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## Changing Patronage and Informality Configurations in Ukraine: From the Shop floor Upwards

Denys Gorbach\*

### Abstract:

This article examines hegemonic norms of political and moral economy in Ukraine today acting at the level of the workplace. My research is based on fieldwork I conducted in a large industrial city in the east of Ukraine from January to June 2019. Using the general Gramsci-inspired theoretical framework and the insights of Hillel Ticktin, Simon Clarke and Michael Burawoy regarding Soviet and post-Soviet factory regimes, I analyse differences between the life-worlds of workers, relating them to the structurally different context in which they find themselves. All enterprises feature path-dependent informal bargaining and underinvestment as cornerstones of their factory regimes. However, they differ in the ways in which these traits combine in practice. These configurations, in turn, elicit different strategies and attitudes from the workers, each of them more typical at one enterprise than at others: an archaic manufactory attitude at a new window factory, exit in mines torn between owners, *voice* at the foreign-owned metalworking factory, and *loyalty* at a 'native' oligarchic holding. The general trend is not towards eliminating informality as a 'post-Soviet residue' but rather towards renegotiating it with different outcomes.

**Keywords:** factory regime, informality, labour, patronage, post-socialist.

### Introduction

In his famous passage about Fordism, Antonio Gramsci wrote how it managed to:

...rationalise production and labour by a skilful combination of force (destruction of working class trade-unionism on a territorial basis) and persuasion (high wages, various social benefits, extremely subtle ideological and political propaganda), and thus succeeded in making the whole life of the nation revolve around production. Hegemony here is born in the factory and requires for its exercise only a minute quantity of professional political and ideological intermediaries. (Gramsci, 1992, p. 285)

This intuition, connecting the politico-economic and ideological landscape of an enterprise with that of the nation, merits attention today, especially in the post-socialist settings characterised by the dominance of large Fordist industrial entities over the local political economy as well as over the political imaginary of the working class. Another element connecting Gramsci's interpretation of the USA in the 1920s and the realities of Ukraine in the 2010s is the relative weakness of 'civil society' (Ishchenko, 2018), combined with the atomisation and demobilisation of the subordinated classes.

However, unlike the American 'prototype', the current conjuncture in Ukraine may best be described as the state of a hegemonic crisis, where endemic distrust towards the ruling class coupled with political passivism brings to the fore 'anti-systemic' populist forces. It is thus tempting to ask: What kind of hegemonic configuration is being produced and maintained on the post-Soviet shop floor? What are its varieties and dynamics?

I argue that the concept of informality is key to understanding this configuration. The very distinction between formal and informal hierarchies and connections, competing but also mutually

reinforcing, informs the potentially rich variety of factory regimes. This multiplicity of modes creates gaps and overlaps, which constitute a suitable landscape for ‘straddling’ different types of capital (Médard, 1992) in the process of building paternalist and other alliances which can be called hegemonic. The relevant theoretical discussion thus centres on informality and patronage.

The theme of informality is common in the existing academic literature on Soviet and post-Soviet workplaces, starting from the historical reconstructions of the Stalinist and post-Stalinist ‘plan-fulfilment pact’ by Simon Clarke (1993b), Don Filtzer (1996; 1986; 1992), and Lewis Siegelbaum (1990), who then productively used the same optics for studying early post-Soviet transformations in Russia and Ukraine (Ashwin & Clarke, 2003; Borisov & Clarke, 1994; Burawoy & Krotov, 1993; Clarke, 1993a; 1995; 2007; Siegelbaum & Crowley, 1995; Siegelbaum & Walkowitz, 1995). These and other authors (Alasheev, 1995a; Ashwin, 2004; Mandel, 2004; 2009) show the path-dependent route taken by successor unions, factory managements, and industrial workers towards a new post-Soviet configuration defined by labour hoarding, patronage and informality. This configuration has aimed at preserving social peace by maintaining the fiction of a ‘labour collective’ headed by a director (Bizyukov, 1995; Clarke, 1993b; Piskunov, 2018; Schwartz, 2003). This analysis of workplace paternalism can be sufficiently enriched by literature relating to other times and places (Noiriel, 1988; Sigaud, 1996).

The ‘paternalist’ explanation coexists with the ‘labour process’ argument developed by Michael Burawoy and Pavel Krotov (1993), Donald Filtzer (1996), Hillel Ticktin (1992), and David Stark (2009). These authors underline the non-Taylorised character of ‘core’ workplaces, which leaves sufficient autonomy to the workers, inviting a plethora of informal ‘pacts’. It plays the double role of attaching workers to their jobs (Alasheev, 1995b) and arming them with ‘weapons of the weak’ against the administration. However, recent literature shows that this configuration faces competition from a Taylorised/Westernised factory regime associated with FDIs in Russia (Morris, 2018), or the configuration is gradually eroding in Ukraine (Gorbach, 2019).

