 12/31/93:**

None to report.

B. **Implementation Status:**

All funds under this grant have been previously spent.

C. **Activities Planned for the Next Quarter (4/1/94 - 6/30/94):**

None.

D. **International Travel Requirements Expected for the Next Quarter (4/1/94 - 6/30/94):**

None.

E. **Reasons Why Established Goals Were Not Met:**

Established goals for this project have been met.

F. **Other Pertinent Information:** (Including analysis and explanation of any cost overruns or high unit costs)

None to report.

15. **REGIONAL OFFICE -- SOFIA - \$375,000**

A. Summary Description of Project Activities for the Quarter Ending 3/31/94:

FTUI's Sofia office coordinated all education programs funded by AID under the Bulgaria project.

Specific activities completed during the quarter follow;

- Attended various union federation meetings and Congresses of the Podkrepa Labor Confederation.
- Continued program discussions for selection of four Podkrepa unionists for one month study to Solidarity's BKN offices.
- Reported on the current situation with regard to Privatization initiatives of the government, strike actions which took place in May by the CITUB.
- Participated in AID grantee meetings w/ U.S. Ambassador to discuss democracy programs.
- Attended the CMKOS Czech and Moravian Trade Union Congress in Prague on April 9-10, 1994 as a representative of the AFL-CIO.
- Attended the BNS (Blocul National Sindical) congress in Romania from May 11-13, 1994.

- FTUI representative met with Dr. Gorani, President of the Kosova trade union who was passing through Sofia on his return to Kosova. FTUI provided assistance in terms of program development.

- Monitored and reviewed the on-going activities regarding Podkrepa's education program for nine trainers.

- Provided in-country support to the U.S. Department of Labor's staff on organizing a conference in June on "Mass Layoff Responses and Tripartite Cooperation" held June 20 - 22, 1994.
Specific report on the results of this conference will be included in the next quarterly report.

B. Implementation Status:

The FTUI Sofia Office continues to be a key component to the success of on-going FTUI activity in the region.

Office staff and consultants work closely with FTUI on all projects and assist in expanding needed contacts for future programs.

FTUI completed the interview process for a new field Director in Bulgaria in June of this quarter. Daniel E. O'Brien will replace the current FTUI Field Representative, Fay Lyle as of August 9, 1994.

C. Activities Planned for the Next Quarter (6/30/94 - 9/30/94):

FTUI's current field representative will relocate to Washington.

A one week overlap with the current Field representative is planned for August 2, 1994. Mr. Randali Garton, Deputy Associate Director of FTUI will accompany Mr. O'Brien on the upcoming visit.

FTUI will begin plans to assist Podkrepa and the ICFTU in organizing a joint education conference planned for September 1994.

Continue to reach out to other non-governmental organizations to establish relationships and exchange of information. Promote the development of partnership programs with complimentary organizations.

FTUI Washington concluded its search for a new field representative and hired Daniel E. O'Brien for a one year post in Bulgaria. Daniel O'Brien comes to FTUI from its sister institute, the American Institute for Free Labor Development where he worked in Paraguay, Brazil, Panama and Argentina. Mr. O'Brien has considerable skills in developing labor assistance programs and in working with the international labor community.

Meetings were held in Washington with the AFL-CIO affiliates, President Kirkland, the new Bulgarian Ambassador to the U.S. and with AID Programs Representative, Kathryn Stratos prior to his departure for Sofia.

D. International Travel Requirements Expected for the Next Quarter (12/31/93):

FTUI's Sofia representative will complete a two year assignment in June 1994.

Daniel E. O'Brien, FTUI's new field representative will travel to Bulgaria on August 1, 1994. (under a NED funded grant)

E. Reasons Why Established Goals Were Not Met:

Program goals continue to be met.

F. Other Pertinent Information: (Includes analysis and explanation of any cost overruns or high unit costs)
None to report.

16. **REGIONAL CONFERENCES - \$45,000**

A. **Summary Description of Project Activities for the Quarter ending 6/30/94:**

In December 1993, the Hassan Fathy Institute (HFI) director visited several countries in Central and Eastern Europe to organize participants for the conference and review conference venue in Budapest. Countries visited included Hungary, Romania, Bulgaria, Slovakia, Czech Republic and Austria. In each country he met with leaders of the central trade union confederations, construction federations employers government representatives, safety and health officials and U.s. Embassy personnel as well as visited vocational training programs and housing projects. Agreements were made with the construction unions regarding the composition of conference delegations, including the participation of management, and their input in developing the conference program was sought. The HFI director also travelled to Vienna where he met with the president of the Austrian construction workers' union to seek their participation and support. FTUI staff in Washington and in the field played an important role establishing union contacts and advising on the overall trade union and political situation in the region.

Other HFI pre-conference visits to the region, that were not included in the FTUI grant but aided in the organization of the conference, included a visit to Poland and Lithuania by two HFI representatives in August 1993; two visits to Slovenia (one in January and another in March), and a visit to Albania by representatives of the Italian construction workers union affiliated to the HFI. This travel was funded by the AFL-CIO Building Trades Department unions of Italy and AFL-CIO private funds.

In February 1994, the HFI and the Washington-based Center to Protect Worker Rights (CPWR -- the safety and health and research arm of the AFL-CIO Building Trades Department) organized a joint "International Roundtable on Safety and Health in the Construction Industry" which took place the week before the annual AFL-CIO Executive Council meeting in Miami. The two-day roundtable included the participation of trade unionists, employers and safety and health specialists from over 15 countries. A main topic of the Roundtable was the Budapest Conference. A working committee was formed and met the day following the Roundtable to finalize the Conference program and organize and explore the possibility of seeking additional funding and in-kind contributions.

In March, the HFI signed a grant agreement with CPWR for an additional \$20,000 to cover the travel expenses of scientists from CEE and NIS to

participate in the conference and convene a "Scientific Workshop" before the main conference. The World Health Organization (WHO) and the International Labour Organization (ILO) played important roles in recruiting the scientists.

The Conference

The Conference activity began on May 4 with a "Scientific Workshop" of safety and health specialists and scientists from the United States, United Kingdom, Italy, Switzerland, Finland, and Denmark, as well as Croatia, Czech Republic, Estonia, Hungary, Poland, Romania, Serbia, Slovakia, Slovenia and the Ukraine.

The full Conference began on May 4 with an overview of construction safety and health organization and a presentation on the statutory framework of construction safety and health in the European Union, followed by presentations on safety and health organization from representatives of 13 CEE and NIS countries. The following day of the Conference involved presentations and discussions on major hazards and problems in construction and their solutions.

The Conference concluded on May 7 with a discussion on the main points of the conference and the feasibility of creating an organization framework in construction safety and health in the region. A resolution was adopted which calls for the establishment of a regional safety and health program, and, as a final step in organizing the program, it was proposed that a working group of safety and health directors from building trades unions in the region be formed.

Over 100 participated in the Conference from 20 countries; 13 countries from CEE and NIS. The Hungarian union federation, LIGA, organized a press conference during the first day of the Conference. The conference received considerable attention in the Hungarian and international press.

Conference Follow Up

The HFI has requested all unions participating in the Conference to select one union officer to join the permanent CEE Construction Safety and Health Working Group. The working group will hold a planning meeting along with employer and government representation from the region, with support from HFI board, and technical support from WHO, ILO, and CPWR. Also the involvement of the European Commission will be sought. The planning meeting could take place in November, 1994 in Bolzano, Italy, in conjunction with an important construction safety and health conference/workshop being

sponsored by the European Commission and the Autonomous Province of Bolzano, South Tyrol. A document, which will include the principal presentations at the Budapest Conference and its recommendations and conclusions will be prepared for distribution at this conference and HFI working group meeting.

Establishment of program. It is envisioned that a joint HFI/WHO program will be established in 1995, with the joint purpose of (i) providing safety and health coordination and technical assistance to the industry; and (ii) coordinating the activities of WHO Collaborating Centers in Occupational Health, with regard to developing a focus on construction safety and health within their programs. The WHO Regional Office has indicated tentative commitment to this development, and the Italian construction unions have indicated financial support and organizational assistance during a multi-year start-up period.

In-Kind Contributions

Apart from the CPWR \$20,000 grant, the HFI received substantial in-kind contributions from the CPWR and other organizations:

CPWR seconded a full-time staff member for two months to assist in the organization of the scientists and the Conference in general and seconded two other staff members for two weeks. The CPWR covered the travel and per diem of the CPWR director and two staff members. CPWR donated Conference materials on safety and health in the construction industry and paid for telephone and postage costs related to the Conference, utilizing funds apart from the grant to HFI.

The HFI committed \$10,000 of its private funds to cover the travel and per diem of AFL-CIO Building Trades representatives and trade union safety and health specialists from Western Europe. An HFI full-time staff member worked on the conference for three months, HFI director and full-time consultant for six weeks. HFI donated Conference documents and materials (above what was covered by the FTUI grant) and paid for telephone and postage costs related to the Conference, utilizing funds apart from the grant with FTUI. Also the joint CPWR/HFI Roundtable and Budapest Conference Organizing Committee meeting in Miami directly benefited conference organization and played an important role in acquiring additional resources.

The Italian construction workers unions and their safety and health organizations, apart from covering travel to organize Slovene and Albanian participation, seconded a full-time staff member for one

month and covered the cost of travel and per diem of six Italian union leaders and safety specialists.

Construction unions from Czech Republic, Slovakia, Slovenia, Hungary (10 participants outside Budapest), Romania and Bulgaria covered the travel expense of their delegations (36 participants in total) saving thousands of dollars in airfare. All participating unions spent considerable staff time preparing for their conference presentations, which they prepared in writing and had translated into English. The Hungarian union, IIGA, contributed several staff members to assist in the conference organization and covered the lodging expense of those Hungarian participants from areas outside of Budapest.

The European commission, the executive agency of the European Union, donated documents and materials on safety and health in construction translated in English, German, Italian and French valued at more than \$4,000.

Other in-kind contributions included travel and per diems for the following: one representative from ILO Geneva; one representative from WHO European Office based in Denmark; the Vice President of Bechtel Corporation from the United States and their representative in the United Kingdom; one representative from U.S. National Institute of Occupational Safety and Health; one representative of the American Health Foundation; one representative from the International Union of Bricklayers and Allied Craftsmen; one representative from the AFL-CIO European Office; and, one representative from Austrian construction workers union.

These contributions significantly enhanced the scope and level of the Conference and future programs. Also, it is fair to conclude that the monetary value of non-FTUI in-kind contributions and grants surpasses the budget of the original FTUI start-up grant. A monetary estimate of in-kind contributions will be submitted with the final accounting of the project.

B. Implementation Status:

The first regional "Safety and Health" Conference for CEE trade union leaders of the Construction Trades Industry has been completed. From this conference, a working group of CEE trade unionists and American specialists has been formed. A brief overview is provided above.

FTUI's limited assistance on this project paved the way for a permanent working commission to be established and funded by other European/American organizations working on similar safety and health issues in the region. Where feasible, FTUI will lend expertise to the Hassan Fathy Institute of the AFL-CIO, and will provide contacts with newly emerging leaders in the Construction Industry federations of Central and Eastern Europe.

All funds under the project have been advanced. A final financial report is forthcoming.

C. Activities Planned for the Next Quarter (7/1/94 - 9/30/94):

A final report detailing the proceedings and workshops of the Regional Safety and Health conference is being prepared.

See Press Release on the conference and message from the Conference Chairman attached. A more detailed report on the conference program and participant list will be included in the final report.

D. International Travel Requirements Expected for the Next Quarter (7/1/94/ - 9/30/94):

None at this time.

E. Reasons Why Established Goals Were Not Met:

Program goals continue to be met.

F. Other Pertinent Information: (includes analysis and explanation of any cost overruns or high unit costs)

None to report.

17. **PROGRAM MANAGEMENT AND EVALUATION - \$57,349**

A. Summary Description of Project Activities for the Quarter Ending 6/30/94:

FTUI's program evaluator continued to provide assistance to FTUI headquarters and field staff with program planning, monitoring and reporting. He continued to track the status of FTUI programs.

He traveled to Poland in June with Tom Lewandowski, who will be FTUI's new Northern Tier Office representative in Warsaw. The program evaluator met with Solidarity and BKN officials and staff in Gdansk to discuss program reporting and the status of the BKN program. In Warsaw, he met with U.S. Embassy and AID officials. He also met with FTUI office staff, and the former FTUI representative in Warsaw.

B. Implementation Status:

Activities are proceeding as planned.

C. Activities Planned for the Next Quarter (7/1/94 - 9/30/94):

FTUI's program evaluator will continue to track program progress, and provide program monitoring and evaluation assistance to FTUI headquarters and field staff.

FTUI will begin the process of developing more detailed qualitative and quantitative benchmark indicators which will be used to track program progress and evaluate program activities.

D. International Travel Requirements Expected for the Next Quarter (7/1/94 - 9/30/94):

None planned at this time.

E. Reasons Why Established Goals Were Not Met:

None to report.

F. Other Pertinent Information: (Including analysis and explanation of any cost overruns or high unit costs)

Because of scheduling conflicts and the prospective change of personnel at FTUI's Southern Tier Office, the program evaluator's planned trip to Bulgaria was postponed.

18. **LITHUANIA - \$178,294**

A. **Summary Description of Project Activities for the Quarter ending 6/30/94:**

Lithuanian Workers Union Printshop and Publications

Beginning on March 14, 1994 when the printing press and supporting equipment were first installed at the printshop, the Lithuanian Workers Union (LDS) began publishing a weekly newspaper entitled "The Lithuanian Worker." The newspaper provides updates on the activities of the LDS and its local affiliates, highlights course materials from LDS education courses, and discusses developments in Lithuanian politics and economics and their impact on the union members. The newspaper also features occasional supplements that focus on specific topics of interest to Lithuanian workers such as unemployment and social insurance. It is published in Lithuanian, Russian and English.

In addition, the print shop publishes articles and pamphlets produced by the economics and research departments of the Center for Labor Research and Education. During this quarter, the following publications were printed and distributed to LDS affiliated unions in various regions through the country:

- A pamphlet entitled "Lithuania's Changed Labor Laws" discussed newly adopted legislation passed by the parliament, its impact on trade unions and collective bargaining.
- A pamphlet on occupational safety and health was prepared by the technical department of the Center. Selected articles from the pamphlet were featured in a weekly paper entitled "My Firm."

LDS Education Program

A total of four seminars took place during the second quarter. (One other seminar, which took place in May, involved an exchange program for trade unionists from Lithuania, Poland, Ukraine and Belarus and was funded by FTUI's grant from the National Endowment for Democracy).

The first seminar on "worker safety and health" addressed the difficulty of raising workers' awareness of this issue at a time when there is a severe fear of layoffs. The participants concluded that workplace education is essential for addressing this issue. In order to improve workplace safety and health, provisions for enforcement must be included in collective bargaining agreements.

A seminar on "unemployment" was held for the purpose of addressing Lithuania's hidden unemployment problems and formulating effective responses. It was agreed that the LDS must compel the government to set up infrastructure to foster job creation. A follow-up seminar will be held to work out more detailed responses.

As part of FTUI's continuing "train-the-trainers program," a second collective bargaining seminar was conducted by LDS trainers under the supervision of Kristina Krupaviciene, the LDS Education Director. The course included a series of mock bargaining exercises designed to further develop the participants' negotiations and organizing skills. The participants' skills in this area had visibly improved since their participation in the first course.

A three day "basic trade union" education seminar in the city of Kaunas was attended by 14 trade unionists, most of whom represented the bus and trolleybus depots of the city. None of the participants had previously participated in an LDS seminar. They were unaccustomed to the active participation which is encouraged at all LDS seminars. For this reason, the early part of the seminar focused on participatory exercises. Once the participants became more active and realized that they could learn from each other, they contributed to a substantive discussion of their experiences with collective bargaining, worker rights enforcement, safety and health, unemployment and organizing. There was also a discussion among participants about the possibility of uniting all the independent transport affiliates in Lithuania into an industrial union.

The last day of the seminar was devoted to a meeting with LDS President, Aldona Balsiene and LDS lawyer Petras Grebliauskas. Balsiene suggested methods for organizing to strengthen the transport unions. Grebliauskas replied to participants' questions regarding membership fees, registration, negotiations, and collective bargaining. The seminar was conducted by LDS trainers Lina Jankauskiene, Danute Satiete and Jonas Matulaitis who developed skills under FTUI's "train-the-trainers" program.

Center for Labor Education and Research

The Center for Labor Research and Education's legal and economics research departments and technical assistance departments have been set up and, in many cases, are already working on projects under the auspices of the LDS.

During the second quarter the Center initiated the following projects:

Economics Department

The Center's economists carried out an analysis of unemployment in the Rasiniai and Kiliokiene regions. They learned that although there are 1,374 unemployed in these regions, only half receive unemployment insurance. The problem is largely due to

the rapid closings of state enterprises and liquidation of unsuccessful new ventures which discharge workers without compensation or unemployment benefits.

The Center's economists collected economic data on the situation in Estonia and Latvia and are seeking ways to cooperate with independent trade unions in those countries on an employment assistance programs.

The Center set up a Rehabilitation and Training Program for the Unemployed. During this quarter, the Center located 22 positions for workers most drastically affected by unemployment, for example mothers with small children, workers reaching the age of retirement and the previously imprisoned. The Center's program also focused on upgrading the skills of workers who had been discharged due to technological change. While the retraining aspect of this program has been successful, finding available vacancies remains difficult.

In late June, the Center's economists met with workers and LDS affiliates from metal, sugar and transport enterprises in the cities of Kursenai and Siauliai. Many of the workers at these plants have been forced to take unpaid vacations because there is insufficient demand for their work. The meetings were intended to inform workers of their rights under the Lithuanian law in pressing for the payment of wages.

Legal Department

The Center's lawyers have proposed at least ten pieces of draft labor legislation to the appropriate government bodies. The proposed legislation is based on analysis of the current law and is intended to improve the social and economic situation in Lithuania.

Some examples include:

- A report on the "Social Status of Employees" was submitted to the President of Lithuania. Based on 10,000 questionnaires filled out by Lithuanian workers, the report proposes draft legislation to alleviate Lithuania's socio-economic problems.
- A report to the government suggesting that unemployed workers with families receive additional benefits was considered by the parliament and approved. The law now calls for families to receive twice the benefit originally considered to be adequate under draft code.

The Center's lawyers represented the LDS on the Lithuanian tripartite commission responsible for amending and enacting labor legislation. As a result of their active involvement, the LDS's advice was solicited on the issues of minimum wages, unemployment, restructuring and privatization.

In April 1994, American labor lawyer Michael Okun met with labor lawyers in Belarus working for the independent trade unions in those countries. In Lithuania, Okun consulted with the Center's lawyers about the Lithuanian labor code, responding to grievances and filing petitions with international bodies. In Belarus, Okun discussed a draft of the labor code with members of the Committee charged with writing the code. He also met with the Belarus ABA representative who is an advisor to the Committee. Okun is currently assessing the draft code on FTUI's behalf and will represent FTUI at an ABA assessment of the scheduled for September.

During the second quarter Center lawyers published three pamphlets: one on social insurance for families; one on alleviating unemployment in a market economy; and, one on becoming equal partners in employee-owned companies.

Finally, lawyers have written over 32 articles which have appeared in prominent Lithuanian journals. The articles cover many important policy and legal issues such as: trade unions and unemployment, income tax laws, and the benefits and liabilities of employee ownership.

Technical Department

The Center's health and safety staff and lawyers have prepared a draft law on workplace safety which is being considered by the Ministry of Social Safety and Labor, the agency charged with submitting a new code to the Parliament. At the request of the Ministry, the Center's lawyers have also analyzed eight draft laws pertaining to workplace safety regulations on specific issues such as work-related accidents.

The Center's health and safety specialists were also asked to participate in the Tripartite Commission at the ILO's 75th Anniversary Conference. After the Conference was held, the Center was asked to further evaluate the code drafted at the Conference.