The view of informality as an element of a social setup in its own right rather than a temporary aberration is taken beyond the factory gates by Jeremy Morris and Abel Polese (2015), who argue that it is often a tool for maintaining hierarchy and domination as much as it is a weapon of the weak (for a similar argument for agriculture, see Mamonova, 2015). A similar disposition, combined with Marxist political economy, allowed Michael Burawoy et al. (2000, p. 61) to develop the concept of post-Soviet ‘involution’, whereby ‘a network society resurges to link households and compensate for a lack of the formal means of sustenance’. This outlook opens an avenue for the studies of informal survival strategies analysed through the concepts of over exploitation, labour reproduction and global value chains (Dutchak, 2018; Gagyí, 2019).

This article builds on these different, albeit mutually reinforcing, approaches, using them to interrogate the ethnographic data collected during my fieldwork in the industrial city of Kryvyi Rih in Ukraine from January to July 2019. The data consist of participant observations of a number of events (e.g. a wildcat strike at a mine), 42 semi-structured interviews and many more less formalised discussions, and two months of working at a factory. I mobilise the data in order to trace the evolution of factory regimes and corresponding moral economies, framing the latter in terms of Hirschman’s (2004) *voice/exit/loyalty* triad.

The rest of the article is structured as follows. In the next section, I will give a brief contextual overview of my field site. Then I will devote a separate section to each of the four separate factory regimes I have been able to observe. The final section will conclude and offer further perspectives.

## **Kryvyi Rih: the privatised ‘metal heart’**

Kryvyi Rih, a city with a population of 600 thousand, is situated in the southern steppes, which were colonised in late 18th century and developed economically thanks to protectionist policies of the Russian state attracting French, Belgian and British capital. By 1913, Kryvyi Rih accounted

for 74% of aggregate Russian iron ore extraction. Soviet policies kept this spirit. Between 1955 and 1965, the city saw the construction of five extractive enterprises of a new type – mining and processing works (GOKs) able to enrich the poor ores abundant in Kryvyi Rih. Mining and the metalworking industry defined the city, whose inhabitants took pride in their contribution to the national economy, which was being rewarded with improved regimes of distribution.

In the 1990s, Kryvyi Rih became the scene of classic post-Soviet fixes centred around the major enterprises, whose activity stretched far beyond extraction and metalworking, ensuring the running of vital infrastructure and supplying the population with resources. The survival-oriented bloc of factory directors and local nomenklatura ensured the persistence of relatively higher living standards and relative social peace during the privatisation.

The metalworking factory (*kombinat*) was sold to the UK-Indian Mittal Steel corporation in 2005. To date, **ArcelorMittal Kryvyi Rih (AMKR)** remains the largest foreign-owned enterprise in Ukraine (24 thousand workers); its owners and its foreign CEOs have been facing hostility from the alliance of national oligarchs, the successor union, and public officials.

The enterprise accounting for the bulk of the iron ore extraction, **Kryvyi Rih Iron Ore Combine (KZRK)**, owns four mines, each employing 1,300 to 1,700 people. Its privatisation was much more opaque; two Ukrainian oligarchs, Ihor Kolomoiskyi and Rinat Akhmetov, own half of the company's shares each but neither of the two associate themselves with it directly and publicly.

**Sukha Balka Combine** comprises two mines that split from KZRK in the 1990s. A profitable asset in the 1990s, it changed hands many times before ending up in the DCH holding controlled by Kharkiv-based oligarch, Oleksandr Yaroslavskyi. The company employs 4 thousand workers.

Four of the five GOKs were gradually concentrated in the **Metinvest** holding, owned by Rinat Akhmetov and Vadym Novinskyi.<sup>1</sup> The presidential rule of Viktor Yanukovych (2010–2014) was the period of the holding's greatest expansion in economic and political domains: in 2012, the city got a new mayor, Yuriy Vilkul. His son Oleksandr is a prominent politician associated with Akhmetov and a former CEO at Metinvest. Despite having failed to establish complete control over Kryvyi Rih's industrial assets (as is the case in other similar cities), Metinvest has controlled the city's politics to the present day.

## Decaying paternalism in the mines

Alexei,<sup>2</sup> an elderly miner from one of the Sukha Balka pits, greeted me with a tirade about a deadly accident he had almost had right before our meeting. The foreman had been ignoring his warnings about chunks of ore hanging above the only passage miners use to access their workplace for a week, insisting that they use this passage; on that day, one of the chunks fell down almost landing on the heads of Alexei and his younger workmate. His outrage about the attitude of the administration that does not care about workplace safety is shared by all other informants working in the mines of both KZRK and Sukha Balka. Similar stories abound: a lack of necessary life-saving equipment, a refusal to measure the level of carbon monoxide or radiation before letting people in, a lack of proper ventilation, ignoring accident prevention measures for the sake of efficiency; in other words, economising on inputs and maximizing outputs (speed of operations). During my fieldwork, two miners died of suffocation because the bosses did not allow enough time between a controlled underground explosion and the arrival of the new shift. Shortly before that, in another mine, a worker was wounded in the eyes by a detonator; the manager told him to pretend that he had had a fight.

Normally, such corner cutting has been an integral part of the typical Soviet and post-Soviet factory regime based on informal agreements between workers and foremen: shortcuts are a normal way

1 The fifth GOK had been merged with AMKR before its privatisation.

2 The names of all informants were changed.

of getting the job done, as long as by doing this the foreman is in debt to you (i.e. he will owe you one) and/or you will augment your piece-rate wage (Alasheev, 1995a; Morris, 2012). Given the proper paternalist workplace atmosphere, it is even shameful to 'snitch' on your boss. Partly, this ambience still works: one young miner was cowed into lying to the doctor not so much by threats as by appeals to a mutually profitable 'humane', as opposed to mutually disadvantageous legalist, way of settling things. But the general mood has shifted to passive hostility against the management, who are perceived as uncaring plunderers. Traditional practices are slowly losing their legitimacy because the two main incentives – monetary rewards and patronage ties – have been gradually vanishing.

The element of direct material interest in getting things done by whatever means necessary was first put into doubt by the plummeting of global metal markets in 2008, which devalued the national currency. When the devaluation repeated on an even more serious scale in 2014, the wages never rebounded even though prices have been fluctuating. Today, the two mining companies are holding a 'race to the bottom'; coordinating wage raises to keep them to a minimum. The piece-rate system is now seen as a sweatshop rather than a boon. Even though miners' incomes are still higher than average, they are a far cry from the conspicuous consumption affordable to them in the Soviet times.

These vague memories have been condensed in the term the 'prestige of miners' work', which figured in the title of the 2008 bill written by the then prime minister Yuliya Tymoshenko. It guaranteed the miners free higher education for their children, vacation vouchers, aid for accident victims, contained some promises about housing and intended to limit the rate of income tax on their wages to just 10%. Most importantly, pensions for retired miners should not be lower than 80% of their average wage and not less than three living wages for disabled persons. This set of state guarantees (however often violated), along with the reduced pension age, is the main factor someone considers when starting or quitting a job in a mine today. Even if some of these declarations have never become actual legal norms or were contested, they are important even at the level of agenda-setting promises, establishing direct meaningful ties between the government and the workers.

The enterprises, whose inner patronage ties used to be much stronger, have allow them to wither away. Currently, the 'social package' that KZRK or Sukha Balka offers their employees only consists of medical insurance and vacations in decrepit local (not seaside) sanatoriums. No trace is left of the vast system of inner distribution so prominently developed in the 1990s, when employees of KZRK had a chance to obtain precious imported goods that the enterprise got through barter schemes from its foreign buyers, and Sukha Balka built its own brewery, bakery, and other 'non-core' production lines. Housing as well as the numerous sports facilities and community centres ('palaces of culture') have been transferred to the city long ago. Wages are the only thing controlled by employer that really connects them to the workers.

The lack of investment in tools and equipment is endemic. Olga, a female miner at KZRK, told how in the 1980s the mines were equipped with 'shovers' – wheeled mechanisms that pushed a load into the cage to haul it up or down. After the privatisation in 2004, the shovers got broken and disappeared one by one. Citing the lack of funds for maintenance, the management instead installed winding machines and charged the signalwomen with manually administering hooks and cable wires. Miners routinely buy themselves saws, hammers and boots. Elsewhere, equipment may simply stay the same, gradually wearing out.

Obsolete equipment and a deficit of resources implies the familiar picture of a non-Taylorised production process, closer to craftsmanship than to a Fordist line, animated by the workers' 'negative control' over production and informal bargaining (Alasheev, 1995b; Andrie, 1996; Connor, 1991). However, this hegemonic pact is breaking down, and the informal rules are being renegotiated in favour of the management: the latter compels the worker to violate formal rules but blames him or her for this in the case of an emergency or a conflict. This has always been a possibility (Kiblitckaya, 1995), but today such incidents are more routine and the blame is being

shifted to lower ranks in the workforce than before. Repressive use of informality is prominent in a strategy involving the covert reduction of the workforce and increasing the labour intensity: instead of official redundancy measures, the management simply refuses to hire anyone in the place of a worker who quit or retired, tacitly redistributing the same workload among a smaller team.<sup>3</sup> Often this means that one person is supposed to be simultaneously in different locations doing different jobs; in practice, the non-Taylorised work regime induces them to prioritise certain tasks over others (such as safety measures).