The Center's health and safety specialists have conducted inspections at eight enterprises all around Lithuania and have advised local LDS affiliates on how unions can utilize the law to call for improvements in workplace conditions. At the State transportation depot in Vilnius where severe infringements of the law were found, the Center's technical inspector filed a petition with the enterprise director to rectify a blatant violation. The management at this plant had been accused of providing employees with "fringe benefits" such as milk in exchange for the employee's agreement to work under occupationally hazardous conditions.

Finally, the Center is continuing to provide local affiliates with literature on workplace safety. During this quarter, a newsletter summarizing the basic conclusions reached by the State Labor Inspection and the Center for Hygiene on improving workplace safety was published.

B. Implementation Status

The Center for Labor Research and Education is providing the LDS affiliates with access to essential information and education that they would otherwise not be able to support. In addition, FTUI believes that the Center's involvement in Lithuania's legislative process will have a sustainable impact on the ability of independent trade unions to represent workers socio-economic interests.

The education program continues to achieve its objectives, providing trade unionists who have passed the basic trade union education courses with more advanced training. In addition, the increased involvement of Lithuanian trainers who have passed through FTUI's "train-the-trainer" program and are now conducting basic trade union courses on their own speaks to the success of the program.

C. Activities Planned for the Next Quarter (7/1/94 - 9/30/94)

Print Shop: In addition to publishing the LDS newspaper *Lithuanian Worker*, the print shop will continue to publish booklets and other educational materials produced by the Center specialists.

Education Program: From August 15 - August 19, FTUI trainer Wojtech Lowiec and LDS trainers will conduct a seminar on collective bargaining for trade union activists. The seminar is intended to sharpen the participants' negotiating skills through a series of participatory exercises.

CLEAR: Center specialists will continue their consultative, research, and educational activities in support of LDS unions.

Technical Assistance: In August, FTUI will send its Director of Technical Experience to participate in the LDS Collective Bargaining Seminar. With over thirty years of experience in labor, Mr. Wickersham has extensive experience in contract negotiations.

D. International Travel Requirements Expected for the Next Quarter (7/1/94-9/30/94):

Mr. Wickersham will travel to Lithuania from August 15 - 19 to participate in the LDS Collective Bargaining Course.

Depending on his availability, FTUI would also like to send an industrial relations professor from the School of Workers at the University of Wisconsin to assist the Center in strengthening their education and research programs.

All other travel to Lithuania will be by FTUI staff and consultants originating from FTUI's Warsaw Office.

E. Reasons Why Established Goals Were Not Met:

None to report.

F. Other Pertinent Information:

None to report.

19. **NORTHERN TIER - \$170,161**

A. Summary Description of Project Activities for the Quarter ending 6/30/94:

1. Thomas Lewandowski, President of the Three Rivers Central Labor Council, AFL-CIO, Fort Wayne, Indiana, accepted an assignment as FTUI's new Field Representative in Poland and the northern tier countries. He and his family will move to Warsaw in August.

2. Mr. Lewandowski travelled to Poland with his family during the quarter. While in Poland, he performed a number of program-related assignments for FTUI, which are discussed in the BKN section of this quarterly report. He and Mrs. Lewandowski also performed a housing survey in preparation for the family's move to Warsaw and visited the school their son will attend. During the course of his visit to Warsaw, Mr. Lewandowski also met with representatives of USAID and the U.S. Embassy to discuss his assignment and various details associated with moving to Warsaw.

B. Implementation Status:

FTUI has hired a replacement for Mr. John Glaser, who ended his tour in March. The new representative, Mr. Thomas Lewandowski, will begin his duties in August. Thomas Lewandowski, President of the Northeast Three Rivers Central Labor Council, Fort Wayne, Indiana was selected for a one year position as FTUI representative.

Administrative and travel costs were expended during the quarter under this project to fund the travel of Mr. Lewandowski to Poland, June 10-20, 1994. A more detailed report on his activities in Poland will be included under the BKN project for the third quarter.

Mr. Lewandowski met with FTUI/AFL-CIO representatives in Washington and with AID Washington representative, Kathryn Stratos.

C. Activities Planned for the Next Quarter (7/1/94 - 9/30/94):

Mr. Thomas Lewandowski and his family will travel to Warsaw, in August to establish residence. They will be accompanied by Ms. Donuta Szumal, FTUI/Washington program assistant. Ms. Szumal is a fluent Polish speaker who will lend administrative and other support to the Lewandowski family during their first week in Warsaw.

A scope of work for the month of September, 1994, is now being developed.

In addition, details pertaining to the hiring of local staff and purchase of office equipment are planned.

D. International Travel Requirements Expected for the Next Quarter (7/1/94 - 9/30/94):

August 15, 1994 - Thomas Lewandowski and his family will relocate to Warsaw, Poland.

E. Reasons Why Established Goals Were Not Met:

Established goals are being met.

F. Other Pertinent Information: (includes analysis and explanation of any cost overruns or high unit costs)

Grant not received until end of quarter.

20. **SUB-REGIONAL EDUCATION PROJECT - \$104,123**

A. **Summary Description of Project Activities for the Quarter ending 6/30/94:**

None to report.

B. **Implementation Status:**

C. **Activities Planned for the Next Quarter (7/1/94 - 9/30/94):**

D. **International Travel Requirements Expected for the Next Quarter (7/1/94 - 9/30/94):**

E. **Reasons Why Established Goals Were Not Met:**

F. **Other Pertinent Information:** (includes analysis and explanation of any cost overruns or high unit costs)

Grant not received until end of quarter.

21. **"WORKERS ACADEMY" - \$157,153**

A. **Summary Description of Project Activities for the Quarter ending 6/30/94:**

None to report.

B. **Implementation Status:**

After discussions with regional trade union leaders from CEE and with AID Washington, FTUI plans to resubmit a new budget that will reflect new education priorities and will require a shift in proposed budget expenditures.

C. **Activities Planned for the Next Quarter (7/1/94 - 9/30/94):**

FTUI Washington staff plans to finalize discussions with trade union leaders from the region and with personnel from the George Meany Center in order to re-submit a program budget that will accurately reflect new CEE trade union education priorities.

FTUI is currently planning a program that will reflect worker rights education on basic ILO standards for local level regional trade unionists from CEE.

FTUI plans to submit a new work plan to AID Washington for discussions shortly.

D. **International Travel Requirements Expected for the Next Quarter (7/1/94 - 9/30/94):**

None.

E. **Reasons Why Established Goals Were Not Met:**

The Workers Academy project in its current form is a premature undertaking at this time. FTUI is re-evaluating the project and will re-submit a budget and curriculum which reflects, regional but short term priorities.

F. **Other Pertinent Information:** (includes analysis and explanation of any cost overruns or high unit costs)

Grant not received until end of quarter.

22. Support Grant Management - \$78,688

A. Summary Description of Project Activities for the Quarter ending 6/30/94:

Camille Weicker, FTUI Finance Director travelled to Hungary for pre-planning meetings with Coopers and Lybrand in Budapest. Under the supervision of Ms. Weicker, C & L Budapest began an audit of FTUI's programs in Hungary for the period covering 1991-1993.

B. Implementation Status:

FTUI has contracted with Coopers and Lybrand of Washington and Budapest to conduct three year audits of FTUI's programs in Hungary and Poland. In Poland, Coopers and Lybrand of Washington, D.C. will conduct and complete the audit.

C. Activities Planned for the Next Quarter (7/1/94 - 9/30/94):

Finalize audits of Hungary and Poland programs for the periods 1991-1993.

D. International Travel Requirements Expected for the Next Quarter (7/1/94 - 9/30/94):

Possible travel of FTUI Finance Director to Poland to finalize audit.

E. Reasons Why Established Goals Were Not Met:

None.

F. Other Pertinent Information: (includes analysis and explanation of any cost overruns or high unit costs)

None to report.

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Financial Summary of AID Grant No. Eur-17-G-00-2025-00
for the Quarter 04/01/94 through 06/30/94

<u>Project</u>	<u>Budget</u>	<u>Prior Exp. as Previously Reported</u>	<u>Current Expenses</u>	<u>Cumulative Expenses</u>
1. NSZZ Solidarnosc	1,387,500.00	1,281,605.60	72,774.22	1,354,379.82
2. Economic Foundation	75,000.00	76,442.45	666.91	77,109.36
3. Rural Solidarity	45,000.00	37,416.98	156.10	37,573.08
4. Consulting & Neg. Bureau (BKN)	820,278.00	0.00	197,994.14	197,994.14
5. Warsaw Office	187,861.00	185,438.35	27,887.62	213,325.97
6. Albania	18,000.00	40,547.69	(22,302.22)	18,245.47
7. Baltic States	210,496.00	209,339.09	27,207.27	236,546.36
8. Bulgaria	586,884.00	171,784.91	42,736.39	214,521.30
9. Hungary	757,983.00	511,897.86	26,609.52	538,507.38
10. Romania	460,943.00	304,962.03	18,649.21	323,611.24
11. Union to Union	80,675.00	62,983.84	1,611.48	64,595.32
12. AFL-CIO Tech. Asst.	145,000.00	159,479.16	22,094.37	181,573.53
13. Assist. to T.U. Publicatios in CEE	200,000.00	189,818.04	728.20	190,546.24
14. Multilateral Democratic Education	37,500.00	38,952.76	190.57	39,143.33
15. Regional Office - Sofia	375,000.00	416,451.91	50,546.85	466,998.76
16. Regional Conferences	45,000.00	17,492.90	202.49	17,695.39
17. Program Mgmt & Evaluation	57,349.00	16,537.12	23,116.19	39,653.31
18. Lithuania	178,294.00	0.00	377.83	377.83
19. Northern Tier	170,161.00	0.00	5,083.32	5,083.32
20. Sub-Regional Education Project	104,123.00	0.00	100.33	100.33
21. Workers Academy	157,153.00	0.00	4,488.05	4,488.05
22. Support Grant Management	78,688.00	0.00	119.93	119.93
Total Program	6,178,888.00	3,721,150.69	501,038.77	4,222,189.46
FTUI Administration	890,571.00	628,719.26	48,850.96	677,570.22
Total	<u>7,069,459.00</u>	<u>4,349,869.95</u>	<u>549,889.73</u>	<u>4,899,759.68</u>

READ IN A DIFFERENT WAY

(Leaflet No 2)

Grażyna Kuźmowa

COLLECTIVE LITIGATION

(legal guide)

**The Board of "Solidarity", NSZZ Łódź
ECONOMIC-CONSULTING OFFICE**

COLLECTIVE LITIGATION

Regulated by:

**Act of May 23, 1991 on settling collective litigation, published
in the Journal of Laws No 55/91, item 236.**

1. What can be the subject matter of collective litigation?

The subject matter of collective litigation can be: working conditions, remuneration, social benefits, union rights and liberties or a collective labour agreement. With respect to the latter, however, instituting and conducting collective litigation must be preceded by a notice terminating the former collective labour agreement.

2. What are the collective litigation parties ?

The collective interests and rights of the employees are represented by trade unions. If there are more unions operating within one company, each of them can represent the interests that constitute the subject matter of the litigation. A common representation of all the unions acting within the company may also be appointed. It applies to multi-company litigation.

If there are no unions in the company, in order to defend their rights and interests, the employees may turn to an outside union .

3. Is it possible to conduct collective litigation in case of individual worker's demands ?

No, unless a given dispute cannot be settled by a board appointed to decide disputes concerning the workers' claims.

STAGES OF
COLLECTIVE LITIGATION

1. Negotiations
2. Mediation
3. Arbitration and strike

I. NEGOTIATIONS

1. When notifying your employer about your demands do not forget to describe them in detail and set the deadline for allowing them. This time limit cannot be shorter than three days. The employer can be warned that in case of not allowing the demands, there will be a strike. When setting the date of the strike do not forget that it can take place not earlier than 14 days after the litigation was declared.
2. The employer is obliged to notify the regional labour inspector about the litigation.
3. The employer is obliged to enter into negotiations immediately. Both parties of the collective litigation should aim at reaching an agreement in the conducted negotiations .
4. The negotiations should end with signing a document. If the parties have concurred, the document will have the form of an agreement.
If we have not concurred in the matter or matters which are the subject of the collective litigation, we also must draw up a document. This time, it will have the form of records of divergencies. In these records you must clearly specify the positions of each party of the collective litigation with regard to a given matter.

II. MEDIATION.

If the parties have not been able to reach an agreement in the course of negotiations, and the party which instituted collective litigation maintains its demands, the next stage is mediation.

Further settling of the litigation can be ordered to mediators. The establishing of the mediators can also be carried out in two ways:

– the parties of the litigation agree on a mediator relied on by both of them or

– if within five days the parties do not agree on one mediator, one of the parties may turn to the Minister of Labour and Social Policy for assistance.

to such a person from the list of mediators which is at the Minister's disposal.

Having notified both parties of the litigation, the mediator, while conducting the negotiations, can demand additional documents, opinions etc. If it is necessary, he/she may also suggest conducting the analysis and evaluation of the economic-financial standing of the company. Unless the parties decide otherwise, the company bears the cost of such studies.

If collecting and preparing additional materials is necessary, the mediator can move to the union for the prolonging of this stage of proceedings, and hence for postponing the strike.

III. ARBITRATION or STRIKE

If the mediation does not bring the desired results (is not likely to end with concluding an agreement), further proceedings may be conducted in two ways, i.e. arbitration or strike.

1. Arbitration

The company litigation is examined by the **Social Arbitration Board** at the **Regional Court**, where the **Court of Labour and Social Insurance** is established. Multi-company litigation is examined by the **Social Arbitration Board** at the **Supreme Court**.

The motion addressed to these units is placed by the party which represents the workers' interests in the litigation.

The Adjudicative Board consists of seven persons: the President of the Board (the judge appointed by the President of the Law Court) and six persons appointed by both parties of the litigation (three persons by each party).

The sitting of the Board takes place immediately and the decision is taken through the majority of votes.

If, before directing the case to Arbitration, neither of the parties decides otherwise, the decision taken by the Board must be effected by both parties of the litigation.

2. Strike

One must remember that strike is the last resort and brings definite losses. When announcing the strike, one must consider the proportion between the demands which constitute the subject matter of the litigation and the losses that the strike will bring.

As it is the last resort, all other possibilities of settling the litigation must be exhausted prior to the strike. Consequently, negotiations and mediation are necessary.

The strike is announced at least 55 days before the date of its beginning. In a given factory, the strike is announced by the company trade union, provided that at least 50% of the employees took part in the referendum concerning the strike and the majority voted in favour of the strike.

The multi-company strike is announced by the union board indicated in the STATUTE of the union, provided that the action has been supported by the majority and at least 50% of the employees in a given company took part in the voting.

The organizers of the strike cooperate with the manager of the company in order to protect the property and maintain the continuous operation of the equipment, installations and objects whose functioning ensures the life and health of the people and the security of the State. What is more, one cannot debar the manager of the company from his/her rights and obligations towards the non-striking part of the employees.

The strike which is organized in compliance with the law is legal and taking part in it is not an infringement of an employee's obligations. Consequently, an employee continues to be eligible for all the benefits except the right to receive remuneration for the period of the strike. To secure the expenses connected with the strike, trade union can decide to establish the strike fund. The decision to spend the resources of the fund also belongs to the union.

The right to strike does not apply to those employed in the Government Administration, the State and Local government administration, law courts and public prosecutor's offices. Also, strike cannot be organized in: the State Protection Office, police and army forces, penitentiary services, frontier guards, fire brigades and in all those posts where the abandonment of work endangers the life and health of the people or the security of the State

To defend the interests of the workers who do not have the right to strike, a solidarity strike can be organized; it may not last longer than half of a working day, though.

Remember!!!!!!

- taking part in the strike is **voluntary**,
- there is one type of circumstances under which a strike can be organized without the preceding negotiations and mediation. It takes place when the illicit activities of the employer hinder negotiations and mediation or when he/she dissolves an employment contract with the union activist who institutes the litigation on behalf of the workers.
- a fine is levied on the person who:
 - organizes strike or any other form of protest illegally;
 - does not perform his/her duties connected with his function or position as stated in the Act concerning collective litigation, or disturbs instituting and conducting legal collective litigation.

Solidarity

Training

Department

The Training Department of the Board of "Solidarity", NSZZ Łódź informs that the following courses are organized for the activists of our Union:

- basic training in the field of labour law and the regulations of safety and hygiene of work for the chair persons and members of the company committee (there is a possibility to organize this course in the University conference center in Łódź); in this case the total cost, including accommodation for five days, meals and the training materials amounts to approx. 1,000,000 PLZ.
- training of the Social Labour Inspectors completed by an exam (cost: 400.000 PLZ)
- training in the field of negotiation techniques;
- training in the field of the restructuring of the economic system and privatization;
- on special request of a company committee, we may also organize foreign language courses, computer courses, etc.

You are welcome to use the collection of books which belong to the Regional Board of "Solidarity", NSZZ Łódź.

You can get detailed information on the activities held by the Training Department at the seat of the Regional Board: ul. Kamińskiego 18, rooms 106, 112, 113; phone: 78-81-00 ext. 44 or 54.

Manager of the Training Department
Maciej Rymwid Kononowicz

Łódź

March 1993

Training Department of the Regional Board of
"Solidarity", NSZZ Łódź.

READ IN A DIFFERENT WAY

Leaflet No 3

GRAŻYNA KUŹMOWA

**Companies Systems of Remuneration
(legal guide)**

**The Board of "Solidarity", NSZZ Łódź
Economic - Consulting Office**

The Principles of Creating the Companies Remuneration Systems is a title of an Act of January,26,1984, published in the Journal of Laws No 5, item 25. Since the original text underwent a number of modifications, the homogenous text has been published only in September,1990 as an annex to the announcement of the Minister of Labour of September,18,1990 concerning the announcement of a homogenous text of the Act of January,26,1984.
(The journal of Laws No 69,1990, item 407).

The Companies Remuneration System is an agreement concluded in the form of writing between an employer and employees.

1. Which enterprises may introduce their own remuneration systems ?

Every enterprise, regardless of its legal status may introduce their own remuneration systems (according to Art.3 of the labour code).

Exceptions :

- enterprises under liquidation
- enterprises subject to bankruptcy procedure
- those enterprises that are regulated by particular provisions (e.g.art institutions)
- those enterprises whose remuneration is financed from the state budget.

2. How many remuneration systems may function within one enterprise ?

Only one. If there are more than one interrelated companies there is a possibility of introducing one system of remuneration applied in all of the companies belonging to one entity or separate systems for each of them.

3. Requirements that must be met by a company's remuneration system ?

Such a system determines remuneration for labour services. However, it has to take into account the financial situation of the enterprise; in particular the amount of funds allocated for remuneration and social benefits purposes, so that the principle of the company's self-financing is not broken. Thus the remuneration system may be introduced on the condition of possessing sufficient means for the benefits and remuneration purposes.

4. What is the basic contents of a remuneration agreement system ?

The agreement determines the rules for paying remuneration to the employees. It may also include other elements related to the company's activity, labour and living conditions with regard to separate regulations and provisions of collective labour systems.

5. Other provisions that may be included within the remuneration system.

Taking into account the economic situation, the legislator allowed for the possibility of introducing provisions regulating the principles of granting benefits and remuneration during the periods of financial difficulties, loss of financial fluency, etc.

6. How can we divide remuneration agreements ?

We can divide them into 2 groups.

- those concluded in the companies not subject to a collective system (they still have the form of an agreement)
- those concluded in the companies subject to a collective labour system; they have a form of a collective agreement.

REMUNERATION SYSTEMS IN A COMPANY THAT IS NOT SUBJECT TO THE COLLECTIVE LABOUR SYSTEM.

7. What is the procedure of concluding an agreement ?

Before conclusion of an agreement (director of the company is obliged to request for an opinion of the employees' council (which does not have to be positive), and gain a positive opinion of the general meeting of the staff representatives. The method of gaining of such an opinion might be defined as follows: union - employees' council - director of the company.

If the agreement refers to the company where a self-governing body does not operate, an agreement must be preceded by the receipt of a positive opinion of the majority of staff.

8. What are the possibilities and the procedure of dissolution of such an agreement ?

There are two options :

- through an agreement of both parties
- on the basis of a notice performed by one of the parties in the form of writing, 3 months in advance.

Procedure applied prior to the dissolution of an agreement is identical to the procedure applied in its conclusion, with the exception that opinions of self-governing bodies are not required in the case of commencing a "corrective procedure", introduced on the basis of separate regulations.

Until the conclusion of a new agreement, the previous one is applied. Legislator also anticipates a situation when both parties agree that they do not intend to enter a new agreement after dissolving of the old one. In this case, according to the law the employees would obtain remuneration applied before implementing of the Act on Remuneration systems, i.e. before January, 1984. This is a theoretical possibility because it is quite unlikely that the employees would accept the outdated rates.

9. When does the Remuneration Agreement come into effect ?

The Remuneration Agreement comes into effect on the day specified by the parties of the agreement. The date must be specified in the agreement; it cannot be prior to the date of concluding of the agreement. All arrangements included in the agreement must be presented to the staff, whereas explanations as to its contents must be presented by both parties entering the agreement.

An employee has the right to demand information as to the contents of the agreement and relevant explanations.

10. How is it possible to introduce the remuneration system in a company where there is no labour unions operating ?

In such case it is not possible to introduce the remuneration system through an agreement (since one of the parties is missing). Therefore the Remuneration System may be introduced by the Director of the Company in the form of a set of regulations which has to fulfill the same conditions required in the case of concluding of the agreement (e.g. the employees' council opinion; general meeting of staff representatives opinion).

If the unions are formed in the company where remuneration system has been introduced in the form of a regulation set , the labour union gains rights of one of the parties whereas the regulations become an agreement.

11. The most essential elements of the remuneration system from an employee's point of view.

An employee is entitled to obtain a basic amount of remuneration determined by his\her relevant job category and rate of remuneration plus other elements of remuneration.

We must emphasize the fact that a remuneration calculated for a full month of work cannot be lower than the minimum remuneration amount specified in separate provisions.

12. What are the obligatory elements of remuneration ?

On the basis of the Act the obligatory elements of remuneration are as follows:

a. Basic remuneration

It is determined by an appropriate rate and work category specified in a remuneration table; the rates are specified in different forks.

Legislator determines that the gap between maximum and minimum remuneration in the case of workers' category cannot be lower than 1.6 : 1.0, whereas all the other categories of employees this gap ranges between 3.0 : 1.0. Those rates do not apply if basic remuneration is based on work valuation.

b. Additional remuneration

Remuneration for night shifts, overtime and heavy, dangerous or harmful work conditions. The amount of such extra payments has to be negotiated and introduced into the proper agreement. However, the following conditions have to be met in the case of overtime, namely the overtime allowance cannot be lower than :

- 50% of a minimum remuneration per 1 hr for the first 2 hours of overtime per day;

- 100% of a minimum remuneration for overtime exceeding 2 hours or night overtime, work on Sundays and state holidays.

It is obvious, however, that if one of the obligatory elements is missing, e.g. harmful work conditions - this factor may be skipped in the agreement.

c. Retirement - Disability compensation.

Every employee acquiring retirement or disability rights is entitled to obtain a compensation at the moment of the dissolution of an employment agreement; it is a single compensation, the amount of which is established in the course of negotiations, however it cannot be lower than a minimum salary applied on the day of dissolving of the employment relationship.

d. Compensation due to the suspension of company's activity through the employer's fault.

Such remuneration amount cannot be :

- lower than the minimum salary,
- higher than an employee's previous remuneration

13. Nonobligatory elements of remuneration.

The following benefits may be classified under this category:

- function supplement (its amount and granting conditions- negotiable);
- experience supplement (negotiable within the agreement);
- anniversary supplement (negotiable within the agreement or determined by other regulations).

Simultaneously, the legislator points out that the benefits other than those related to work cannot be introduced within the agreement. It refers, in particular to the benefits in kind or their equivalents. They may be specified in the agreement but only in the amounts and in accordance with the separate regulations.

If the company possesses funds that may be allocated to special purposes it is possible to spend those funds for the increase of remuneration by virtue of the level of work quality. It does not include so called "restorative meals" or partially financed meals, determined by separate regulations.

It depends on the agreement whether the company's remuneration system will include such elements as:

- regular bonuses,
- experience bonuses,
- foreign languages bonuses,
- education bonuses (specialization degrees, diplomas e.g. engineer diploma or economist diploma),
- bonuses for legal advisors by virtue of their participation in court procedures.

14. Who is subject to the agreement ?

If the parties of the agreement do not agree otherwise, the Agreement refers to all the employees, except for :

- vocational school employees, education centers, training centers and day-care centers,(Teachers Act, January,26,1982);
- fire brigade employees;
- minors and young apprentices;
- directors of companies;
- temporary directors of companies;
- directors of state enterprises.

15. How can we modify the Agreement ?

Every change in the agreement must be introduced in the form of an additional written protocol that is prepared in the mode proper to conclude the agreement.

If the modification relates only to the increase in the number of the elements of remuneration it does not require an opinion of the employees' council or an opinion of the staff representatives (in the companies where self-governing bodies do not operate).

REMUNERATION SYSTEM IN COMPANIES THAT ARE NOT SUBJECT TO THE COLLECTIVE LABOUR SYSTEM.

16. What conditions have to be met in a company where the collective labour system does not operate ?

The Companies Remuneration System can be introduced upon the date of implementing the collective remuneration system applying the principles that specify the mode of creating such a system (Labour Code).

The system may be introduced in the form of the company's collective agreement; it includes proper remuneration and other benefits related to performing work . Payments other than those specified within the collective labour system may be introduced on the condition that they are related to the level of work quality.

In a state enterprise whose self-governing bodies rejected a collective labour system it is possible to introduce collective remuneration system on the basis of a proper agreement.

If a collective labour agreement has been concluded within a company, consequently the provisions of the collective labour agreement do not apply.

We hope that this brochure will facilitate the activity of Companies Committees and enable them to better comprehend the mechanism of granting benefits and remuneration to employees.

However, if you intend to conduct negotiations or develop new remuneration agreements it would be necessary to analyze the proper legal Acts or to consult the relevant institutions.

READ IN A DIFFERENT WAY

GRAŻYNA KUŹMOWA

**Group Layoffs
(legal guide)**

**The Board of "Solidarity", NSZZ Łódź
Economic - Consulting Office**

I. When do we deal with the concept of group layoffs?

If there is a necessity to dissolve an employment relationship, once or within a period not exceeding 3 months with a group of employees that constitutes:

- ◆ 10% of a company's staff in companies that employ less than 1000 persons or,
- ◆ 100 persons in companies that employ more than 1000 persons.

The reasons for such a reduction are as follows:

- ◆ poor economic condition
- ◆ organizational changes
- ◆ production changes
- ◆ technological changes
- ◆ improvement of the natural environment
- ◆ improvement of work conditions

II. What activities should be performed prior to a group layoff?

1. The director of the company notifies the unions as to the intention of performing a group layoff. The notice must be in a written form.
2. The notice must be submitted at least 45 days before the anticipated date of a layoff.
3. The notice shall contain the following information:
 - ◆ reasons justifying the layoff
 - ◆ specifying types of professional groups and the number of employees to be laid off.

III. What are rights and duties of the company's union organization upon receipt of a notice as to the anticipated group layoff?

1. The company's union organization has the right to demand presentation of the documents verifying
 - ◆ the current economic-financial situation of the company
 - ◆ plans concerning employment restructuring within the company.

2. The company's union organization has the right to present the employer with its suggestions aiming at limiting of the scope of layoffs which must be performed within 14 days following the date of receiving the notice concerning the group layoffs. The director of the company has to express his opinion on this issue within 7 days after the date of receiving the suggestions, and he is obliged to share this opinion with the staff members.

IV. What requirements have to be met in order to reach an agreement between the company's director and the union?

1. The agreement must be reached within 30 days at most, since the day of notifying the unions about the anticipated layoffs.
2. The agreement should determine in particular:
 - ◆ criteria for selecting the employees to be laid off
 - ◆ sequence of performing layoffs
 - ◆ dates of performing layoffs
 - ◆ the company's obligations in other matters related to the group layoffs.

V. Who concludes the layoff agreement?

The parties concluding a layoff agreement are:

- ◆ director of the company - on the one hand;
- ◆ all union organization existing in the company - on the other hand.

VI. When group layoffs are not preceded by a layoff agreement?

It happens in case if the parties of the agreement do not entirely accept the contents of the agreement.

VII. What if the agreement is not concluded?

The company's director issues instructions that determine the procedure to be followed in reference to the persons included within the group layoff.

The instruction issued in such circumstances shall take into account those matters that were agreed upon during the negotiations conducted in order to reach the agreement.

VIII. What if there is no union organization in the company?

Group layoffs are preceded by issuing a group layoff regulations set by the company's director after discussing them with all the staff; the form of such a discussion depends on the company's inside regulations.

IX. What if an agreement has been reached for the reasons enlisted in item?

1. provisions of the Labour Code are not followed:

- ◆ Art 38 of Labour Code stating the necessity of consulting the union organization on every individual layoff use.
- ◆ Art 41 of Labour Code stating that it is not allowed to terminate an employment contract during the employee's annual holidays, medical leave etc. provided that his absence does not exceed 3 months.

X. When do we apply the provisions of Art 38 i Art 41 of Labour Code in the case of group layoffs? (i.e. individual procedure and layoffs during an employee's absence).

XI. Procedure of layoffs applicable in the case of definite time employment contracts or service agreements.

Assuring that there exist conditions for group layoffs (enlisted in item 1), the above mentioned employment contracts can be dissolved both by the employee and the employer with a 1 week notice.

XII. Is it possible for an employee on a medical leave or annual leave to obtain so called "modifying notice"?

Yes, if it entails, a decrease in remuneration an employee is granted compensation for the period of 6 months.

XIII. Can the notice period be shortened for an employee who is to undergo a group layoff.

Yes, it can according to Art 36 of the Labour Code.

XIV. Who is subject to special protection in the case of staff reduction due to the reasons specified in item 1?

There are:

- ◆ members of the worker's council
- ◆ social inspectors
- ◆ employees retiring in less than 2 years, if maintaining of the job enables them to gain retirement privileges
- ◆ pregnant employees, also employees on maternity leave, unless there are reasons justifying the dissolution of an employment agreement without a notice and it is agreed with the trade unions.

XV. The above mentioned employees may obtain so called "modifying notice", however they are granted the compensation until the end of the period when such an employee is subject to a special protection of his/her employment contract.

XVI. What is the amount of layoff compensation in the case of group layoffs?

The employees are entitled to a compensation in money, in accordance with the principles applied in the case of granting financial equivalents for annual holidays. The amount of compensation depends on the experience of an employee:

- ◆ one month compensation - under 10 years of joint experience,
- ◆ two month compensation - 10-20 years of joint experience,
- ◆ three month compensation - over 20 years of experience.

Compensation calculated in this way, however, cannot exceed the amount of the minimum remuneration in force on the day of dissolving the employment agreement - multiplied by 15 (established by the Ministry of Labour).

XVII. When is an employee is not entitled to a layoff compensation?

An employee laid off on the basis of the regulations concerning group layoffs is not entitled to a compensation, in the following cases:

- ◆ an employee was offered a job (and the offer was rejected) in a company taking over part or all of the former company's capital or in a nearly founded enterprise. Such an offer has to be presented to an employee and accepted until the date of dissolving the employment agreement.
- ◆ an employee commences business activity within the company or cooperative (after taking over part of the fixed or current assets) upon the dissolution of the employment agreement.
- ◆ an employee is a shareholder of the company or a member of the cooperative taking over the capital of the old company at the moment of dissolving the employment agreement.
- ◆ an part time employed receiving retirement pension or disability pension.
- ◆ an employee working part time, employed at the same time as a full time employee in another company.
- ◆ an employee running his own business activity.
- ◆ an employee running his own farm of the area over 5 ha.

XVIII. What happens if an employee entitled to a layoff compensation is simultaneously entitled to a single compensation related to the retirement or disability?

Such an employee is entitled to only one form of compensation; the one that is more advantageous for him.

XIX. What other legal circumstances might be related to the Act on Group Layoffs?

The act on Group Layoffs also refers to the company's in the course of liquidation or bankruptcy, provided that the remuneration funds are properly secured.

XX. Is the same group layoff procedure applied in the case when a company in the course of liquidation or bankruptcy lacks financial funds for remuneration payments?

If a liquidator or a syndic lacks remuneration funds for the employees, the employment agreement can be dissolved without a notice. However, an employee must be notified about this fact and may appeal from such a notification within 5 days since the day of receiving the notice.

Simultaneously, liquidator or a syndic notify the union organization as to the anticipated layoffs so that the union can issue a written opinion on that matter within 5 days upon the receipt of the notification.

XXI. What are the financial benefits that an employee may receive in the case of a liquidating or bankrupting company when there is no funds secured for remuneration (see question 20)?

An employee is entitled to the same amounts of compensation as applied in case of group layoffs, plus compensation in the amount equal to the amount of remuneration payable for the termination period.

XXII. How can an employee in a situation described in question No 20 collect the due remuneration? (in the case of liquidation or bankruptcy and lack of remuneration funds).

Due to the fact that at the moment of losing a job by an employee, the company lacked financial funds for remuneration the payable dues are written on a list of the company's liabilities by a liquidator or a syndic. The employees will obtain due remuneration upon the sale of the company's assets.

XXIII. Do the provisions of the Act on Group Layoffs refer only to the layoffs of entire groups of employees?

No, they do not regulations are also applied in the individual cases, if the reasons mentioned in question 1 are the only basis for the dissolution of an employment agreement. Moreover, another requirement must be met, namely, individual layoffs can relate within 3 months at the maximum

- ◆ less than 10% of the staff in the companies hiring up to 1000 employees,

- ◆ less than 1000 persons in the companies hiring over 1000 employees.

In this case, an employer must consult the unions every time he intends to terminate an employment agreement, he is also obliged to consult the unions as to the work and salary conditions.

In case if a layoff refers to an employee "under protection" the employer has the right to dissolve the employment relationship if the union organization does not raise objections within 14 days following the date of receiving notification as to the intended layoff.

Raising no objection by the unions within 14 days is considered as an approval.

The employees under protection who cannot be employed on the previous salary conditions may have to accept new conditions. If this entails the decrease of remuneration, the employees are entitled to a compensation for the period of 6 months.

Those regulations, however, do not refer to the employees "under protection" by virtue of holding a function of a deputy or a senator.

XXIV. What additional privileges can an employee enjoy in the case of a layoff through the fault of the company.

If an employee expresses his willingness to return to the company that laid him off within 1 year following the day of dissolving the employment contract, assuring that the company will be hiring employees of the same particular vocational group - the company shall hire the person back.

XXV. Does the Act on Group Layoffs also refer to the dissolution of an employment agreement by virtue of a mutual agreement between the parties?

Yes, it does. However, if the reason for concluding of the agreement was a situation caused by a liquidation, bankruptcy or other conditions within the company, enlisted in question No 1.

XXVI. What are the possibilities of withholding of the company director's decision concerning group layoffs due to the reasons mentioned in question No 1.

Such a decision may be withheld for the period of up to 3 months only by the Minister of Labour in the agreement with the Minister of Finance.

The following institutions may apply for suspending of the decision:

- ◆ employment office
- ◆ national interunion organization
- ◆ national union organization representing majority of the companies staff.

Remuneration of the employees whose layoffs were suspended is financed out of the Labour Fund during the suspension period.

XXVII. What are the possibilities of undertaking potential action in the case when a layoff is considered unjustified or illegal by an employee?

There is a possibility of resolving the case in court where the proper regulations of the Labour code apply. (see: Labour Code, Chpt. 4, 1 and 2)

XXVIII. Attention.

So called "Group Layoff Act" does not infringe the rights of the staff self-governing body regulated by the separate provisions (Act on the Staff self-governing body).

This elaboration does not mention issues specified by Art 17 up to Art 23 since they do not refer to procedural subjects including wide groups of employees and their typical rights.

I believe and hope, that such a form of reading regulations will be useful in your union activity.

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The Łódź Voivodship

in the Years of

1981 - 1991

The last decade saw steady and systematic regressive changes in the picture of Łódź voivodship. The area of the voivodship being unchanged (1523.1 km²) its population in 1991 once again reached the level of 1981. The greatest number of the voivodship's inhabitants was noted in 1986 which constituted 101.2% of 1981, the year assumed to be a basis of comparison. The urban population ratio changed as well, increasing dramatically in 1988, and constituting 93.1% of the total population till 1991. It is not a constructive sign, especially in our voivodship, where the standard of life in cities is particularly difficult, if for no any other reasons, then for ecological ones. Within the decade in question the amount of environment-unfriendly industrial waste accumulated on the premises of factories raised drastically and in 1991 carried over the level of 156.2% of the data characteristic of 1981. The influence of the waste is actually much greater, since the reduction of dust pollution increased only by 3.4 %, and the reduction of gas pollution was almost non-existent, being presently only 1.6% of the 1981 basis. The breakdown of this indication was most visible in 1987/88 and 1990/91. The reasons for it may be searched among the first symptoms of economic and industrial breakdown, since cutting environment protection expenses is most often the first way of saving money by factories. Almost the same period of time witnessed an increase of mortality per 1000 of population. In 1991 it reached the level of 125.9%, comparing to 1981. The picture is completed with data (coming from a different source) concerning the highest ratio of infant mortality in Poland, and is ultimately confirmed by birth-rate figures - in 1991 minus 136.7%, comparing to the beginning of the decade in question. Age distribution in the voivodship's population within the period changed as well: number of people at a preproductive age increased by 4.5%, number of people at a postproductive age increased by 20.7%, moreover, the number of people at a productive age composes presently only 93.9% of the respective 1981 figure.

Data describing jobs and unemployment make up the worsening picture of Łódź families' standard of life. Number of the employed in 1991 in comparison to 1981 decreased by 17.1%. while number of people at a productive age decreased only by 6.1%. Average employment ratio in industry went down to 54.4% of 1981 level. Also the proportion of the employed in industry to the total number of the employed decreased from 50.8% to 41.1%.

Enclosed:

Table 1 - Basic information on Łódź voivodship in 1981 - 1991.

Table 2 - Łódź voivodship in 1981 - 1991 - analysis of change.

Change/transformations are illustrated by charts.

Table 1

Industrial, environment-unfriendly
waste, accumulated on the premises
of factories

- ton/km²
- ton/person

Reduction of the generated pollution

- dust (%)
- gas (%)

Population (in thousands)

Urbanization (%)

Population per 1 km²

Population (100%) - age:

- preproductive
- productive
- postproductive

Mortality (per 1000 of population)

Population growth (per 1000)

The employed (per 1000)

- totally
- in industry

Average employment (per 1000)

Table2

Values in %

Industrial, environment-unfriendly
waste, accumulated on the premises
of factories

- ton/km²
- ton/person

Reduction of the generated pollution

- dust (%)
- gas (%)

Population (in thousands)

Urbanization (%)

Population per 1 km²

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Population (100%) - at an age:

- preproductive
- productive
- postproductive

Mortality (per 1000 of population)

Population growth (per 1000)

The employed (per 1000) totally

The employed (per 1000) in industry

Average employment in industry (per 1000)

Konstantynów, July 9, 1993

Ms GRAŻYNA KUZMA

Coordinator in the Consulting

and Negotiations Office of

Łódź Regional Committee

NSZZ SOLIDARITY

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By the means of this letter we would like to express our sincere thankfulness directly to you, and indirectly to all the staff of the Consulting and Negotiations Office. We would like to thank you for your solicitous legal assistance, financial and economic consulting as well as personal concern for people working in our company.

Thanks to your presence in "Constilan" in its most difficult position - the process of its liquidation and especially during the strike - not only was the liquidation procedure stopped, but also the founding body was transformed and the introduction of the recovery programme started. In this way the chance of retaining jobs which mean sources of income and support for over 500 of personnel was considerably increased.