*Exit*, in Hirschman's terms (2004), is a popular response to this incursion of despotic informality. This option has been greatly facilitated by the newly opened emigration options: starting from 2014, the outflow of skilled workers from Kryvyi Rih to Poland and other EU destinations has been growing at a frightening rate. The managers at KZRK and Sukha Balka still employ the traditional retort: 'If you don't like it, there are plenty of people outside the factory fence'. In reality, however, the shortage of workers has hit the mines heavily enough for them to start hiring even non-skilled workers, which only further stimulates the exodus of miners who are young enough to emigrate. Making this choice means resolving the dilemma between the option of early retirement and welfare bonuses from the state in Ukraine and decent pay and respect from employers abroad. The latter is almost as important to the informants as their wages. Another option is to use one's skills in self-employed activities, such as installing and maintaining air conditioners, thereby completely renouncing all claims for patronage support from the employer or from the state.

Other miners, however, will choose *loyalty*: staying in the mine in order to reach the 15 years of service record necessary to retire at 50 and get a bigger pension. Twenty-five years of service underground gives the right to immediate retirement. Afterwards, the road is open, but it is rare to see someone actually starting a new career in Ukraine or abroad, or simply retiring, after fulfilling these conditions, given their age, health and family issues at this point. Often it is easier to secure yourself the informal 'non-expendable' status in the mine and benefit from informal perks such as the position provides.

There is, finally, a third option – *voice*. In the mines of Kryvyi Rih, this takes the shape of recurring spontaneous outbursts of collective protest, hardly governable by the 'independent union' NPGU, which attempts to regularise the conflict post-factum every time. I was present at one such wildcat strike: miners, angry at the director's broken promise to raise wages (given informally after a previous similar strike two months ago), chose the date strategically and stayed underground after the end of their night shift. The next shifts arrived and spent the day before the mine, waiting for the director. The leader of the city chapter of the NPGU, a veteran of this mine, was caught unawares but soon arrived, talked to the miners and then went to negotiate on their behalf. Tensions grew because the director ignored them, manifesting his lack of respect. When he finally did arrive late in the night and got down into the mine, the strikers agreed on a 10% raise instead of the demanded 30%. This amount was expected, since all other large industrial entities in the city had given a 10% raise at the beginning of the month. The director promised subsequent raises in the course of the year, which nobody really believed, but this (along with the promise that nobody will be fired, fined, or prosecuted) allowed the strikers to save face.

The role of the union veteran in the negotiations was instrumental, but his legitimacy lay in his own charisma and experience rather than his institutional affiliation. The miners were as scornful towards the NPGU (and its president in the mine) as towards the 'official' union and the administration. Another miner, respected for his militancy, explained to me well before the strike: *'We don't need no unions, nobody – we ought to stay together. It was like that before; I talk grandpas who are already 60 [...] He says, if we didn't like our wage, we would come up to the cage and say: we're not getting down, fuck them. And we're sitting there playing cards. They run up to us [with excuses. We say:] Give us the wage, and we're getting down!'* This nostalgia for the classical Soviet pattern of

<sup>3</sup> Sometimes, this goes together with a raise in the wages of the workers concerned; this raise, however, is never enough to properly account for the additional workload. Earlier, deliberate understaffing benefited workers who shared the 'unused' wages, which were calculated and paid to the shop assuming it is complete. Now the pay systems have become much more flexible, and the former weapon of the weak is being yielded by the strong.

industrial conflict, resting completely on informality, seemingly contradicts the appeals to legal norms and the longing for the ‘European’ rule of law, often expressed by the same people. Just as the widely shared disdain for the bosses and love of radical phrases might contradict the general meekness of the majority of the workers. Finally, the egalitarian narrative of most miners is not readily compatible with their obsession with hierarchies of merit and skill. I will analyse these contradictions in the final section.

## Law as the language of conflict at AMKR

Unlike the mines with their residual paternalism and unequal competition between the ‘official’ successor union and the ‘independent’ union, AMKR features a much more conflict-laden landscape. It consists of 11 trade unions competing with each other and the embattled administration for the allegiance of 24 thousand workers.