SINCERELY YOURS,

REGIONAL UNION BROCHURE no 16 (March 29, 1993)

Regardless of the postulated systemic transformations, what is an indispensable element in economy animation are the sort of activities that firstly will allow for unique characteristics of Łódź region and secondly will be launched individually in particular companies by the regional government.

1. Along with a considerable amount of fixed assets being not engaged and because of a rapid increase of the region's inhabitants' impoverishment, we hereby postulate making preferences in the process of proprietorship restructuring by the following means:

- lowering the limit of the fee that is necessary in the process of transforming a company into a workers' partnership.

- lowering the interest rate that is the basis of leasing installments calculation

- setting a minimum 2-year period of grace

- local government should grant guarantees for banks that give credits to those workers' partnerships that lease their assets.

2. Starting the mechanism through which current and delinquent liabilities due to local budget for land tax or real estate tax or eternal land lease could be, in the process of privatization, converted into stocks or shares. Such an action would be an expression of a close relationship between the local government and economic units performing in its region.

3. Taking actions that would aim at restricting the increasing figures of unemployment in Łódź region, e.g. government contracts for performing certain tasks within the scope of infrastructure and ecology etc. These tasks should be realized by companies from Łódź region.

Means organized by local government (restructuring plenipotentiary) should be allocated to low-interest credits for companies that carry on activities in the range of technology, production and financial restructuring.

Putting forward the afore mentioned points of view, the committee aimed at reinforcing the problems which in its opinion are of a crucial importance for progress in electromachine industry (among others), but were not paid appropriate attention in the study that was carried out by "Bipro-Bumar"

STATEMENT

of

ŁÓDŹ REGIONAL COMMITTEE OF NSZZ SOLIDARITY

22 March 1993

Łódź Regional Committee of NSZZ Solidarity states that the government - approved draft version of the amendments (so called pre-pension benefits) to be introduced in the employment and unemployment law, does not meet our workers' expectations. Moreover, it is not identical with the negotiated conditions agreed upon by the General Committee and the Government of The Polish Republic. We particularly disapprove of the fact that the benefits should be introduced only for people who were made redundant after October 1, 1992. We also object to imposing a top limit onto the benefits at the level of 75% of compensation which is calculated on the basis that is valid for standard pension setting.

Łódź Regional Committee of NSZZ Solidarity would like to ask the Parliamentary Club of Solidarity to make sure that during the Parliament debate concerning the amendments in question, the conditions that were negotiated by the General Committee are

restored.

RESOLUTION #23/93

of

ŁÓDŹ REGIONAL COMMITTEE OF NSZZ SOLIDARITY

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22 March 1993

Łódź Regional Committee of NSZZ Solidarity decrees the preliminary of the budget for the first half of 1993. The budget preliminary of Łódź Regional Committee of NSZZ Solidarity is appendix no. 1 to the resolution.

RESOLUTION #24/93

of

ŁÓDŹ REGIONAL COMMITTEE OF NSZZ SOLIDARITY

22 March 1993

Łódź Regional Committee of NSZZ Solidarity sustains (according to The Trade Union Statute, par. 45, point 5) its own Resolution #18 93 of February 22, 1993.

THANKS

Service and Production Company "Majed" founded by workers of ŁFMJ "Polmatex-Majed" (in the process of liquidation) would like to express its gratitude to Łódź Regional Committee of NSZZ Solidarity, and particularly to the Chairman - Janusz Tomaszewski and Ms Grażyna Kuźma from the Legal and Negotiations Group for all the help provided during the foundation of our company.

We would like to present our thanks for legal assistance, essential advice and committed participation in the negotiations held with the Ministry of Trade and Industry and The Industrial Development Agency.

Your flexibility to our needs and effectiveness of your actions not only facilitated the foundation of a new company but also prevented the destruction of the liquidated company's intellectual burden - so necessary in our future undertakings.

Sincerely Yours,

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Board of Directors of "Majed"

Members of NSZZ Solidarity in ŁFMJ "Polmatex-Majed"

To Ireland on Bicycles

Biking trip to Ireland that is already being prepared by Łódź Regional Committee of NSZZ Solidarity seems to be a very attractive project. The trip is organized for highly talented teenagers from our city. The person in charge is the member of the Committee Presidium Piotr Żak.

- It is not the first going abroad organized for our kids - said Piotr Żak - We try to choose catholic countries and that is why we have already visited Bavaria, the Czech and Moravia. This year we chose Ireland - very accurately called The Green Island - where the pristine air is cherished; little traffic will also be a very important asset for our cyclists.

- I would like to stress, that the essential requirement for participation in the summer escapade was never synonymous with a thoroughly perfect school record. What mattered were talents in one or two directions. Being an experienced teacher I know that an outstanding musician does not have to be an excellent mathematician or the other way round. More information can be received at the Regional Committee (tel 78-71-28). I do not hesitate to say that we count on help from any sponsor, the talents of our youth being not always parallel with an abundance in their parents' pockets.

Textile Machines Plant "Wifama" (being liquidated)

Łódź Regional Committee

of NSZZ Solidarity

Mr Jan Tomaszewski

NSZZ/S/80/93 Łódź, September 3, 1993

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reg: Consulting and Negotiations Office

The Local Committee of NSZZ Solidarity "WIFAMA", having repeatedly been advised and assisted by Łódź Regional Committee's office for consulting and negotiations, would like to thank for the commitment of the people, particularly Ms Grażyna Kuźma, to the problems of our company.

Our battle towards a sound transformation of our company would have been, without your help, a tremendous failure.

We count on our future cooperation, so necessary for us if we want to achieve our goal - annulment of the liquidation process (article 19 of the workers' companies law) and restructuring of the company into economically healthy production units.

Consulting and Negotiations Office informs that:

(Important for Local Committees)

DZIENNIK USTAW Parliamentary Official Journal no. 60 of July 5, 1993, at the position 280 comprises the publication of the Law of May 29, 1993, concerning the amendments of the Law on state-owned companies. The amendments deal with the hitherto existing legal regulations regarding the dismissal compensation for the managing directors of state-owned companies.

Beginning as of July 5, 1993, the hitherto existing set of cases in which the managing director cannot be presented with a dismissal compensation is expanded by three more points:

1. reasons described in art. 37a, section 1
2. in connection with the liquidation, division or bankruptcy of the company.
3. if after expiry of job relation the dismissed managing director assumes the position of a temporary executive of the company or the position of commissary administrator or its administrator.

Remarks:

1. It should be remembered that art 37a section 1 describes the conditions of the managing director dismissal by the founding body in the following way:
 - if the managing director fulfilling their duty, strikingly transgresses the regulations,
 - under the circumstances described in art. 52 section 1 or art. 53 section 1 of the *Kodeks Pracy*. (Labour Statute)

- if the state-owned company for at least three successive months, does not fulfil its Treasury liabilities for taxes or obligatory dividend.

2. I would like to bring you attention to the fact that the legislator did not go into details as regards the liquidation of a company. The notion of liquidation also functions in the processes started on the basis of the regulations comprised in the privatization Law . This is why sad misunderstandings can be brought about in the companies whose liquidation process will precede the sale or the delivery of the assets into the partnership and then leasing of the assets by the workers' partnerships according to the privatization Law.

In this case we plan to ask the Secretarial Office of the Parliament for a detailed interpretation of the legislator's intentions in order to prevent possible future misunderstandings in companies.

3. The introduction of this point is held to be constructive. However, the idea of giving the managing director of a state-owned company the function of a commissary administrator is questionable. The hesitation is directly brought about by the legal circumstances of recovery procedure introduction.

Additionally a remark (in the form of section 4 art.39) was supplied. It said that the compensation, if due, has to be paid at the day of the job relation expiry.

Grażyna Kuźma

Attention!

Beginning as of this edition we introduce "Financial and Accounting Guide" for the treasurers of the local committees.

Financial and Accounting Guide

Sources of the Union's fund creation:

1. According to the paragraph 37 of the Statute the Union fund is created from the following sources:

- contributions of the Union's members (being a basic source of income.)
- donations, subsidies

- cultural, sport events etc.

2. The Union members on the basis of the Finance Law resolutions from the 4th NSZZ Solidarity General Conference of Delegates (June 28, 1992) are obliged to pay member contribution on the level of 1% of the gross monthly pay including all allowances, prizes, child support and settlements.

3. Local committee under certain circumstances, and with the approval of the members' majority, can decree a higher fee, however not exceeding the limit of 2% of pay including all extras. The whole amount over 1% remains in the local committee.

4. For the Union members who are not currently employed the level of the contribution is the following:

a) for pensioners and the retired 0.5% of pension or retirement benefit if the pension or the retirement benefit is lower than or equal to the average national salary.

b) for pensioners and the retired 1% of pension or retirement benefit if the pension or the retirement benefit is higher than the average national salary.

c) for the unemployed and for those who are on their maternity leave the level is set by the General Committee.

The whole sum gathered from the retired, pensioners and those who receive unemployment benefit remains in local committees.

5. The money coming from donations and subsidies remains in the local committees unless donors directly specify their money's destination.

6. The money coming from local committees-organized profitable cultural or sport events are subject to statutory taxation for the benefit of the budget.

In our next edition we will familiarize you with some basic destinations of the union fund - the expenditure.

THE INSPECTOR'S OPINION

- For two years my husband ran his own business. A difficult situation of his company forced him to suspend the business activities. Later on, he registered in the local employment office and for 9 months he received unemployment benefit. During the 9 months we

thought that the situation would change and he would be able to restart his business. Unfortunately nothing of this kind happened and after the suspension period he had to close his business down.

On the basis of the liquidation inscription in his personal ID, the local employment office called upon him to return the received unemployment benefit (9.000.000 zł). The reason put forward by the office said that suspending the business activities my husband did not qualify to receive unemployment benefit. We, however, think that since my husband did not carry on with any business activity and did not have any income, he had the right to be registered as unemployed and to receive the benefit.

Under these circumstances, I would like to hear your opinion

whether our local employment office in Łódź was right claiming the return of the unduly, in their opinion, received benefit?

- The problem touched upon in your question is not an isolated one. Quite often I have to deal with cases in which after liquidation of a business employment offices summon the ex-businessmen to pay back the unduly received unemployment benefit.

By the way of introduction I want to stress that in the light of current regulations, the fact that employment offices claim the return of unduly received unemployment benefit is fully legitimate. It has to be remembered that no legal regulation includes the notion of "a business activity suspension." It means that one either runs a business or closes it down.

Hence, in the period of the so called "business activity suspension" one still runs a business. According to article 2 of jobs and unemployment law an unemployed person is someone who does not carry on any non-agricultural business or is not a subject of social security benefit by the virtue of any other activity.

Summing up, only the person who liquidated their own business can qualify as an unemployed person. Only after this formality has been fulfilled can one register in an employment office. Then, having met the law - regulated conditions one can claim unemployment benefit.

F E V E R

The pre-election fever did not spare the RUB (Regional Union Brochure) editors. Most

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likely this is why in the article "The Szym Five" we stated that The Public Opinion Polling Centre announced that 96% of the surveyed people thought Non-aligned Block for Supporting Reforms to win the election. It should have been 6%.

The previous bulletin - what was noticed by our Readers - should have been dated: August 11, 1994.

We apologize.

Regional Union Brochure - bulletin of Łódź Regional

Committee of NSZZ Solidarity, for internal use.

EDITING AND COMPOSITION - Beata Kostrzevska

Publishing, printing, composition - ŁRC "Solidarity"

Printed on the facilities presented by Free Trade Union

Institution AFL - CIO

REGIONAL UNION BROCHURE

ŁÓDŹ SOLIDARITY

SEPTEMBER 1, 1993 NUMBER 26

ROMEK IS GONE

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We have all known that our Friend and Colleague - Romek Szadkowski is seriously ill. We have tried to help him, hence the appeal for the financial support for the expensive treatment. we did not manage on time...

We said our last good-bye on August 25, on a parish cemetery in Krośniewice. Romek Szadkowski is not among us, but he does remain in our memories. He was the chairman of the Local Committee of Solidarity in a locomotive depot Łódź - Olechów, a member of Łódź Regional Committee of NSZZ Solidarity as well as a Presidium member of Regional Railway Employees Section. Most importantly however, he was our colleague and a devoted friend. He knew how to pacify internal conflicts within the Regional Committee. He was sensitive to injustice and human suffering. His heart was committed to Solidarity. This is the way we will remember him.

SOLIDARITY LISTS

It may be the last opportunity to build a solid state using parliamentary methods. Listening to some recent statements of the government or Belvedere people, various parties' candidates, about Poland, it does not take much travelling in our country to see that everything is totally different. It is a country of pseudodemocracy. - said Maciej Jankowski, the chief of the Mazovia Region of NSZZ Solidarity during a press conference on August 6 - and that's why we must run for Parliament.

The candidates for Sejm and Senate have already been registered all over Poland. On the "Solidarity" lists there were many of Solidarity former parliamentarians. On the Silesian list, number one is Alojzy Pietrzyk, on the Mazovian - Andrzej Smirnow. Both were leaders of ex-parliamentary club's fraction that was against the club's policy. Former parliamentarians connected with the fraction of Bogdan Borusewicz are on the union list as well. Płock candidate is Maria Żółtowska. Number one on Gdańsk list is Jan Kulas.

Senate candidate from Katowice is an ex-senator August Chelstowski. On top of the aforementioned some other of the former Sejm members run for the next term. Elżbieta Seferowicz (Katowice), Waldemar Bartosz (Kielce), Stanisław Baran (Przemyśl), Marek Muszyński (Wrocław).

The following well-known people run for Senate, being registered on the union lists: chief editor of "Tygodnik Solidarność" Andrzej Gelberg, Krzysztof Piesiewicz and Zbigniew

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Romaszewski from Mazovia. Janusz Pałubicki, chief of the region and a vice-chairman of the General Committee is a candidate for Senate of Wielkopolska.

Many active members of Solidarity want to find their places in Sejm. Mazovia region designates vice-chairperson of the region Ewa Lewicka, chiefs of education - Ewa Tamaszewska, and of culture - Janusz Weiss as well as anti-Wałęsa Zygmunt Wrzodak, the chairman of the "Ursus" Local Committee and the boss of railway employees' office Krzysztof Mamiński. Gdańsk designated the region's and the General Committee's ex-chairman Jan Hałas as well as the organizer of the so called budget-paid workers' strike Wojciech Książek. Silesia designated the leader of the miners' section Wacław Marszewski. Kraków - a General Committee's vice-chairperson Barbara Niemiec and the boss of ironworks "Huta Sendzimir" Local Committee Władysław Kielian, a member of "Sieć".

Altogether Solidarity registered 44 candidates to Senate. All regions - except for Toruń which broke loose from the General Committee's election resolution - registered their lists for Sejm.

Remember!!! September 19, 1993

NSZZ SOLIDARITY

LIST NO 8

Presidium of the General Committee of NSZZ Solidarity called upon the government of the Polish Republic to take a decision (during the next Cabinet session) on expanding the list of the regions that are endangered with structural unemployment. The decision should be a supplement to the Cabinet Resolution no. 93 of 24.08.1992.

Presidium submitted its own broader version comprising 45 units of territorial division. The members of the General Committee Presidium held that there were no reasons not to take necessary decisions. Moreover a steady increase of the unemployment rate and the fact that there was no effective government programme made taking the decisions not questionable.

PS. On August 24, the supplement was issued. It dealt with the decree concerning the list of units of territorial division that were endangered with structural unemployment. According to the information announced by the boss of the Central Planning Office Jerzy Kropiwnicki 412 units of territory division were recognized to be particularly endangered with

unemployment. The figure constitutes 17 % of all units in Poland. On the new list there were 18 new units.

The area of the units in question is inhabited by 15% of the total population of Poland and by nearly 25% of the unemployed.

The General Committee Presidium did not give its consent to burden (beginning as of January 1, 1994) the workers' salaries with a 2% contribution for the benefit of the Labour Fund, reasoning that along with decreasing salaries and lack of a thorough anti-unemployment policy the proposal of the Ministry of Proprietorship Restructuring is premature.

The General Committee Presidium turned down all possibilities of any further negotiations with the government on the matter unless the following conditions are fulfilled:

- change of the pay system
- freezing of electricity price and flat fees for a longer time,
- creating the Fund for Guaranteeing Workers' Salaries
- submitting a thorough social security and health care programmes

On August 19, the General Committee dismissed four active union members who decided to run for Sejm registering on different parties' lists.

The four members were:

- the spokesman of the General Committee Grzegorz Jaczyński,
- a member of the General Committee Presidium Stanisław Węglarz
- Wojciech Arkuszewski and Jacek Merkel - both from the Office of "Solidarity" Economic Fund.

Węglarz appeared on the list of Non-Aligned Block for Supporting Reforms, Merkel on the one of the Liberal-Democratic Congress, the two other ran as Democratic Union candidates. It was the July resolution of the General Committee that forbade active members to register on other parties' lists.

On August 23, in Wałbrzych the General Committee of NSZZ Solidarity organized an all-Polish manifestation as a protest against "wasteful and predatory privatization of state-owned companies." The chairman of the General Committee Marian Krzaklewski took part in it.

Giving a speech Krzaklewski described the privatization in Poland as a predatory and stated that Wałbrzych voivodship, and particularly "Porcelana" is a striking example of it.

- Proprietorship restructuring were supposed to be a cure for this region. It turned out however that bad medicines were prescribed. - said Krzaklewski.

After the rally manifestants marched to the Provincial Office. Into the voivod's hands they presented a petition addressed to the president and the Prime Minister of the Polish Republic. In the petition they demanded an improvement of polish privatization and an immediate dismissal of Janusz Lewandowski.

We have to get 5%

On Monday, August 26, a meeting between the members of Local committees and Łódź "Solidarity" parliamentary candidates was held.

- The situation is not an easy one - said the chairman of Łódź Regional Committee Janusz Tomaszewski - because we have to collect 5% of the total number of votes in Poland if we want to have parliamentarians from Łódź.

- I am sure that the society's well being is not dependant only on the living conditions' improvement, the family conditions have to be improved as well. - reasoned Maria Sawicka who is running for Senate. She stated she would like to devote her parliamentary work to change the legal regulations concerning family and the law on bringing up in sobriety.

- It was not a simple lack of time that disabled the government to resolve the matter of Łódź restructuring. This Cabinet lacked willingness. - said Andrzej Słowik, the number one on the Łódź Sejm candidates list. He also said that in the coming term he intends on dealing with social matters and sport. He expressed his hopes that in the new parliament there would be no intrigues.

Ireneusz Marek, an employee of Łódź Technical University, being registered with number 6 on the Solidarity list, explained his idea of founding Łódź Parliamentary Forum, which would represent the interests of our region in Parliament and would pass judgements on the candidates for the most important offices in Łódź voivodship.

Headquarters of the Lodz Region of NSZZ "Solidarity"

Consulting and Negotiations Office

INFORMATION

Similarly to that of any other office for consulting and negotiations, the work of our office is closely related with, and stimulated by the socio-economic conditions of the region for whose needs we cater. The work of the Lodz Consulting and Negotiations Office (CNO) regards mainly the Lodz and Sieradz voivodships (administrative regions). In order to familiarize the reader with the problems we face every day, we wish to begin by giving some general information about the Lodz voivodship, a region regarded to be particularly affected by unemployment.

The Lodz voivodship is populated by over 1.137.900 people, of whom as many as 93% live in urban areas. Considering the area of our voivodship, that gives us the highest density of population per square km (746 people /1 sq. km). There is also another parameter setting the Lodz voivodship apart from the others, namely the number of women: statistically every 100 men correspond to as many as 115.8 women. The workforce is 60.4% of the population.

Employment in our region is traditionally found mainly in light industry, but also in machine, electro-machine and chemical industries. And this is really where the drama of Lodz workers begins, as their situation in many cases differs so much from the general situation in the country - if for no other reason then

because of the high "density" of the problem and the monocultural aspect of the industry. 1992 saw a further decline in the number of businesses, especially that of state-owned companies. It fell by 6%, while at the same time the number of businesses run by physical persons rose by a mere 0.8%. Statistical data showed among other things that at the end of 1992 in operation were 310 state and municipal businesses, 33 trade companies with the share of the Treasury, 2152 private Polish companies and 371 companies with foreign capital. Problems experienced by the people employed in these economical subjects could be divided into two main, mutually overlapping groups: problems with keeping the job and problems connected with protecting and preserving the workers' rights.