The ‘official’ union belonging to the Trade Union of Metalworkers and Miners of Ukraine (PMGU) may be the only one of its kind to create and lead a staunch opposition to the owner; this happened after the factory’s reprivatisation in 2005. The informal coalition created by the oligarchs, who lost the case, and directed against the foreign owner, coopted the union president Yuriy Bobchenko, who helped include 19 demands related to wages and welfare in the new privatisation agreement, almost doubling the cost of the purchase for Mittal Steel. Soon Bobchenko joined the Party of Regions, which represented Akhmetov’s interests in national and local politics. However, the means of pressure employed by the union were exclusively external, such as appealing to the State Property Fund or various government agencies. It never launched industrial action, using it only as an ultimate threat, and in practice worker activism was even discouraged (Volynets, 2015, p. 175).

PMGU’s stance resonated with the general mood, which quickly swung from appreciating the generosity of the ‘voluntary quitting’ programme to being extra unforgiving about every attempt by the administration to curtail the traditional patronage mechanisms. Whereas other owners were able to get rid of the most costly welfare distribution schemes without major opposition, ‘the Hindu’ (as Lakshmi Mittal is commonly known in Kryvyi Rih) found himself in a paradoxical situation: AMKR was the last industrial establishment to stop building housing and distributing it for free among its workers only in 2011, but this and other surviving patronage mechanisms failed to improve the owner’s legitimacy among the workers. Vladimir, a veteran worker, nostalgically remembers the factory’s singer-songwriter festival cancelled by the new owner, even though this was clearly not the worst loss imaginable. Generally, every new austerity measure is perceived much more bitterly than in the mines, where the general level of expectations seems to be lower.

These distribution mechanisms, in the complex interplay with administrative pressure, were put to good use by various trade unions competing for membership. Free or subsidised tickets to the seaside are a valid reason for a worker to change his union card – Vladimir did just that, joining one of the independent unions. When he came back to work, he filed a request for another vacation period, but the boss told him he would only let him go if he left the militant union and re-joined PMGU. Vladimir stills feels a little guilty for complying but does not make a big deal of it.

Smaller unions are not only vehicles of mobilisation and welfare distribution but also tools used for criminal-political activities. The head of the independent union, who was ‘cheated’ by Vladimir, was later found guilty of embezzling large sums of money, using it to buy property in Bulgaria. Kicked out of the union, he recently staged a ‘counter-coup’ and regained the president’s position. The leader of another union did two prison terms (illegal possession of firearms in 1994, and throwing explosives at a political rally in 1999); while talking to me, he wears a hat with eye slits, which can be used as a balaclava. Splits and hostile takeovers are routine business in the union milieu of AMKR: membership figures directly correlate with access to funds and to informal political influence.

Along with resources for patronage, legal expertise is another key resource to attract workers who

seek to resolve their individual problems or industrial conflicts. Appeals to legal regulations are much more pronounced at AMKR than in the mines, where they coexist with informal normativity. Conversely, the management's attitude is also more legalistic, leaving no space for informal manoeuvring. Thus, procedures that are routine formalities at other enterprises (such as signing a new collective agreement) are bitterly contested at AMKR.

In terms of wages and 'social protection', AMKR remains a better employment option than the mines; the remuneration is decent and even desirable by local standards but unacceptable and degrading for many workers receiving it. Capital investments are also arguably more generous although still far from the necessary level. However, the management is just as illegitimate (or more so). As in the mines, informality is still the preferred way of solving everyday workplace issues, but its less paternalist culture makes it harder for the management to use informality as an offensive weapon.

Despite stronger patronage ties on the enterprise level, their less 'familial'/personalist level (it is easier to get in, out, and back in again) makes the *exit* strategy no less popular for AMKR workers than for miners. The city is full of advertisements inviting workers to get a job at the factory, which in its better years used to be only permeable through bribes or connections. The *loyalty* option – continuing business as usual and relying on traditional informal relations – is more often discarded in favour of attempting to raise a *voice* against the weak grasp of the management with the help of unionist political entrepreneurs. However conducive the situation might be for an emerging labour movement, in practice the *voice* is usually still too atomised and individualist/cynical.

### Triumphant paternalism at Metinvest

Like all the other large industrial enterprises, GOKs started with the same generic post-Soviet survival-oriented factory paternalism that elsewhere, in the course of a subsequent hegemonic crisis, eroded into a 'despotic' or 'anarchic' variation. At Metinvest, the post-privatisation development of this hegemonic landscape was different: it evolved into an environment that can be tentatively called 'post-Soviet Fordism'.

Informants working at Metinvest enterprises are the hardest to reach. The people there are on average considerably less ready to talk, and when they are, they double-check the anonymity guarantees (whereas at AMKR one person refused to talk precisely *because of* the anonymity that will prevent his criticisms from being heard). One member of the enterprise administration runs the Facebook group for the employees of the Southern GOK (YuGOK); unlike those of KZRK, Sukha Balka, and AMKR, it is strictly moderated. The rules specifically prohibit 'political slogans, calls, and all that has to do with societal discord', and the content mostly comes down to birthday greetings and funny videos.

YuGOK has only one 'official' union, which unites 99.7% of the employees. At some other Metinvest enterprises (e.g. the Northern GOK) there is a tiny presence (a couple of dozen members) of one relatively marginal trade union connected to a far right political party. Members of the city's rich and cross-pollinating trade union scene have generally no personal contacts at Metinvest. Independent unions used to be strong at YuGOK in the 1990s, when the enterprise was enduring hard times and workers were fleeing. The arrival of the current owner coincided with wage rises, strengthening patronage ties and eliminating dissent.

The law requires every enterprise to give the unions not less than 0.3% of its wage fund to finance 'cultural, sports and health activities'. Industry-wide agreement, as well as the collective agreement at YuGOK, raised this figure to 0.5%; in reality, the local PMGU union normally gets up to 4%. This money goes to finance thousands of vacation vouchers to YuGOK's own mountain spas, seaside resorts and summer camps for children annually. Unlike many other enterprises, YuGOK kept its own 'palace of culture' and 'sports palace' with a newly restored swimming pool



(something that AMKR has tried to get rid of, and that the mining companies allow to depreciate). Union membership is open to retired workers; they use all the benefits while paying a symbolic 1 UAH per month. During 2018, the average wage at YuGOK rose by 37.9% and reached the second-highest within the city – the first being TsGOK, another Metinvest enterprise. The holding sees nothing problematic in the draft of the new sectoral agreement providing for annual wage rises of 30%; however, it is being blocked by AMKR, which insists on 5%.

Among other elements of patronage there are various inner mobility programmes, competitions for innovative projects, and partnerships with education institutions. Metinvest is also the most visible large enterprise beyond the factory gates: the holding has a number of ‘social partnership’ programmes, repairing schools and hospitals, paving roads and co-financing neighbourhood embellishment projects.

The union also preserved its traditional function as a safety switch preventing the administration from measures that could be viewed as illegitimate by the workers. Recently, the management wanted to cancel the right to an additional 7 days of vacation as compensation for overtime work. The union president crunched some numbers: *‘I’m saying: look, the turnover for the last few years is 3,820 people. 3,820 people who had this right have already left, and now 3,820 workers already don’t have it. Wait a couple years more and there will be nobody left! No need to agitate people today, this is a natural process.’*

Similarly, gradualist policies are prevalent in the field of capital investments. Maintenance works are regular enough to keep equipment running, but there are almost no new purchases – most machines and vehicles are obsolete, sometimes built according to designs from the 1950s. This is a conscious policy of avoiding large costs associated with introducing new technologies. Labour-saving innovations are especially unwelcome; all such proposals are met with the question: ‘and what are you going to do with the people?’

Maintaining a large clientele of grateful employees and their families is useful for an employer who has electoral ambitions. However, this mechanism does not work as directly as it might have worked before. Last spring, Metinvest HR must have leaked the personal data of all employees to the campaign office of Oleksandr Vilkul, presidential candidate and Akhmetov’s protégé. All YuGOK workers received phone calls from pollsters who knew their names and asked questions about their attitude to Vilkul. The political sympathies of the management were generally hard to misread, but the voting outcomes in the city were just marginally more favourable for Vilkul compared to the nation-wide result, and much more favourable (89%) for the ‘anti-system’ winner of the elections. That is, even if the legitimacy of the owner is high compared to others, this is not readily translated into support for his political projects.

The rich patronage network does not completely protect Metinvest from the negative effects of open borders: the exodus of skilled workforce is a big problem for the line managers who realise that wage increases should be much greater to stop the outflow. However, it is safe to say that the exit strategy is much less prevalent here compared to other enterprises, while loyalty is a preferred choice: Metinvest offers arguably the best-paid jobs in the city. As for the suppressed voice, in these conditions it is structured along the lines of national politics: the only independent union that exists at the holding, as well as political views of atomised dissenting workers, belong to the nationalist camp, which opposes Akhmetov.