Protecting jobs has become the most important issue for the Union activists in our region. This is easy to understand if you consider that at the end of this June the number of registered people out of work who were entitled to claim benefit was 101,000. The unemployment rate in the Lodz voivodship was at that time 18.6% while the average national rate was 14.6%. Information about the financial and economical condition of the companies completes this picture and allows a prognosis for the future. If we look at the condition through the prism of the current regulations, we see that at present almost half of the companies in the state sector should be closed down or declared insolvent. Similarly, in the private sector about 40% of subjects made a loss. It has to be stressed that the closing down of a company, especially a

Also, one should not forget that the average wages in the Lodz voivodship have always been lower than the national average.

This situation is to some extent the cause of the second group of problems we are facing, namely protecting and keeping the workers' statutory rights. This can take a particularly severe form in private companies whose owners take advantage of the situation in the region and often violate the workers' elementary freedoms.

This, perhaps lengthy, introduction to this paper about the activity of the Lodz CNO was necessary to see the present and the future of our unit.

And so as to the present:

the Lodz CNO employs permanently three people: a coordinator and two office workers. The workload, however, is very big. To give an example: in the second quarter of this year we assisted 159 people in the form of consultations, we issued 32 legal and legal-economic opinions and we took part in 12 negotiative sessions. We are trying, as much as we can, to give the wide masses of union members an insight into the regulations and provide them with up-to-date information about the changes that they undergo. This is most often done through widely circulated lists of new regulations, information on our notice boards, information and comments in the Regional Union Information Book (a periodical published locally), as well as through our own publications distributed among the Local Union Committees. This has already brought some desired results because our observations tell us that the number of minor cases

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concerning workers has fallen - they are successfully dealt with by the Committees themselves. In the former quarter alone out of 159 consultations 15% were group lay-offs and pronouncing opinions about pay settlements, 19% of the cases were related to the workers' group interests in companies that were being closed down or declared insolvent. Finally, over 50% concerned problems of workers in the process of restructuring companies.

Many of the cases brought before the CNO, especially those connected with keeping jobs, most often require constant collaboration over a period of several weeks and even several months with Local Committees. They also demand taking part in talks and negotiations about agreements, and participation in working out together the most effective solutions. This is, for instance, what is happening in the case of the Textile Machinery Plant "Wifama". In this case pronouncing an opinion on the adjustments with the Ministry of Trade and Industry, and later with the Voivod of Lodz started at the end of August and beginning of September last year. Despite the fact that the closing down of the plant was to be completed in June 93, "Wifama" is still functioning, 1,300 people have kept their jobs and talks regarding group lay-offs and the extent of a possible financial and proprietary restructuring are continuing. The case of a company in Konstantynow near Lodz was similar. The case started with pronouncing opinions on projects regarding group lay-offs and the program for the closing down of the company, and it culminated during a strike when the liquidator tried to break the trade unionists' laws. The presence of a representative of the Union's Regional Headquarters and of the CNO liquidator, and soon after that to changing the company's supervising board of founders and implementing a repair program in the place of the liquidation process.

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Similarly dramatic were events that took place in another company. This time it was a company with a majority of private capital. The employer, disregarding the staff's right to a group dispute, laid off about 200 employees and he did that on the basis of the regulations applying to disciplinary dismissal. As a result of an immediate action, the dismissals were called off and the long-term negotiations on the premises of the company (held also at night) brought the expected result: a pay deal was implemented (at first for an unspecified length of time), and the latest information we have suggests that in September certain pay rises are expected.

These situations are the ones that require the most time and attention, but at the same time they bring the most satisfaction, and not only that of the professional kind. Nicer than anything are the tokens of memory and friendliness expressed on the less formal occasions, such as Christmas cards, phone calls with best wishes, etc.

Last year the CNO in Lodz devoted much of its time to preparations for negotiations with the Government. They were lead by the Regional Headquarters of "Solidarity" and regarded the socio-economic restructuring of the Lodz region. They required the preparation of appropriate information and materials. Two sets of these materials concerning the Lodz area are appended to this paper as perhaps not very typical for the problems that CNO's face. It needs to be stressed that in the case of preparations for negotiations regarding the interests of all the union members our office has been generously assisted by the our Local Committees.

As a result of the negotiations, the post of a Plenipotentiary for Restructuring the Lodz

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Region has been created and, consequently, that person has worked out a Programme for Restructuring the Lodz Region. This program received a favourable opinion from a special Government Committee.

And now we should say a few words about our future plans. If only the financial means allow us, we should in the nearest future increase the number of employees by at least one expert on company economics. This will allow us to spread more evenly, and as a result expand, the training and informative activities. The employees of the CNO feel a certain insufficiency in that area of our activities. Also considering the almost total lack of technical equipment, it is at present not quite possible to do it to the appropriate extent.

What remains to be solved is the question of pronouncing opinions on new legal solutions on the national scale. So far the Lodz CNO has been, on a daily basis, analysing and pronouncing opinions on projects of laws, decrees, etc. as such needs were reported to it by the Local Committees in the person of the Regional Headquarters' leader. And so in the last quarter of this year eight drafts of law were analysed. However such procedure does not give the chance to get a full view of individual evaluations and their final effect. Perhaps what should be used here is the organizational experience gained by our union while preparing to negotiate with the government the so called "Companies Covenant" in which the Lodz CNO took an active part.

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Why we are on strike



"Solidarity" of the Lodz Region

The critical condition - the Lodz voivodship

#Ecology

- The air

	Lodz voiv.	the country
pollution so2/km2	110 tons	30 tons

purification:

of dust	- 92.5%	95.2%
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of gasses	- 0.2%	15.7%
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- Liquid industrial waste

	Lodz voiv.	the country
purification		

on average	4.9%	67.4%
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inc. communal	0	60.1%
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- Solid waste

	Lodz voiv.	the country
on average	1158tons/km2	137tons/km2

#Demography

- Population

Lodz voiv.	the country
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people/km2	748	122
- Living in urban areas	93%	61.8%
- Natural growth	-3.8%	+ 4.1%

#Health

	per 100,000 inhabitants	
	Lodz voiv.	the country
- Mortality rate	1335	1019
- Mortality		
of infants	2150	1593
cancer	264.6	193.4
coronary diseases	726.6	534.2

#Housing

- completed new flats - the last position in the country

	Lodz voiv.	position in the country	- technical facilities:
water	89.5%	41st	
toilet	77.2%	46th	
bathroom	73%	49th (last)	

#Investments /per capita/

	Lodz voiv.	position in the country
- material production	65.1%	43rd
- other investments	88%	38th

#Education of the population

	Lodz voiv.	the country
- higher	8.9%	6.6%
- secondary	30.6%	24.8%

- secondary technical 17.9% 23.7%
- primary 37.7% 38.9%
- primary incomplete 4.9% 6.1%

#Employment

Lodz voiv. which is:

- number of people (x1,000) 1,134.9

includes:

- pensioners & retired 300.1 26.4%
- unemployed 101.0 8.9%
- children, teenagers & others 527.5 46.5%
- employed by companies with more than five employees 209.3 13.4%

#Wages

- in the sector of material production 94.8% of the N.A.
- worker's average monthly wage 3,000,000zl
(biggest group 2,000,000 to 2,500,000zl)
- average pension and retirement benefit is less than 1.800,000zl
- average unemployment benefit is 627,700zl

#Companies

The process of liquidation, in accordance with article 19 of the Law about state enterprizes, is continuing in 45 Lodz companies.

Headquarters
of the Lodz Region of NZSS "Solidarity"

Report
about the Lodz Voivodship

December 1992

(Exemplary materials prepared for the negotiations with the government about matters pertaining to the Lodz region)

The Lodz voivodship is the most typical example of a region at the same time urban and industrial in its character. As much as 93.1% of the population lives in urban areas (the national average is 62.0%). In terms of the percentage of people employed in industry, the Lodz voivoship is the second in the country: statistically out of 1000 people as many as 130.9 are industrial workers. The leading industrial branches are: light industry (52.9%) and electro-machine industry (20.6%), although the remaining ones are also not without importance:

- fuel industry and power engineering - 5.2%
- chemical industry - 7.3%

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- minerals & mining industry - 1.6%
- timber & paper industry - 2.6%
- food industry - 6.4%
- others - 3.6%

The industry in the Lodz region has been in deep recession over the past few years. One reason for that was the collapse of the eastern market which had for many years been the major receiver of the light industry output. This in turn led to putting an additional burden on factories in the shape of unrealized government contracts, abandoned investments and bringing to an equally bad financial situation companies cooperating with the light industry (mostly electro-machine and chemical companies). What illustrates this situation is a marked decline of sold production revenues (expressed in constant prices for 1991). The revenues from three quarters of this year in comparison with three quarters of 1991 show the following dynamics:

industry in general - decline by 5.4% (0.6%)

includes:

- electro-machine ind. - decline by 14.2% (4.5%)
- chemical industry - decline by 6.3% (0.8%)
- food industry - growth by 17.8% (7.3%)
- light industry - decline by 4.9% (3.9%)

(Note: the numbers in brackets are figures for the whole country.)

In order to show more precisely the depth and the intensity of recession in the Lodz region, one should quote information which sets sold output over three quarters of this year against the same period last year:

industry in general - 36.7%

includes:

- light industry - 30.8%
- electro-machine industry - 32.9%
- chemical industry - 42.5%
- food industry - 57.0%

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As can be seen from the above, the decline of industrial output over the period 1989-1992 has been threefold, and in some branches of the industry even higher than that.

It also needs to be noted that the period saw continuous and radical reductions in employment, too.

The dynamics of these changes (compared to the previous year) were:

- in 1989 - minus 5.3%

- in 1990 - minus 7.4%

- in 1991 - minus 7.7%

However, even radical cuts in employment are not enough to improve the efficiency of economic production. Financial results of companies, represented as net result for the period of eight months of 1992, are: (figures x 1,000,000,000zł)

- light industry - minus 752.9 - electro-machine industry -
minus 163.7

- chemical industry - minus 37.4

- food industry - plus 44.7

From 394 factories, 214 registered gross losses and 243 registered net losses.

If we judged factories through the prism of their net financial achievements, results would also largely depend on the sector of state economy in which they function. For example the net financial result in the voivodship industry for, appropriately, 5 and 8 months of the past year was: (x1,000,000,000zł)

industry in general: minus 537.9; minus 757.0; (-140.7%)

the public sector: minus 548.8; minus 766.1; (-139.6%)

the private sector: plus 10.9; plus 9.0; (+ 82.6%)

This basic financial parameter has been shaped like this largely due to the fact that with the current recession only about a third of the factories' assets is used for production and consequently brings profit. At the same time the so called dividend, which comprises over 30% of the state factories' tax burden, is calculated and paid on the basis of all the assets.

Another serious problem is liabilities of the companies. The amount of all the outstanding payments in November exceeded 1,700,000,000,000zł, and from the information of the Inland Revenue Office only three companies in the voivodship are meeting their commitments to the National Treasury. Equally serious is the problems of mutual liabilities

of companies; in Lodz alone, for example, total arrears for electricity amount to 360,000,000,000zł.

Despite such deep recession of the economy in the Lodz voivodship takings of the central budget, as estimated on the basis of the information at hand, will be around 9,600,000,000,000zł. At the same time the expected spendings in the 1993 budget should be 383,000,000,000,000zł, with the reservation, however, that already now it is expected to be lower because in the project of the budget that was submitted to The Council of Ministers' Office (URM) the amount was lower by 444,000,000,000zł.

The situation of the Lodz region is made worse by the proportion of invested capital (counted in 1,000zł per capita) which over most of the past year has been below the national average (N.A.). The figures were:

- overall proportion - 75.7% of the N.A.
- including:
 - for material production - 73.1% of the N.A.
 - outside material production - 79.8% of the N.A.

An effect of the state of the economy discussed above are the unemployment figures in the Lodz region. This year unemployment has never fallen below 100,000. With the workforce numbering 6,383,000 people that gives percentage just under 20. To gauge the real scale of unemployment, however, we must take into consideration people struck off the register of the Regional Unemployment Office and the so called "hidden unemployment". This is a very important element, if you remember that the last three years have seen a decrease of output by 2/3, while the employment figures have fallen only by 1/3. The number of newly-created positions does not guarantee an improvement of the situation because on average there are 130 unemployed waiting for one job. The picture of unemployment in the Lodz area ought to be completed with the statistical information about education. The percentage of people with college or university degrees is 8.9 (N.A.=6.6%), and 30.6% of the people have completed secondary education (N.A.=24.8%). Local graduates of colleges and universities represent over 5.3% of all graduates in the country, and academic teachers comprise over 7.7% of the overall number. According to the data for the end of the third quarter of this year over 4,000 graduates of colleges, universities, secondary schools and technical schools have not found their first job.

Lack of perspectives is considered to be one of the major reasons for the increase in the crime rate. To compare appropriate figures from 1991 to those from 1990:

- crimes against health and life - 197%
- rapes - 229%
- avoiding the payment of alimonies - 202%

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- crimes against public property - 139%
- crimes against private property - 146%

At the same time we have to be prepared for a further increase of unemployment in 1993. Because of reasons quoted in article 19 of the law about state enterprises, the Minister of Privatization has declared as qualifying for liquidation 45 companies in the voivodship (at the end of the third quarter of this year - 35).

Economic recession has also affected the construction industry, including the housing industry. Its situation is made even worse by the conditions of obtaining credits for construction. The Lodz voivodship has the lowest rate of newly completed flats in the country. Old housing substance is characterized by a high degree of technical wear and some of the lowest in the country indicators of facilities:

- 90.3% flats have running water (45th position in the country)
- 78.0% flats have water closets (48th position)
- 73.9% flats have bathrooms (the last, 49th position)

Economic problems and phenomena that are related to them have an immediate impact on living conditions in the Lodz region. The Lodz voivodship belongs to the group of the five regions most threatened ecologically. The emission of dust and gasses, counted in tons of SO₂ per sq. km, is 112 (448%), while the national average is 25. The rate of reduction of this pollution in special-purpose equipment is lower than the average in the country, and for the gass pollution it is 0.5% of the national average. The situation in terms of dust presents itself even worse:

Overall - 5% of the N.A.

including:

municipal - 0% (none)

The amount of municipal waste in the Lodz voivodship (1059tons/sq.km) is over 800% of the national average.

Undoubtedly, the demographic and health characteristics of the people in the region can be connected to the ecological situation. The population is the highest in the country (600% of the national average). Equally tragic are our statistics regarding:

- the lowest natality = minus 4.1 (N.A. = + 3.7)
- the highest rate of deaths per 100,000 people = 132.3% of N.A.
- the highest infant mortality rate per 1,000 live births = 21.5

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(135% of N.A.) (*1990)

- the highest cancer mortality rate per 100,000 people = 259.5

(132.6% of N.A.)

- the highest coronary diseases mortality rate per 100,000 people = 759.7 (136% of N.A.)

Material conditions (the family budgets) are shaped by the demographic structure of the population, as well as the workers' level of wages. According to the data for three quarters of this year, out of 1,137,900 people in the region:

- 209,300 (18.4%) were employed in the sector where companies employ more than 5 people
- 300,100 (26.4%) were retired people and O.A.P.'s
- 101,000 (8.9%) were registered unemployed
- 527,500 (46.3%) were children, teenagers and others. of which 25% were persons too young to work.

Monthly family incomes are mainly composed of:

- salaries: the average monthly salary does not exceed 3,000,000zł (the biggest group is that of people who earn between two and two-and-a-half million) i.e. 88% of the national average
- retirement benefits and pensions: not higher than 1,800,000zł (96% of N.A.)
- unemployment benefits: 627,700zł.

Assuming, on the basis of other data, that the remaining economic subjects employed about 145 thousand citizens of Lodz, it can be stated that each working person supports from their meagre income almost three people.

December 30 1992

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Information based on: Statistical Year-Book of the Voivodships '92, Statistical Year-Book of the Lodz Voivodship '92, Regional Employment Office Information Book, The Regional Statistical Office (WUS) Information Book Oct. '92.

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Consulting and Negotiating Offices

Report on the Activities in the 3rd Quarter of 1993

The Trade Unions Consulting and Negotiating Offices (Biura Konsultacyjno-Negocjacyjne, BKN) continue to constitute the main source of specialist advice necessary in the processes of resolving the problems of the Unions and the employees and for an effective protection of the interests of the Unions' members in view of the extensive negative impact of the present transformations of the legal and economic system in Poland.

The Consulting and Negotiating Offices have been proving their usefulness within the organization of the Independent and Self-Governing Trade Unions *Solidarność* (Niezależny Samorządny Związek Zawodowy *Solidarność*, NSZZ *Solidarność*) by attenuating the negative results of the social and economic transformations of the status of property of National and private companies.

The activities of the Offices constitute an exemplary case of the commitment to the cause of the adaptation of our Unions' members to the conditions of democratic society and market economy, to the benefits of these systems and to the participation in the improvement of their processes.

Since 1990, the Consulting and Negotiating Offices have been rendering considerable assistance to the workers of enterprises undergoing transformation in the 13 largest regions; the forms of their assistance included:

1. Economic and legal advice in the matters of:
 - the Unions' prerogatives in the process of the transformations of the status of property
 - the procedures of the transformation and liquidation of enterprises (in view of bankruptcy)
 - the dismissal of the enterprise's manager

- salary matters
- income tax matters
- the matters of old-age and disability pensions
- group dismissals of employees
- the procedures of collective disagreement
- bonus regulations
- labor regulations

2. The preparation of reports for the NSZZ *Solidarność* on:

- the evaluation of draft proposals for Laws on old-age and disability pensions
- the *Treaty on the National Enterprise*
- salary agreements and regulations
- agreements on group dismissals of employees
- the prerogatives of trade unions in the process of negotiating bonus regulations
- the interpretation of the Law on the enterprise's salary and bonus system
- the possibilities of salary raises based on the analyses of the enterprise's financial condition
- the imposition of the tax on excess salaries upon the salary fund and the workers' welfare and residential funds
- the functioning of joint-stock companies within National enterprises
- the economic activities of Trade Unions
- the interpretation of the economic law's provisions on the prerogatives of the agencies of commercial companies

3. The participation in the negotiations on:

- salary agreements
- the reorganization of enterprises

- the prospects for the recovery of the enterprise and avoiding the liquidation (the development of a recovery program, guarantees of employment)

4. Seminars on:

- the principles of the functioning of enterprises in market economy
- employer-employee relations
- the experiences of West European trade unions
- the principles of collective management in Western Europe
- the economic and social impact of privatization
- the legal bases for the activities of trade unions
- the revision of the regulations on the tax on salary raises
- the principles of the establishment and allocation of the enterprises' workers' welfare and residential funds
- the principles and techniques of negotiations
- dismissals of employees in view of the enterprise's shortcomings
- the negotiation and establishment of the enterprise's salary and bonus system
- the analyses of the enterprise's financial condition
- the role of the trade unions in the process of transformations of the status of property
- the prerogatives of the trade unions in the process of transformations of the status of property

5. Publications in the Trade Unions' internal periodicals

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According to the reports on the activities of the BKN, in the 3rd quarter of 1993, the Offices rendered assistance and provided expert advice on their premises or by telephone on appr. 2020 occasions.

This figure is only a rough estimate, as some reports quote only the percentage of the specific types of activities within the total. This, in turn, results from the lack of detailed precepts for the statistics of the operations of the BKN.

The subject of statistics was discussed at the conference on the functioning of the Trade Unions' Consulting and Negotiating Offices, held in Gdańsk on September 7, 1993. One of the resolutions of the conference pertained to the necessity of the implementation of uniform methods of statistics in accordance with the requirements and guidelines of the FTUI.

After the conference, John Glaser, the representative of the FTUI in Poland, submitted his suggestions on the development of uniform methods of statistics, to be implemented in all the Offices in Poland. If FTUI tenders its instructions on the new methods of statistics, as of the 4th quarter of 1993 our statistics will be prepared according to them.

The specialists from the BKN are still taking part in interventions, mediation and negotiations.

In the second half of this year, the processes of liquidation and bankruptcy of enterprises are becoming more and more frequent; their main negative effect is the imminent unemployment of a considerable number of workers. Most of these processes are uncontrolled. Some instances of them are listed below:

BKN Lublin

1. The Coal Mine *Bogdanka*—collective disagreement on the dismissal of 600 employees and the uncontrolled reorganization.
2. The liquidation of the State Farm in Machowo.
3. The liquidation of the Plumbing Enterprise in Lublin: the beneficial result of the negotiations was the payment of outstanding salaries to the employees.

BKN Toruń

1. The Furniture Factory in Czersk—the agreement with the German partner on the guarantees for the employees and the trade unions for the period of privatization.
2. The Wire and Rope Factory *Drumed*—a similar agreement.

BKN Gdańsk

1. The Can Factory—assistance to the NSZZ *Solidarność* in the preparation of the guarantees for the employees and the trade unions prior to the privatization.
2. The Maritime Hospital, Gdynia-Orłowo—collective disagreement on salary raises.

BKN Szczecin

Negotiations on the conditions of employment and labor:

1. *Stilon*—Gorzów (continued)
2. The Maritime Repair Shipyard, Świnoujście
3. The Shipyard *Odra*, Szczecin
4. *The Pyrzyce Orchards*, Pyrzyce
5. The Szczecin Philharmonic
6. The *Dolna Odra* Power Station Complex, Nowy Czarnów
7. The Regional Dairy Cooperative, Rzepin
8. The Department Stores *Centrum*, Szczecin
9. The Commune Cooperative, Trzebiatów
10. The Home Trade Enterprise, Szczecin (continued)
11. *Instal*, S.A., Szczecin
12. The Municipal Welfare Services Enterprise, Szczecin
13. The Szczecin Technical University
14. The Wood Industry Enterprise, Barlinek (continued)
15. The Meat Factory *Gryf*, Szczecin
16. *Silvana*, Gorzów Wlkp.
17. The *Skolwin* Paper Mill, Szczecin

18. *Autotransport-Pekaes*, Szczecin
20. The Animal Husbandry Experimental Station, Kołbacz (continued)
21. The Agricultural Machines Repair Plant, Goleniów

BKN Silesia-Dąbrowa Górnicza

1. *Fazos*, Tarnowskie Góry—collective disagreement on salary matters
2. The Mining Enterprise, Bytom—mass dismissal
3. *Agrohansa*, Bieruń—mass dismissal
4. The *Ferrum* Steel Mill, Katowice—salary matters, two stages of negotiations
5. *Storem*, Wolbrom—salary negotiations
6. *Zgoda*, Świętochłowice—salary negotiations
7. The Housing Enterprise, Bytom—salary negotiations
8. The Steel Mill, Zawiercie—salary negotiations
9. *Silma*, Sosnowiec—salary negotiations
10. The Province Meat Industry Enterprise, Częstochowa—salary negotiations

BKN Kraków

1. The Housing Cooperative *Ruczaj*, Kraków—salary negotiations
2. Hotel *Prezydent*, Bielsko-Biała—disagreement over salary and bonus regulations
3. The Coal Mine *Silesia*, Czechowice-Dziedzice—termination of contracts of employment following the changes in the conditions of labor

BKN Białystok

1. The collective disagreement between the employees of the community kindergartens and the municipal authorities of Białystok over the payment of outstanding salaries
2. The Automobile Transportation Enterprise in Białystok—negotiations on mass dismissals

BKN Lower Silesia

1. *Porcelana*, Wałbrzych—irregularities of privatization, 12 stages of negotiations
2. The Machine Economy Enterprise—salary negotiations
3. The Industrial Equipment Factory, Świdnica—salary negotiations
4. The Province Office of Administration, Wrocław—the Health Service's conditions of labor, three stages of negotiations
5. The Specialist Hospital in Wrocław—mass dismissals

The functionaries of the Consulting and Negotiating Offices in Katowice, Szczecin and Kraków have participated in trade unions' seminars, delivering lectures on the following subjects:

- The prerogatives of trade unions during the implementation of the enterprise's salary and bonus system and regulations (Kielce)
- Trade unions and the processes of transformations (BKN Szczecin)
- The *Treaty on the National Enterprise* and the issues of salaries and workers' welfare in an enterprise (BKN Katowice)

The publications of the BKN included articles, reports and comments by the functionaries, published in the Trade Unions' regional periodicals.

The periodical *Solidarność Świętokrzyska*

1. "The Allocation of the Enterprise's Workers' Welfare and Residential Fund"
2. "The *Treaty on the National Enterprise* in the Period of Transformations"

Representative articles published in the periodical *Kurier Mazowski* (BKN Region Masovia):

1. "The Effects of Privatization," part I, *Kurier Mazowski* (KM), No. 251

2. "Preliminary Agreement and Letter of Intent," *KM*, No. 251
3. "The Effects of Privatization," part II. *Kurier Mazowska (KM)*, No. 252
4. "The Program of General Privatization," *KM*, No. 253
5. "The Protection of Salaries," *KM*, No. 253
6. "Violations of the Rights of the Employee," *KM*, No. 254
7. "Companies with the Participation of Foreign Capital," *KM*, No. 256
3. "What is a Controlling Position," *KM*, No. 256
9. "Liquidation and the Earned Profit," *KM*, No. 257
10. "The VAT—So Far Its Bark Is Worse than Its Bite," *KM*, No. 257
11. "The Leave of Recreation," *KM*, No. 260
12. "The Anniversary Bonus," *KM*, No. 262
13. "What about the Debt—Payment?," *KM*, No. 262
14. "Reorganization and Privatization," *KM*, No. 263
15. "Liquidation and the Earned Profit"

Articles published by the BKN Silesia—Dąbrowa Górnicza in the Trade Unions' periodical:

1. "The Principles of the Establishment and Allocation of the Enterprises' Workers' Welfare and Residential Funds"
2. "The Tax on Goods and Services (Value-Added Tax)"
3. "The Transition from Planned Economy to Free Market Economy"
4. "The Forms of Remuneration"

The BKN Lower Silesia published the book by Mr. Dariusz Sadowski *Wybierz najlepsze: Formy prywatyzacji. Poradnik dla pracowników i związkowców (Choose the Best: The Forms of Privatization. A Guide for Employees and Trade Unionists)*.

The legal advisers from BKN Gdańsk have concluded the preparations for the revindication of the Trade Unions' property. Instructions and a questionnaire on the subject of the property of the

NSZZ *Solidarność* seized under martial law has been prepared for all the branches of the Trade Unions.

As regards the issue of the division of the property of the former CRZZ (Centralna Rada Związków Zawodowych, the Central Trade Unions Council, dissolved in 1980), which in 1985 was claimed by the OPZZ (Ogólnopolskie Porozumienie Związków Zawodowych, the National Trade Unions Association), a letter was dispatched to the Prime Minister, Ms. Hanna Suchocka, presenting the principal suggestions for the Government regulation which should settle the issue.

The Economic Development Program

The Legal and Economic Principles

of the Transformations of the Status of Property

in the Polish Economy

The Economic Development Program is devised as a system of seminars and courses of instruction for trade unionists and employees of National enterprises, principally presenting the matters of the transformations of the status of property combined with general lectures on economics.

In the course of the meetings, the participants acquire basic knowledge necessary in order to form a personal opinion on the program of the privatization of their own enterprises, the essential prerogatives of the trade unions and of the employees, and the prospects for the employees' insightful participation in and control of the process.

The seminars and courses of instruction are organized by the regional agencies of the Trade Unions. Each region prepares the detailed syllabus of its own Economic Development Program. Upon the completion of the Program, it submits a financial and topic report.

The seminars are conducted by the functionaries of the Consulting and Negotiating Offices, university lecturers and competent trade unionists.

The syllabi are flexible and prepared according to the local needs. Their general subject range is as follows:

1. The aims and directions of the transformations of the status of property in Poland under the current Government Privatization Program
2. The legal bases of privatization in Poland
3. The prerogatives of the trade unions and of the employees in the process of the transformations of the status of property

4. The modes and procedures of the transformations of the status of property
5. The basic economic categories of a market economy dominated by private property
6. The functioning and organization of commercial companies; employee privatization
7. The advantages and risks of the Polish stabilization program and the concurrent transformations of the status of property
8. The *Treaty on the National Enterprise Undergoing Transformation* as an instance of the increase of the employees' participation in the process of privatization

The aim of the seminars is the evolution of the employees' attitudes toward an insightful and creative acceptance of the necessity of transformations of the status of property as a prerequisite for the development of the enterprise. Along with the program of stabilization, the transformations of the status of property of enterprises are the foundation of the reforms intended to establish a modern market economy in Poland; the misunderstanding of the aims of privatization or the employees' lack of identification with the process may produce a sense of alienation among the latter and obstruct the transformations.

Additionally, the seminars on the transformations of the status of property constitute a platform for the discussion of questions and doubts pertaining to specific procedures of privatization, which sometimes are executed by the Government and private agencies in a manner constituting a transgression against the law.

NSZZ *Solidarność*, the Managing Office of the Elbląg Region

1. The seminar "The Economic Education Program"

Nov. 15-19, 1993

NSZZ *Solidarność*, the Managing Office of the "Lake District" Region

The amount allotted for the year 1993 was used to finance the following seminars:

1. The Refrigerating Engineering Enterprise, Ełk
subject: "The One-Party National Treasury Company"

number of participants: 256

2. The State Farm, Kalinów

subject: "The Principles of the Establishment and Functioning of an Employees' Company"

number of participants: 148

3. The Suwałki Enterprise of Ceramic Building Materials, Augustów

subject: "The Principles of the Establishment and Functioning of an Employees' Company"

number of participants: 150

4. The Enterprise *Kolbet*, Suwałki

subject: "The Principles of the Establishment and Functioning of an Employees' Company"

number of participants: 250

5. The Heat Energy Generation Plant, Orzysz

subject: "The Communalization of Enterprises"

number of participants: 80

6. The Augustów House Building Enterprise

subject: "The Privatization of National Enterprises"

number of participants: 115

7. The Giżycko House Building Enterprise

subject: "The Employees as Stockholders"

number of participants: 486

NSZZ *Solidarność*, the Managing Office of the Chełm Region

The program included a two-day seminar (Sept. 29-30, 1993) on the aims of privatization, the principles and forms of privatization and the participation of the *NSZZ Solidarność* in the privatization of National enterprises. The number of participants was 33.

NSZZ *Solidarność*,

the Managing Office of the Silesia-Dąbrowa Górnicza Region

1. The seminar: "The Economic and Social Impact of the Legal Policies under the *Treaty on the National Enterprise*"

date: Aug. 23-27, 1993

number of participants: 22

date: Sept. 13-17, 1993

number of participants: 13

The Managing Office reported the organization of the following seminar sessions:

Aug. 30-Sept. 3, 1993, number of participants: 12

Sept. 13-17, 1993, number of participants: 24

Sept. 27-Oct. 1, 1993, number of participants: 22

Oct. 4-8, 1993, number of participants: 24

Subjects:

1. The Modifications in the *Labor Code*
2. The Enterprise Group Contract
3. The Enterprise Group Agreements
4. The Inter-Enterprise Group Contracts
5. The Impact of the *Treaty on the Enterprise* on Taxes
6. The Law on the Tax on Excess Salaries
7. The Enterprise's Welfare Fund
8. The Law on the Guarantees on Employees' Claims in the Case of the Employer's Insolvency

NSZZ *Solidarność*, the Managing Office of the Masovia Region

In the 3rd quarter of the year, two groups of seminars were held on the transformations of the status of property and the principles of the functioning of enterprises in market economy:

(a) 12 3- or 4-hour sessions for the employees of large and middle-sized enterprises (held on the premises of the enterprise), on the following subjects:

- the methods and techniques of privatization
- the classification of commercial companies
- the principles of privatization under the *Treaty on the Enterprise*

The participants were 268 employees of 12 enterprises.

1. Sept. 2, 1993, the Regional Fodder Industry Enterprise *Bacutil*, Wyszaków, 30 participants
2. Sept. 3, 1993, the *Polfa* Pharmaceutical Plant, Grodzisk Mazowiecki, 40 participants
3. Sept. 6, 1993, the Polish Optical Works, Warsaw, 23 participants
4. Sept. 7, 1993, the Rubber Industry Plant *Stomil*, Piastów, 20 participants
5. Sept. 8, 1993, the *Glinojock* Sugar Factory, S.A., 15 participants
6. Sept. 10, 1993, High Tension Apparatus Factory *ZWAR*, Ostrołęka, 20 participants
7. Sept. 14, 1993, Railroad Rolling Stock Repair Plant, Mińsk Mazowiecki, 30 participants
8. Sept. 21, 1993, Glass Works, Wyszaków, 28 participants
9. Sept. 23, 1993, the Metal Product Factory, Stojadła by Mińsk Mazowiecki, 15 participants
10. Sept. 27, 1993, the Supply Enterprise of the PKS (the Automobile Transportation Enterprise), Warsaw, 10 participants

11. Sept. 29, 1993, the Clothing Factory *Gracja*, Łuków, 12 participants

12. Sept. 30, 1993, the Chodaków Chemical Plant *Chemitex*, Sochaczew, 25 participants

(b) 3 three-day seminar sessions for trade union activists and selected members, in the local branches of the Masovia Region, on the economic and legal bases of the transformations of the status of property. The participants were 74 trade unionists.

1. Sept. 1-3, 1993, Branch Rawa Mazowiecka, 29 participants

2. Sept. 21-23, 1993, Branch Skierniewice, 20 participants

3. Sept. 27-29, 1993, Branch Ostrołęka, 25 participants

NSZZ *Solidarność*,

the Managing Office of the Holy Cross Mountains Region

The Holy Cross Mountains Regional Managing Office planned to hold seminar sessions on the following dates:

Aug. 31-Sept. 3, 1993, 35-40 participants

Sept. 7-10, 1993, 35-40 participants

Sept. 14-17, 1993, 35-40 participants

Sept. 21-24, 1993, 35-40 participants

Sept. 27-30, 1993, 35-40 participants

NSZZ *Solidarność*, the Managing Office of the Częstochowa Region

Seminar sessions were held on the premises of the Managing Office, on the following dates:

1. July 19-22, 1993

2. Aug. 2-3, 1993

3. Aug. 30-Sept. 2, 1993

4. Sept. 6-9, 1993

5. Sept. 13-16, 1993

NSZZ *Solidarność*, the Managing Office of the Gdańsk Region

The organization of the seminars:

Seminars were held in 5 sub-regions, with the participation of 120 representatives of the NSZZ *Solidarność*. There were also 7 sessions in factories, with the participation of 200 trade unionists, and one session for a Factory Committee (20 participants).

Two-day sessions of lectures were held for 60 participants divided into three groups.

The preliminary plan provided for three stages of instruction:

1. lectures for large groups of trade unionists in sub-regions (Tczew, Starogard Gdański, Pruszcz Gdański, Wejherowo, Kartuzy, Kościerzyna, Puck)—appr. 350 participants
2. a seminar for selected middle-ranking activists and the trade unionists from enterprises undergoing transformations (50 participants)
3. specific instruction on the legal and economic bases of the transformations of the status of property in view of the participation in the activities of the Managing Boards of companies (15 participants): the plan provided for 16 general sessions, appr. 20 six-hour seminars and 60 hours of specific instruction

NSZZ *Solidarność*, the Managing Office of the Lower Silesia Region

In the 3rd quarter of 1993, the Managing Office was reimbursed for the costs of the carrying out of the Economic Development Program in the first half of the year.

On Feb. 22-26 and March 8-12, 1993, two 15-hour courses of instruction were held for 60 representatives of six Factory Committees (Komisja Zakładowa, KZ) from Wrocław and eleven Committees from the Kłodzko Region.

The venues and dates of subsequent courses of instruction were as follows:

1. KZ, *Predom-Projekt*, Wrocław, Feb. 8-11, 1993, 19 participants
2. KZ, the Factory of Industrial Equipment, Świdnica, Feb. 23-26, 1993, 20 participants
3. KZ, the Lower Silesian Magnesite Works, Świdnica, March 4-10, 1993, 21 participants
4. KZ, *Farel Works*, Zabkowice Śląskie, March 15-19, 1993, 22 participants
5. KZ, the Paper Works and the Quarry, Bardo Śląskie, Feb. 26-March 12, 18 participants
6. KZ, the Academy of Medicine, Wrocław, March 1-6, 1993, 26 participants
7. KZ, the Turnery Automation Factory, Wrocław, Feb. 10-March 10, 1993, 34 participants

A session of instruction in economy was held for the Factory Committees of the enterprises incorporated within the National Forest Administration. The session comprised 30 hours of lectures and was held on March 22-24. There were 40 participants.

Between March 12 and 31, 1993, another six sessions of instruction were held for the members of Factory Committees of National enterprises scheduled for privatization. There were 132 participants.

NSZZ Solidarność, the Managing Office of the Poznań Region

The second stage of the instruction under the Economic Development Program was devoted to the issues of the transition from National economy to market economy. Particular attention was paid to the impact of the transformations of the status of property and the prerogatives of the employees and the trade unions during the process of privatization.

The sessions organized by the Regional Managing Office were held at three venues:

Wągrowiec—Aug. 21-22 and 28-29

Września—Aug. 27-28 and Sept. 4-5

Gniezno—Sept. 4-5 and 11-12

Each session took six hours.

The lecturers were the specialists in economy and law from the Academy of Economics, the Adam Mickiewicz University, the Ministry of the Transformations of the Status of Property and the Trade Unions' experts. The number of participants was appr. 50.

NSZZ Solidarność,

the Managing Office of the Beskidy Mountains Region

On Sept. 7, the Managing Office held a conference of the representatives of Factory Committees on the privatization procedures implemented by the National Investment Funds.

The second part of the course of instruction on the privatization of National enterprises was held on Sept. 22-30, 1993, and comprised 36 hours of lectures on the following subjects:

- the analysis of the economic condition of the company
- the methods of the evaluation of enterprises
- marketing analysis
- business plan
- contract and bankruptcy law
- the program of the National Investment Funds

NSZZ Solidarność, the Managing Office of the Konin Region

On Sept. 8-10, a session of instruction was held in Ślesin under the Economic Development Program. The number of participants was 31. Most of the presented subjects pertained to salary matters and the function of trade unions in the solving of salary problems. The lecturers were the functionaries of the Consulting and Negotiating Office in Poznań.

THE LUBLIN CONSULTING & NEGOTIATION CENTER [CNC]

Lublin, October 4, 1993

To:

Program Team of the National Committee
in Gdansk

REPORT ON THE CNC'S OPERATION IN THE THIRD QUARTER '93

During the period covered by this report the center employed four people, including three counsellors and one economist. The counsellors are responsible for: consulting on union law, i.e. strikes, the application of the penal provisions included in the Law of May 23, 1991 on Trade Unions (writing applications for the institution of proceedings against the employer's law violation), ownership transformation [privatization] regulations, and the labor law regulations (not only the Labor Code in the narrow meaning), respectively.

The economist deals with ownership transformations from the economic point of view, and salary/wage packages at company level.

The center's personnel has been the same since August '91. This relative employment stability in the center does not come from excessively attractive salaries and comfortable working conditions (sometimes 10-12 hours a day, if in the field), but rather from the labor market situation.

From June 24 till September 30, 1993 190 consulting services were rendered. As it may be concluded based on a comparison of the service number in the reported period and in the former three months, there was a considerable reduction of consulting services rendered, which may be explained by the fact the reporting period was in summer (holidays) and the Union was involved in the election campaign and the elections themselves.