## Triumphant informality in a small factory

The last case is a small (up to 100 shopfloor workers) factory opened in the 2000s that produces windows, Plastwind.<sup>4</sup> The working conditions are extremely harsh compared to the large factories: working up to six 12-hour shifts per week, employees are not protected by the labour law – two-thirds of them are not officially employed. The pay is proportionate to the workload and varies

4 The name of the factory is changed.

widely between seasons: in the summer high season, a skilled worker can earn a net wage on par with qualified specialists at larger enterprises (without fiscal deductions), whereas in the winter they may work 2–3 shifts per week receiving purely symbolic payments. Obviously, there is nothing resembling a union or non-wage distribution schemes. When something of the kind does exist, it excludes manual workers (teambuilding picnics for white-collar staff or financing downtown music festivals). Sick days and vacations are not paid, and neither are the low periods when there are no orders. The shift master communicates the schedule for the coming week via a mobile messenger every weekend, so there is no space for long-term planning. Night and day shifts alternate on a weekly basis. These conditions, outrageous by the standards of any of the enterprises described above, are surprisingly legitimate among the Plastwind employees.

The first thing to note is the colloquial definition *chastnik*<sup>5</sup> – private owner – which is commonly applied to Plastwind and similar SMEs. Despite the fact that AMKR, the mines and GOKs were privatised a decade and a half ago, they are still more or less explicitly seen as ‘common weal’. Even people who take no interest in politics and have no opinion about the privatisation draw this ‘natural’ distinction between the industrial giants built in the Soviet era, whose workers are subject to state regulations and are entitled to a vast range of benefits from the employer and from the state, and *chastniki*, which is the pure and legitimate domain of private initiative. This helps understand the apathetic attitude to the legal details that are so important for workers elsewhere.

The freedom from legal regulations (which are perceived with scorn as something so meagre and illusory that they are not longed for anyway) opens the road for classic legitimisation mechanisms that draw a direct connection between personal/collective prowess/manliness and the deserved remuneration. Just as Chicago’s unionised Fordist autoworkers of the 1970s (Burawoy, 1979), the precarious post-Fordist window makers in today’s Ukraine perform enormous volumes of work by turning the production process into a game or a competition. This is supplemented by the feeling of responsibility before their peers in a setting where an individual worker’s slowness might let the whole shift down, making the others come to work an additional day, and by payment on the basis of piece-work.

Despite the sweatshop rhythm, the production process remains a set of autonomous and non-Taylorised operations coordinated by a thick network of informal relations. Each worker defines their own tempo, invents their own order of operations and optimal bodily postures, which become ‘secrets of the craft’, and demonstrates resourcefulness in solving problems that are normally supposed to be solved by the management (missing tools, faulty fittings etc). As occurred in Soviet industry, this leads to an extremely unequal quality of output from such ‘craft’ production.

Unlike pre-capitalist craftsmen, the workers at Plastwind are recruited from the less qualified sector of the labour force. A large proportion of the workforce consists of unskilled (including very young or female) or deskilled (e.g. former miners) workers. Inside the factory, the workforce is two-tiered: there is a core of workers with a long service record earning comparatively well, who have accumulated a wealth of craft experience and sometimes close personal connections with the management. The rest are transitory employees often not staying more than a month or two before leaving the factory, discouraged by the low pay and high workload.

Despite the general legitimacy of these working conditions, they do not translate into good attitudes toward the bosses and the owner of the factory. Far from it, they are perceived as part of that same elite that governs all spheres of life, despising regular folk and making a living off corruption schemes. This is especially interesting given that the founder of the factory styles himself as part of the ‘new generation’ of successful leaders with an anti-corruption agenda. A member of the city council, he got there on the list of a grass-roots political party (i.e. without oligarchic patronage) created with the aim of ‘changing the system’ through new style of management and technocratic liberal reforms. Nevertheless, the employees of Plastwind, largely sharing these

<sup>5</sup> This term originates from the Soviet realities of housing and retail trade, where *chastnik* has been a name for, correspondingly, an owner of a small private house as opposed to an inhabitant of an apartment in modern urban housing, and a seller of own agricultural produce at a farming market as opposed to the chain of state-owned grocery shops.

general sentiments, would never associate them with their boss or his party. The media-savvy figure of Volodymyr Zelenskyi turned out to fit their quest for an anti-systemic reformer much better, while the political activity of Plastwind's founder is held, if anything, as yet another instance of the omnipresent 'corruption'. The poor working conditions are, in a way, the outcome of this, which is impossible to challenge from below.