The main problems submitted by local committees [at company level] from June 4 till September 30, 1993 can be classified into three large topics:

- * ownership transformations (including reviewing of draft contracts and company's articles, providing information on methods for privatization of national assets and conditions in which unions operate in non-state enterprises);

- * salary/wage package agreements (including reviewing of draft salary/wage package agreements, different statutes of bonus, prize systems, housing and social funds, providing information on the company's financial standing based on submitted financial reports);

- * union's rights relating to "group discharge from work" (including worker's benefits resulting from the Law of December 28, 1989 on Special Principles for Discharge from Work, Due to Reasons Delivered by Companies; providing information on changes in some laws; the meaning and role of unions at the stage of negotiating an agreement, pursuant to Article 2 of the above-mentioned Law).

Due to limited number of personnel, most of consulting services were rendered either by phone or in the center's premises.

Please find below a short description of the most important conflicts which occurred during the reported period in our region, and in which the center's staff participated, supporting the union:

I. "Bogdanka" Coal Mine S.A., the Lublin Province

A. The conflict started in December 1992, that is with an active strike. Since May '93 the mine operates as a State Treasury Company [limited or joint-stock - translator's note];

B. The decision of the company's management to discharge 600 men from work (of the total 4,000), brought about a collective dispute and negotiations participated by the center's staff. Up till now more than 400 people have been fired.

C. The mine (KKW) has founded 10 companies [limited or joint-stock] owned in 100% or controlled by the mine. One of such companies is "Transbo" S.A. (from Transport-Bogdanka) has become a monopolist carrier of miners to work, and started to dictate its high prices. From August 1, 1993 the mine has ceased to subsidize fares. The workers did not stand it and have begun organizing their own transport by 50% cheaper, signing contracts with private bus operators. Another misdeed in Transbo S.A. concerns the purchase of 40% of shares for 21 m ZL by the company's President from KKW Bogdanka S.A., where their market value is ten times higher. It should be added here the decision to sell the shares was taken improperly (an unauthorized body). This was met with opposition of the Transbo local committee and the case was sent to public prosecutor.

II. State Farm in Machowo, Zamosc Province

A large rural facility planned for liquidation. After negotiations with our participation, the State Agency for Rural Property took the farm into its administration, keeping the work places for the farm personnel. The financial standing of the former state farm is satisfactory.

III. Municipal Installation Enterprise in Lublin.

The company planned for liquidation. The liquidation supervisor had not paid salaries/wages for six months. The strike, organized by NSZZ Solidarity local committee blocked the company's compounds, which was opposed by other firms renting rooms there. Since the liquidation supervisor claimed he had no money to pay the wages, negotiations started with the Lublin Municipality acting as the owner of the company. After a lot of difficulties, money was found and paid to the employed.

Kind regards,

Coordinator Maria Kaminska [illegible signature]

THE CLOTHING COMPANY - BYTOM
A COLLECTIVE DISPUTE

The company consists of five subsidiaries: in Bytom, Dabrowa Gornicza, Jaworzno, Radzionkowc and Tarnowskie Gory.
Total employment: 3,300. About 80-90% are women.
The average salary in August '93 totalled 3.2 m gross. The last wage increase was in April '93.
The company makes garments for men. Sixty five percent of the output is sold to western clients, mainly in Germany.
There are two unions: OPZZ and NSZZ Solidarity.

THE NEGOTIATIONS

In August NSZZ Solidarity conducted negotiations with on wage increases with the company's management. According to the management any increases were impossible due to the company's poor financial standing. In view of this arbitrary opinion and attitude, the local committee decided to institute a collective dispute proceedings regarding the remuneration, as of August 25.

The Consulting & Negotiation Center was asked to make a feasibility of the company and assist in negotiations with the management.

A financial analysis of the submitted documents, revealed that if the company earned its planned gross profit, wages could be raised by 750,000 ZL per employee as of September, which should not deteriorate the relation between gross profit and wages.

This increase would not necessitate a tax on standard exceeding remuneration, either.

Resulting from long negotiations conducted on September 3 and 8, 1993, participated by a CNC-man, a raise was achieved as of September 1, totalling 600,000 ZL per person, and a decision was reached to grant a single bonus to all employees in December, should the company be in such position (retaining of the relation between gross profit and wages).

Poznan, October 1, 1993

REPORT ON THE OPERATION OF THE CONSULTING & NEGOTIATION CENTER
AFFILIATED WITH THE NSZZ SOLIDARITY WIELKOPOLSKA REGION BOARD

- I. Employment as on September 30, 1993
1. Economists - four persons, working full time;
2. Legal specialists - three persons, full time;
3. Legal experts - one person, half position.
- II. Trainings:
A three-day long training in remuneration problems was organized for the NSZZ Solidarity Konin Region - a report enclosed.
- III. Consulting service

No.	Topic	Percentage	
		Advise	Consulting
1.	Unemployment		
	social insurance	6.1	0.9
2.	Labor relations, work contract, holiday	7.6	12.6
3.	Work statute, work safety regulations	1.5	2.7
4.	Group and individual discharge from work	19.7	19.8
5.	Social and housing funds company housing	9.1	5.4
6.	Cooperative system	0.0	1.0
7.	Salaries/wages	13.6	16.2
8.	Taxes	3.0	0.8
9.	Union matters, collective disputes	21.2	8.1
10.	Privatization, procedure, transformation methods	6.2	17.4
11.	Commercial Code	1.4	2.5
12.	Consulting with NIK, PIP, public prosecutor	4.6	5.3
13.	Dismissal of employer (director, president)	0.0	2.0
14.	Other issues, e.g. a contest for the position of director	6.0	0.9
15.	Social package	0.0	3.6
		<hr/>	<hr/>
		100.0	100.0

Total number of advises offered (recorded): 66, consulting services: 111.

- IV. Written reviews: 2
Their structure: salary/wage packages - 4, union issues - 3, privatization - 1.
- V. Direct participation in negotiations and meetings of local

committees with employers - 25. The structure: transformation of a company on a brink of bankruptcy - 13, privatization - 8, salary/wage packages - 2, union issues - 1, negotiations with municipal authorities in a city with high unemployment - 1.

VI. The number of local committees monitored on a regular basis by the center: 57.

Adam WERSCHLER. CNC HEAD (illegible signature)

A REPORT ON THE TRAINING IN "SALARY/WAGE PROBLEMS IN UNION ACTIVITY" ORGANIZED BY THE NSZZ SOLIDARITY KONIN REGION BOARD

The training was organized from October 8-10, 1993 in a recreation center belonging to KWB "Konin". The selection of the place was a success, for its location, in an attractive village, far from local transportation junction points, was conducive to the training attendance rate. The topic was also important here, since remuneration problems and their settlement constitute the most essential component of union's activities in Poland. The lecturers were from the NSZZ Solidarity Consulting & Negotiation Center affiliated with the Wielkopolska Regional Board in Poznan, including dr Zbigniew Sypniewski, a prominent expert in labor law.

The training was carried out according to its schedule. During the first day the essence and function of salaries/wages in general, and elements of remuneration in Polish conditions, were discussed. The obligatory charges on salaries were pointed out, the tax on standard exceeding salaries and private income tax were taken into account. Subsequently, regulations on the creation of company remuneration systems, were presented in detail. A conception of salary agreement prepared by a Poznan CNC specialist, Mr Andrzej Lyszczarz, was presented to the participants. This idea was successfully implemented in practice on several occasions. On several, for in our economy it is a brand new approach.

The first half of the second training day was devoted to exercises. The participants were divided into teams, where each team was assigned a task to prepare a draft remuneration contract, pursuant to the Commercial Code. Results were discussed during the second half of that day. It offered opportunity to discuss different economic and legal problems which came to participants' mind during the training. The questions were to the point, relating to the training topic, and not to politics or macroeconomics. This is rare during union trainings and it proves the participants of the Slesin training are fully committed to union activity, in its true sense.

During the third day the essence of basic types of negotiation and stages of negotiation procedure, were brought to the participants' attention, after which the stage preparatory to negotiation of salary/wage issues at the company level, was discussed. The training was concluded with a discussion of additional salary/wage components and calculation of sick leave allowance, and holiday pay.

CONSULTING AND NEGOTIATION CENTERS [CNC]
EXPERIENCE AND THE FUTURE
Gdansk, September 7, 1993

The Contents

1. Conference Schedule
2. Participants
3. Conference Notes (by J. Michalski)
4. A paper by Tomasz Peszek - the Mazowsze Region
5. A paper by Adam Werschler - the Wielkopolska Region
6. A paper by Marian Lisowiec - the Torun Region
7. The list of Consulting and Negotiation Centers

The Conference Schedule
Consulting & Negotiation Centers
Experience and the Future

September 6, 1993

Accommodation of participants (Hevelius Hotel, Gdansk)

September 7, 1993

- 9:00 am Opening of the conference. Janusz PALUBICKI, John GLASER
- 10:00 am Tomasz PESZKE, Mazowsze Region CNC - The Topic Range and Structure of Tackled Problems and Consulting.
- 10:15 am Discussion.
- 11:15 am Coffee break.
- 11:30 am Adam WERSCHLER, Wielkopolska Region CNC - Presentation of the Consulting Range and Topic Structure. Description of Salary and Wage Package Negotiations, based on a selected example
- 11:45 am Discussion
- 1:00 pm Lunch
- 2:30 pm Marian LISOWIEC, Torun CNC - Experience in the Negotiating of Labor and Union Guarantees Package in the Course of Privatization.
- 2:45 pm Discussion
- 3:45 pm Views of the Torun CNC on collective bargaining in Poland.
- 4:00 pm Discussion
- 5:00 pm John GLASER, FTUI - the Role of CNCs, Perspectives for Further Assistance to Union CNCs.
- 6:00 pm Conclusion.

CONFERENCE NOTES

Upon the initiative of the KK NSZZ SOLIDARITY [National Committee] Program Team for Subsidies Management and Mr John Glaser, the FTUI resident in Poland, a conference was held on Union Consulting and Negotiation Centers [CNC], aimed at presenting experience of the Centers' employees, gathered during work for the Union's local organizations.

The Consulting & Negotiation Centers were founded to institutionalize the consulting assistance rendered mainly for the NSZZ Solidarity local committees [at the company level - translator's note] and concerning the most important problems and economic and legal tasks tackled by union members at the company

level, meaning employment and work conditions, as well as restructuring in terms of organization, ownership relations and finances.

The Program Team for Subsidies Management (being an integral part of the Economic Policy Department) is in charge of the whole organization, information, and decision-making concerning FTUI (AFL-CIO) for NSZZ Solidarity.

The conference offered an opportunity to analyze the operation of the centers' network, conceived as a whole, and possible working out of measures aimed at improving their work to match the changing union demand and needs as well as economic and legal conditions. The conference was to be not only a platform for the exchange of information among union consultants, but also for the presentation of the centers' work to donors (Ms Nina Majer of the Agency for International Development, also attended the conference).

The conference was opened in a short speech by Mr Janusz PALUBICKI, NSZZ Solidarity Vice Chairman, and Mr John GLASER (FTUI), who confirmed the need for Consulting & Negotiation Centers, being the most important program assisted by FTUI in this part of Europe. Subsequently, papers were delivered.

Mr Tomasz PESZEK (CNC Mazowsze Region) described in brief the centers history, and the way in which the center's function was implanted into the existing structure of the Region's Managing Board, and the topic range of tackled problems and delivered consultations.

The center's work is easier due to computer data base containing individual cases of advising and consultations for local committees. This type of work using practical opportunities offered by computer systems should expand to the remaining centers. For it significantly improves the procedure for union problem solving, and makes the collection of data and information on the already solved cases, easier. They might be in future an important tool used in work for NSZZ Solidarity local committees. The Mazowsze Region CNC publishes legal views and other information, in the "Kurier Mazowska". The discussion touched upon the degree to which local committees used Consulting & Negotiation Centers, depending on their size and resources. Some richer NSZZ Solidarity local committees hire their own experts. Particular CNC experts pointed out to various degree of involvement in the negotiations on salary and wage systems at the company level, or in problems relating to legal, ownership or operational restructuring of a company, in response to signals coming from the local committee of a given company.

The next paper, delivered by Mr Adam WERSCHLER, head of the Wielkopolska CNC, was on the "Typical Negotiations of the Salary and Wage Package in a Company under Transformation". Based on a typical behavior pattern of the employer after transformation, who wants to use this opportunity to change salary and wage terms, or restrict the union's role, he presented a positive example of negotiations in the Niepruszewo State Farm.

The privatization of state farms has been controlled by the State Treasury Agency for Rural Property, many a time with law violation. Since union organizations are not mature enough, or have not been created in this sector, law violations, although common,

are not disclosed. The basic mistakes committed during the transformation of state farms, can be classified into two groups:

1. improper application of the privatization procedure in relation to the farm's assets (e.g. tenders);
2. violation of the employee organizations' right to negotiate collective bargain agreements, by unilateral introduction of salary and wage packages.

The latter case, submitted by the Niepruszewo State Farm employees, was analyzed by the Poznan CNC. Long negotiations resulted in a compromise, i.e. the unilateral package was cancelled, and a new collective bargain agreement was reached.

The basic element was the personnel consolidation in view of the conflict, furthermore a local committee of NSZZ Solidarity was founded, which carried out negotiations on behalf of the farm's staff.

A spectacular success of the newly created local committee was the successful defense of almost 240 workers against group discharge from work.

The ensuing discussion emphasized that the group discharge method is used all too frequently to solve labor problems, without proper analysis of company's conditions and recourse to other methods for effective employment of redundant workers. After a two-month long negotiations initiated by NSZZ Solidarity concerning the planned discharge of 112 workers out of the total 600, from the Maritime Repair Shipyards in Swinoujscie, it appeared no one was fired, and the financial condition of the company permitted even for a slight wage increase. An improvement of internal relations inside the company was an additional success. The union organization and its capacity for interfering was appreciated. Furthermore, a wider access to the sources of economic and financial information on the company, was gained.

An additional item on the conference agenda was the speech delivered by Ms Nina MAJER, a AID (Agency for International Development) representative. AID assists the introduction of almost 200 different programs, supporting mainly economic transformations in Poland. The principal programs are:

1. Polish American Enterprise Fund;
2. Consulting Assistance for Transformed Enterprises;
3. Program of the NSZZ Solidarity Economic Foundation, implemented together with the Ohio State University;
4. Support of Democratic Initiatives;
5. Technical Assistance for the Parliament's Lower House (Seym) Chancellery Analysis Department and the Upper House (Senate) Analysis Department (computer network);
6. Environment Protection Program - Optimizing of Pesticides Use;
7. Assistance for the Health Care System;
8. Assistance for the Housing System - housing loans, credit servicing, information, consultation;
9. Assistance for the Polish rural system, rendered in the form of training of rural advisory centers' personnel, consulting, improvement of consultant's service, assistance in the preparation of business plans used as enclosures to loan applications.

All details on AID assistance programs are available from Mr John

GLASER. The AID representative discussed also difficulties met in expanding their budget for new programs supporting social and economic transformations in Poland.

Mr Marian LISOWIEC of the Torun CNC, presented the experience gained in the course of negotiating a Labor and Union Guarantees Package. This subject-matter is of utmost importance and extremely vital, especially for the personnel of companies under transformation.

The fact is, there is no legal framework for negotiating new labor contracts, or labor participation and representation in management, with a prospect buyer of the enterprise (owned by the State Treasury). Therefore, for the last couple of months, the NSZZ Solidarity National Committee and the Privatization Ministry endeavored to establish a negotiation framework for social packages in the Company Selling Contract.

The paper contained proposals for:

1. the topic range of negotiations between the union and the prospect buyer:
 - a) labor contract and other buyer's employment liabilities, e.g. guarantees for future investments secure indirectly new work places,
 - b) salary and wage increases,
 - c) work conditions,
 - d) maintaining social packages covered by company collective bargain agreements,
 - e) employee benefits beyond the scope of the Labor Code, i.e. collective management, labor shareholding, granting loans to labor shareholding systems, etc.;
 2. definition of the privatization procedure stage when unions join the negotiations:
 - I. the selection of privatization method;
 - II. search for prospect buyers;
 - III. negotiations with selected investors;
 - IV. definition of final details with the winner prospect;
 3. definition of the partner who signs the contract with the union. The union organizations are often invited to negotiations when all aspects of the contract, concerning either terms of future investment outlays, which increase future employment potential, or other elements of the social package, are already settled.
- Participation of union organizations in negotiations of the contract, planned in advance in the above-mentioned fashion, has purely symbolic character; the union's presence (employee representation) here is only necessary to assure of splendid relations in the company. These appearances cannot be maintained, the privatization procedure controlled by an agency representing the State Treasury (Privatization Ministry, Ministry for Industry and Trade, Provincial Government, etc.), should be amended to make room for the unions to voice freely their proposals for "labor" guarantees, in front of the prospect new owner, or to discuss possible changes in their proposals.

The real participation of NSZZ Solidarity in each privatization case, can be secured by a proper flow of information between the Privatization Ministry and the union, concerning:

1. definition of minimal social packages (feasibility of demands as compared to the company's legal and financial standing);
2. definition of salary increase demands and employment terms;
3. demands fulfillment forms (guarantee clauses in contracts, sanctions, penalties, etc.).

Information contacts with the unions must be planned at an early stage of privatization procedure, to put the search for prospect buyers in a framework conforming to labor and union demands; at the same time skillfully implanted into the negotiation process at a later stage to avoid the situation when the presence of employees and their expectations could fail completely the privatization process.

Nowadays, all experience gained during the negotiations of the labor and union guarantees package for capital privatization method, is used to define similar proposals for local committees of firms and companies involved in the General Privatization Program providing for National Investment Funds.

An extremely interesting and inspiring discussion that followed the paper presentation, focused on comments by Prof. Grzegorz Gozdiewicz of Nicolas Copernicus University in Torun, on labor rights protection in companies transformed through negotiations of labor contracts between the employees' representation and the employer.

Finally, Mr John GLASER presented his assessment of CNCs' work and perspectives for their further development, based on continued assistance to NSZZ Solidarity, rendered by FTUI. He suggested a modified form for reports, resulting from new reporting system focusing on successful actions. Detailed criteria and rules of this new reporting system are being prepared now.

There is a general conviction that detailed documentation on the CNC output and its consultants' work, should be saved and stored. Therefore the centers should be equipped with computers to record particular cases permitting for further analysis and getting acquainted with consulting methods or legal tools used by CNC consultants.

Janusz MICHALSKI, National Committee NSZZ Solidarity Program Team.

THE STRUCTURE OF ISSUES SETTLED IN THE MAZOWSZE CONSULTING & NEGOTIATION CENTER IN 1992-1993

The NSZZ Solidarity Mazowsze Region Consulting & Negotiation Center offers its consulting know how to NSZZ Solidarity local committees on company salary and wage packages, collective bargain agreements, economics, finances and tax systems of state enterprises and Commercial Code companies, as well as the Labor Code and ownership transformations.

From July 1, 1992 till June 30, 1993 319 consultations were effected, including 173 in the second half of 1992, and 146 in the first six months of 1993 (the statistics does not include phone consulting to local committees).

Of the total 319 consultations, 49% were on salary and wage issues, 24% - on privatization, 10% - on the union's rights, and the remaining 17% - on the Labor Code, workers' self-management,

cooperative system, etc. The following table includes a quantitative list of those consultations effected by the CNC experts.

Among the salary and wage issues prevailed those where the inquiring needed information on the remuneration packages (notices, preparation of a new system, amendments to the present one, providing views on draft proposals for company remuneration systems).

Furthermore, the experts answered questions about:

1. rules for wage calculation during idle time;
2. the company's power to withhold profit-related prizes;
3. bonus principles.

The experts also dispelled doubts concerning:

- * the distribution of finances earmarked for wage increases,
- * wage and salary adjustment (an economic and financial study was made),
- * commission on profit,
- * rules for paying wages and salaries to those appointed to union work.

The following issues of the group of privatization-related problems were explained and cleared out:

1. organization and legal issues that might arise from the planned privatization;
2. labor-owned company with limited liability or joint-stock company;
3. differences between the company with limited liability and joint-stock company;
4. the ownership transformation form, of benefit to the labor.