Therefore, one can speak of a surprisingly high level of (resigned) *loyalty* to a factory regime riddled with exploitation and inequality, as long as it lies outside the sphere of the common weal. The atomisation of the workforce conditions individual forms of *voice*, which meet zero tolerance: when my foreman, a highly valued employee, refused to come to work citing personal issues, the shift master told him he was fired. The shift master then took a taxi to the home of a drug user who had been fired two days earlier, woke him up, gave him amphetamines and brought him to the factory to work the shift. Collective discontent with the management style comes up regularly during the after-hours drinking sessions, but plans for a collective protest never come to fruition. The resilient form of hegemonic workplace informality at Plastwind is based on the ease of exit and entrance.

## Conclusion

The political attitudes, evaluations and ideals articulated by my informants can be generalised as belonging to two types. One is 'Soviet nostalgic', longing for an (idealised) system in which political conflicts were non-existent, people shared similar life conditions and outlooks, hard work commanded respect, the opinion of the collective carried weight, the state commanded all material resources on behalf of the people and ensured their fair distribution, and interpersonal relations were more 'humane'. The other is 'Euro-euphoric', striving for an (imagined) system where the law rules supreme, politicians and public officials act in the best interests of the people, hard work pays enough to eliminate the need for handouts, upward social mobility is attainable for everyone, and everyone is judged by their merits.

These are ideal types deduced analytically rather than clearly proclaimed coherent utopias. More often than not, their elements coexist in the outlook of a single person. And of course, they cannot be formally attributed to one or another factory regime. However, when combined with the structural dynamism of the political economy on the factory level and further up, these elements of different moral economies play their role in forging different configurations of power.

The working-class power approach, applied to the post-Soviet industry by Hinz and Morris (2016), does a good job analysing the changing 'structure' which defines political opportunities open to independent unions. However, it takes an ethnographically informed hegemonic approach to uncover 'agency' co-authoring the changes in the political configurations starting from the most elementary level of the 'labour process' and mediating between different scales. This allows us to see the tension between the modernising/rationalising attempts to introduce Taylorist practices and the conservative reactions protecting informal rules resting on the worker's autonomy (Alashev, 1995b; Morris, 2012).

The 'survival pact' concluded in the 1990s between factory management and skilled workers, described by Simon Clarke and Michael Burawoy (1993), was clearly built on the latter. It was fairly typical of post-Soviet Russia as well as Ukraine, setting these countries apart from their Western neighbours, which had fewer path-dependent structural constraints on the road to a full-fledged liberalisation and integration of global capitalism (Kalb, 2002). However, this post-Soviet conjuncture defined by 'merchant capitalism' at the upper levels could not be long lasting. The patterns in the two countries had already started to visibly diverge since the 1998 crisis.

In Russia, FDIs already brought serious challenges to the paternalist setup in the 2000s. Moreover, factory paternalism lost much of its political currency in the course of the consolidation of the national 'power vertical' (Mandel, 2004). As a result, even though paternalism remains an important

factor, it competes with Taylorist workplaces at foreign-owned factories (Morris & Hinz, 2017).

In Ukraine, the accumulation regime evolved in a more protectionist direction (Halchynskiy, 2018), while the political regime of ‘patronal democracy’ (Minakov, 2019) makes industrial paternalism an important asset. Finally, the overall weaker performance of the national economy in Ukraine makes the ‘survivalist’ alliance more pertinent. All these factors contributed to informality-based paternalist hegemonic alliances being more entrenched (Gorbach, 2019). Even so, they did not remain unchanged; neither do they all feature the same dynamics.

The ownership structure; the owners’ investment choices, publicity policies, and political ambitions; and even the factory’s age and size all contribute to shaping differing moral economies which produce a wide spectrum of factory regimes with repercussions for power configurations at other levels. The mines, owned by ‘disembedded’ oligarchs caring little about their public image and hardly reinvesting in either production capacities or the ‘social sector’ but stopping short of slashing the latter completely, feature decaying paternalism, which brings diminishing returns – this pattern is the default option that follows from the 1990s conjuncture. The factory owned by an embattled multinational corporation is forced to maintain more elements of classic paternalism due to a much more conflictual atmosphere – which potentially opens the way for ‘classic’ formalised labour conflicts. The ‘embedded’ oligarch putting his name on the factory and pursuing Fordist policies has succeeded in converting the survivalist paternalism by default into a more centralised productivist power configuration. Finally, the small ‘new’ factory without path-dependent paternalist institutions has developed a very efficient system of ‘lean production’ (Huxley, 2015) relying on autonomous and informal labour process and benefiting from the lack of any claims of the ‘common weal’.

All these regimes inherited paternalism and informality from the ‘universal’ configuration of the 1990s; however, keeping these fundamental features, they have evolved in very different directions. This process, shaped by structural factors as much as by worker agency, is in a constant two-way dialogue with the macro-level politico-economic landscape and its modes of integration with global capitalism.

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