Furthermore, taking into consideration the fact, that the inquiring often work in companies under liquidation scheme, or in such where liquidation or bankruptcy is only a matter of time, the experts presented their views on:

- * the liquidation process
- * the bankruptcy process
- * negotiation with creditors.

A lot of issues also concerned the union's activity itself. The experts explained the rights of unions in the state enterprise, company (limited or joint-stock) to the interested local committees, and the Law on Trade Unions and the NSZZ Solidarity Statutes. Some questions were raised about business activity of local committees.

The remaining cases concerned:

- * the management (appointment of the director, the management's rights, dismissal or suspension of the director, rules of the contest for the position of director);
- * taxes (calculation rules);
- * the Labor Code;
- * workers' self-management.

From July 1, 1992 till June 30, 1993 the CNC experts submitted 128 written legal and economic reviews (including 49 in the second half of 1992 and 79 in the first six months of 1993).

Those reviews concerned:

1. salary/wage problems (68 statements, i.e. 53% of all issued reviews), including:

- * 33 reviews on agreements on company remuneration packages;
 - * 13 reviews on the remuneration rules, including the remuneration rules and regulations (7), remuneration for idle time (1), changing the salary/wage amount from net to gross figure (1), salary/wage increase (1), salary/wage amount public access (2), rules for salary/wage adjustments (1);
 - * 9 reviews of the bonus system;
 - * 4 reviews of the social and housing fund system.
- Furthermore, reviews of the following problems were submitted:
- * calculation of commission on profit (2);
 - * jubilee financial prizes rules (1);
 - * analysis of jubilee awards (1);
 - * the governmental draft proposal for the Company Social Package (1).
2. privatization processes (18 reviews, i.e. 14% of the total), including:
- * 7 reviews of possible privatization of state enterprises;
 - * 2 reviews of draft state enterprise restructuring proposals;
 - * 2 reviews of notarial deeds - company's articles;
 - * 2 reviews of state enterprise transformation into a Commercial Code company.
- The remaining reviews concerned:
- * capital combination of a state enterprise with a foreign partner (1);
 - * election rules for Supervisory Board in a State Treasury company (1);
 - * definition of organizational and legal framework for the enterprise after its transformation into a limited liability company (1);
 - * employment in the new limited liability company (1);
 - * draft proposal for capital privatization of a state enterprise (1);
3. The union activity (17 reviews, i.e. 13% of the total), including:
- * 15 reviews of the union's rights;
 - * 1 review of a combination between local [company level] union organizations in a company consisting of several divisions;
 - * 1 review of the legal regulations on unions and the NSZZ Solidarity statutes;
4. taxes (5 reviews);
5. the Labor Code and regulations (7);
6. director and management (3). The reviews were of the director's rights and the rules for contests for the position of director;
7. company labor statute;
8. company's earnings (3).
- The remaining reviews were of group discharge from work (2), draft proposal for a collective bargain agreement (1), and mediation (1).

Table

1 periods

2 problems

- 3 total
- 4 salary/wage
- 5 privatization
- 6 rights
- 7 other cases
- 8 quarter
- 9 Total
- 10 Table Quantitative List of Consulting Service Rendered by Experts of the Consulting & Negotiation Center to Local Committees from July 1, 1992 till June 30, 1993
- 11 prepared based on the paper delivered by the CNC Coordinator Mr Tomasz Peszke of the Mazowsze Region Board.

TYPICAL NEGOTIATIONS OF THE SALARY/WAGE PACKAGE IN AN ENTERPRISE UNDER TRANSFORMATION

According to statistics, the involvement of the Poznan CNC in the assistance for local committees during their salary/wage package negotiation takes the foremost place in its activity.

Changes in the present company collective bargain agreements and other legal acts determining salaries/wages at the company level connect quite strongly with ownership transformation of employing firms. These changes should be perceived in a broad perspective, not only as privatization *sensu stricto*, but also as corporatization and different reorganization of enterprises.

The reality proves that each transformation stage offers a good opportunity to the employer to make attempts at changing the remuneration rules, particularly restricting the role of unions in the formation and enforcement of such rules. Naturally, in a long run, limiting the salary/wage negotiation field between unions and employers brings negative effects to the employed. At a given moment, however, the latter do not always realize this fact.

Negotiations relating to the protection of labor remuneration are mostly difficult and far from an ideal, where customarily western models are taken as such. In extreme cases, employers try to ignore unions, or make their leaders sign agreements violating the law. On the other hand, the leaders can be charged with lack of willingness to involve into tiresome, but ultimately constructive negotiations. There are, however, positive cases. One of such was the Niepruszewo State Farm (Buk Municipality, Poznan Province) taken over by the State Treasury Agency for Rural Property, which means at the first stage of state agriculture transformation in Poland.

One of numerous cases of improper procedures and violation of binding regulations, which occurred in state farms taken over by the Agency, was substituting remuneration statutes for collective bargain agreements. These statutes were enacted unilaterally by temporary managers, violating thereby the law. Let us remind, that the collective bargain agreements were concluded between the employer and unions. They result from the Collective Bargain Agreement for State Farms Workers, signed on March 30, 1989. This Agreement secures a lot of benefits to the employed, which explains the willingness to abolish them. It is worth adding, that the introduction of a remuneration statute in an enterprise under the

collective bargain agreement is illegal, even when there is no union there.

Disregard for collective bargain agreements was common, therefore in September '93 the Agency President, Mr Adam Tanski sent a letter to all his field division directors, explaining that remuneration statutes were illegal, thereby null and void.

The example of the State Treasury Niepruszewo Farm should be treated as a positive case. A dialogue started there not only to abolish the imposed remuneration statute, but also to work out a new remuneration agreement.

Negotiations started from October '92 and ended middle December '92. The time factor is worth emphasizing. For it is not uncommon, that union leaders are convinced that a good remuneration package can be reached in a short time. It is also worth pointing out a great work input on the part of the employer, the CNC experts and the local committee itself; the latter studied tables with salary/wage rates for some nights.

The negotiations started with the presentation of legal aspects of the situation at hand. The employer recognized arguments presented by the union, as important. This opened the road to constructive negotiations. After explanations about the role played by the Agency in the introduction of the remuneration statute in the State Treasury Niepruszewo Farm, the Temporary Manager proclaimed this document as null and void. It was unanimously decided that new principles should be worked out, where as the platform for discussion the old collective bargain agreement was accepted. In this very moment the newly founded Solidarity Local Committee scored a publicity success, for, as the union members stressed, the statute offering preferential terms to the management, was abolished.

Subsequent negotiations gradually brought the parties closer. This happened, despite sometimes tense atmosphere. A new system was the first issue arrived at together by the parties, it took somewhat longer to agree about salary/wage rates. Anyway, each party showed its maturity and proved it cared about their work place.

The most significant element of the new system was the cancellation of wage margin [from ... to ..] rates. They were substituted for by a three-level score table. The basic wage is calculated by multiplying the scored points through the currently approved point value. Allotment to a given level depends on the total employment history in the Niepruszewo State Farm and State Treasury Farm. It is no longer possible to grant more than one labor class on a given position. Only in special cases an employee can be granted one class higher than it results from the salary/wage schedule, in agreement with the union. Enclosures to the company remuneration system precisely define the bonus system. At the same time the content of the work statute was amended, for it appeared a lot of regulations were redundant, and some were not in conformity with the Labor Code.

The negotiation process was not free from disturbances. Surely it took longer due to a press article, published in a local private daily, which antagonized the parties, as well as due to the involvement of some local committee leaders in a failed purchase of

land from the Agency. Of very negative impact was the announcement during the negotiations of the employer's intention to put group discharge scheme into operation. The personnel understood this move as a revenge for the salary/wage increase, and blamed the union for its ineffectiveness. Fortunately, the problem was solved through negotiations. A lot of workers were offered a "shift", i.e. new work and wage terms. The initial discharge proposal was reduced from 40 to 11. At the same time the Temporary Manager of the Niepruszewo State Treasury Farm assured the attained employment level would be maintained, first of all for social sake.

It is difficult to say, whether the new remuneration system satisfies all employed. Objectively, it should be stated the salary/wage rates are higher than in other State Treasury Farms. It is not a good argument somewhere else is worse. One should, however, remember, the agreement was reached when the farm was constantly indebted. For sure, the life of state farm communities is not easy, especially because before this group was the leading and privileged one in the agriculture. State farms' results were assessed not in terms of economics but ideology. It is clear that among the Niepruszewo Farm workers there are many providing the only income to families with many children, living is harsh conditions. On the other hand, a house belonging to a regular client of the Social Welfare Center, is equipped with a satellite aerial, for many a symbol of real wealth. Well, life sometimes appears deceitful.

Without getting too emotional, and without calling it a pattern to follow, the Poznan CNC encourages local committees of NSZZ Solidarity in former state farms to follow the example of the Niepruszewo negotiations. This applies both to these State Treasury Farms where illegally introduced remuneration statutes are still in force, as well as those where the salary/wage agreement is not satisfactory. A proper approach to the problem is the only method for success in this game where neither party cannot win at the expense of his partner.

ADAM WERSCHLER
THE CONSULTING & NEGOTIATION CENTER AFFILIATED WITH THE NSZZ
SOLIDARITY WIELKOPOLSKA REGION BOARD

THESES FOR THE PAPER ON EXPERIENCE GAINED DURING NEGOTIATIONS OF
A LABOR AND UNION GUARANTEE PACKAGE
DURING PRIVATIZATION PROCESS

The Subject-Matter Scope of Negotiations

1. Employment size, keeping its level, and in case of downsizing, defining its maximum additional numbers exceeding those defined by the binding law, obtaining benefits on that account;
2. Salary/wage increases - defining their scale, timing, and terms;
3. Social benefits - resulting from the binding law and secured by a company collective bargain agreement or company remuneration system.

The privatization stages classified in terms of union participation in negotiations:

1. selection of privatization method by the Ministry for Privatization;
2. the initial privatization stage, including search for a prospect buyer or active investor. Talks and search can be carried out either by the Ministry people or consulting firms hired by the Ministry;
3. selection of prospect buyer or investor groups. Talks or negotiations focus on more detailed issues, they can be conducted either by the Ministry people or consulting firms;
4. final stage. Negotiation of detailed terms with the selected prospect buyer/investor. Concluded with signing of a contract.

Great difficulties are posed by the question with whom should the union negotiate and sign contract for labor guarantee package. Should it be:

- a. an authorized representative of the Ministry for Privatization,
- b. a consulting firm which signed with the Ministry a contract for finding a prospect and signing an agreement with him for the purchase of a given enterprise. In such a case the consulting firm can negotiate individual terms on behalf of the unions, should it occur the prospect undermines the union's right to sign such an agreement.

The life has shown the greatest obstacles are met while attempting to define the following problems:

1. at which negotiation stage should the union organizations join the negotiations of social guarantee packages;
2. how should their participation look like;
3. with whom should the unions sign the valid contract?

We often experience the situation when the unions get invited, when all issues have been settled, draft contract signed, and the union in fact has no say.

Under such circumstances the unions are blackmailed: if they do not sign the agreed provisions, the contract will not be signed at all, which in many instances might bring the firm to bankruptcy.

In many cases the prospect owner does not want even to accept unions as a party to any agreement. The prospects treat the Ministry for Privatization as the only partner to negotiations and agreements.

Such situations evoke emotions and stresses of union leaders, who misled by governmental assurances, hope for their more decisive say in formulation and negotiation of individual issues relating to social guarantee packages. It appears, however, they were only dummies required of to affix only their initials.

When the unions do not negotiate particular terms, it would be unfeasible to require of them to be satisfied with the achieved guarantee packages, even though they might be of advantage to them.

A routine can be noticed, where the Ministry for Privatization does not let consulting firms acting on behalf of unions, take part in negotiations. This results probably from the fear of losing a

prospect. Negotiations are conducted in such a way to create an impression as if the unions already voiced their proposals, and the consulting firm or the Ministry acts only as a transmission belt.

This leads to many misunderstandings, for lack of knowledge of the company remuneration system and its different components, is noticeable. Besides that, consultants do not have complete knowledge of current labor law regulations and the union's rights.

Therefore, in many instances we have witnessed a surprise of a prospect buyer, who learnt about the binding procedure for changing the currently binding remuneration agreement, and also about the labor and union rights and benefits, secured by these regulations.

To make the union's participation in negotiations significant, first a decision should be taken at which stage of privatization should it join the talks, and in what form. This should come from the Ministry, for, in our opinion, there is a weak information flow on that line.

STAGE I - PRIVATIZATION: search by the Ministry for Privatization and selection of a proper privatization method.

At this stage, the Ministry together with the unions should define at least a framework for securities and guarantees. The complexity of the company remuneration system, its additional social packages, and date of its last amendment, can be defined. Should it be up-dated or simplified to be understood better by prospect investors? Are union's demands realistic and are they backed by the company's standing?

STAGE II - during preliminary negotiations and search for prospects by consulting firms or the Ministry, a close contact between the unions and negotiating parties, is recommended.

Also far reaching reserve is recommended, for we experience different pressures of the unions, exerted on the Ministry for Privatization, to select the most advantageous offer. There were cases of too intensive involvement of unions on one side, and their discredit when the prospect of all the sudden withdrew from talks. There also were cases where the company's management manipulated personnel's emotions, and such where the unions were deliberately introduced to prospects doomed to failure, since they did not suit the director or the board.

Besides that, at this stage, negotiations are confidential or conducted at extremely general terms, therefore it is not possible to discuss social package here.

STAGE III - when a prospect investor(s) or buyer(s) appears, definite union proposals can be submitted. The negotiation tactics for social package is essential here:

- a. can the union negotiate the social package with the prospect, how the contract should look like and who will sign it:
- b. will the union be represented by a consulting firm or a Ministry man, and the union would only have the possibility to present its say, whereas the Ministry or the consulting firm would negotiate these terms on the union's behalf, and the Ministry together with the prospect would sign the contract? Would and to which degree be the Ministry bound by the decisions reached with the unions? In my opinion this stage seems to be decisive from the point of view of

union's interests.

STATE IV - this stage is considered by many as the proper timing for the unions to join negotiations with the selected prospect. In many cases there is a smooth passage from State III to IV, and when the union joins the negotiations and voices its demands, it appears these have been already included in proposals, and resulting from the negotiations, obtained already a different form. Besides, negotiations are confidential, and it is hard to say at which stage they are right now, all the more so, if they are conducted simultaneously with several prospects. Under these circumstances it would be difficult for the union to hope for joining the talks.

I am of the opinion, that the best timing for the unions to join negotiations, is Stage III. Then it is possible to define together with the Ministry the form and scope of the union's involvement. Besides that, in many instances it is better to burden the Ministry with the duty to negotiate labor guarantee package with prospect buyers. The Ministry has greater possibilities to influence the negotiations, whereas the union must control their advancement, exerting adequate pressure on the Ministry.

Marian LISOWIEC TORUN CNC

THE LIST OF CONSULTING & NEGOTIATION CENTERS

City

Scope of operation

Coordinator

The conference report was prepared by the Program Team for Subsidy Management affiliated with the NSZZ Solidarity National Committee: Janusz Michalski and Wojciech Kwidzinski

Message from the Conference Chair

Robert A. Georgine

Construction workers are second-class citizens in much of the world. The men and women who build roads, factories, and homes suffer far too many work-related deaths, injuries, and illnesses. These tragedies affect the workers, their families, and their nations' productivity. In the countries of Central and Eastern Europe, these problems have been especially severe during the transition to a market economy.

We at the *Hassan Fathy Institute for Construction Workers* are honored to have representation at this conference from so many countries. We know the meetings of the next few days will foster a productive exchange of information about the problems and needs in construction safety and health — among trade unionists and management from the region and scientific and technical experts from throughout Europe. We hope to draft an action plan for the region. With your help, we will take a big step forward.

Welcome.

Hassan Fathy Institute for Construction Workers

Press Release:

9 May 1994

Contact: J. O'Leary or
L. Scrivani
tel. 0039-6-4469238

Conference on Construction Safety and Health

Hotel Gellért, Budapest, 4 to 7 May 1994

For the first time, union leaders and management representatives from Central and Eastern Europe met in Budapest to examine safety and health concerns in construction. The objective of the conference was to develop a program to improve safety and health conditions for construction workers in the region.

Scientific and technical experts from the World Health Organization, the International Labour Organization, the United States, the United Kingdom, Italy, Austria, Finland and other countries outlined what is known about major construction hazards and their solutions.

With the difficult transition to a market economy, there has emerged an urgent need to solve inadequacies in worker safety and health protections in Central and Eastern Europe. The problem concerns labor unions, management and public safety and health institutions. Only through collective bargaining and the enforcement of effective legislation can this serious socio-economic problem, which costs thousands of lives, begin to be addressed.

Labor and management representatives attending the conference were from the following countries: Albania, Bulgaria, Czech Republic, Hungary, Lithuania, Poland, Romania, Slovakia and Slovenia. In addition, scientists from many of the same countries as well as from Croatia, Estonia and Ukraine attended the conference.

The conference concluded with the formation of a working group of safety and health specialists chosen among participating unions in Central and Eastern Europe. The working group will draft an action plan to promote improvements in safety and health throughout the region through information and technical assistance exchanges, education programs, research and data collection and analysis.

The conference was organized by the Rome-based Hassan Fathy Institute (an international non-governmental organization supported by the United States construction workers' federation (BCTD/AFL-CIO), the Italian construction workers federations (FILCA-CISL and Feneal-UIL) and unions from 19 other countries).

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BNS Survey of Affiliated Federations

First, we would like to ask you a few questions about you and your Federation.

1. Name of Officer completing form: _____
2. Position of Officer in Federation: _____
3. When was your Federation founded? _____
4. When did it become a member of the BNS? _____

5. Please list your affiliates and how dues are collected from them.

Affiliate Name	Number of Members	Dues	
		Check-off	Voluntary

6. What are the major problems that you face in collecting dues from your affiliates? _____

7. In your estimation, how much of the dues that you should receive do you collect from your affiliates?

- | | | | | | | |
|------|-----|-----|---------------|-----|-----|-----|
| 100% | 90% | 80% | 70% | 60% | 50% | 40% |
| 30% | 20% | 10% | Less than 10% | | | |

8. How could the BNS help you in increasing your dues collection?

9. What are the types of services and activities that you provide to your affiliates?

- | | |
|--|----------------------------|
| 1. International Contacts | 2. Negotiation of Contract |
| 3. Education and Training | 4. Lobbying |
| 5. Representing Affiliates In Labor Disputes | |
| 6. Public Relations | |
| 7. Other _____ | |

10. What other services or activities do your affiliates expect from you but you are unable to provide?

- | | |
|----------|----------|
| 1. _____ | 2. _____ |
| 3. _____ | 4. _____ |
| 5. _____ | |

Now we would like to ask you about what services you would like to receive from the BNS and how well you feel the BNS is serving you.

11. What services and activities do you expect to receive from a labor confederation?

- | | |
|----------|----------|
| 1. _____ | 2. _____ |
| 3. _____ | 4. _____ |
| 5. _____ | |

12. How would you say the BNS is performing in providing the following services? Would you say that the BNS does an excellent job, a very good job, a satisfactory job or an unsatisfactory job in providing these services? (Circle the number under the appropriate rating.)

	<u>Excellent</u>	<u>Very Good</u>	<u>Satis</u>	<u>Unsatis</u>
1. International Contacts	1	2	3	4
2. Negotiation of Contract	1	2	3	4
3. Education and Training	1	2	3	4
4. Lobbying	1	2	3	4
5. Representing Affiliates In Labor Disputes	1	2	3	4
6. Public Relations	1	2	3	4
7. Other _____	1	2	3	4
8. Other _____	1	2	3	4

13. What other services would you like the BNS to provide to your organization?

- | | |
|----------|----------|
| 1. _____ | 2. _____ |
| 3. _____ | 4. _____ |
| 5. _____ | |

14. What are some of the advantages of belonging to the BNS for your federation?

15. What are some other ways that the BNS could make your job easier? _____
