

## Chapter 4

# Introducing American labor-management relations concepts in Poland, Hungary and Bulgaria

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After the momentous and historic breakup of the Soviet Union and the fall of the Iron Curtain in 1989, the U.S. Congress passed the Support for Eastern European Democracy (SEED) Act in 1989. The primary goal of the SEED Act was to promote democratic and free market economies by providing technical assistance and other projects to create the infrastructure needed to accomplish those objectives in former communist countries of Central and Eastern Europe, and thereby enabling them to become reliable, productive members of the Euro-Atlantic community of Western democracies. (source: [www.usaid.gov](http://www.usaid.gov))

Under the SEED Act, Congress authorized \$300 million to provide funds to form two Enterprise Funds in Poland and Hungary. Later, SEED Act funding was expanded to include five additional funds. In 1992, Congress expanded the SEED Act by passing the FREEDOM Support Act, bringing the total SEED authorized funding to nearly \$1.2 billion that could be used to finance 10 Enterprise Funds in that region. Those two Acts used Congress appropriated American taxpayer funds to provide all the technical assistance and training projects carried out by the U. S. Department of Labor (USDOL) and other U.S. government agencies in Central and Eastern Europe.

Under the provisions of the SEED and FREEDOM Acts, along with other U.S. government agencies through an interagency agreement with USAID, the USDOL developed and implemented projects in several CEE countries to carry out two SEED ACT actions :

5. Labor market-oriented technical assistance -- technical assistance programs directed at promoting labor market reforms and facilitating economic adjustment.
6. Technical training Programs to provide technical skills to assist in the development of a market economy.

## Part 1: Introducing American-style labor-management relations training in Poland

In the early 1990s my friends and associates in USDOL turned to people like me to help them provide assistance and carry out assignments for them in foreign countries, particularly Central and Eastern Europe. For nearly 25 years I had worked as a consultant on a variety of USDOL projects primarily in the United States. This was my first opportunity to engage in such work for them in the international arena.

To fulfill its responsibility under the SEED Act, the USDOL was commissioned to provide labor-management relations (LMR) training and technical assistance to relevant Polish ministries, industries, and trade unions that supported private sector development and improved the business climate. The USDOL interpreted its mission as helping Poland establish a non-adversarial industrial foundation for labor-management relations (LMR) that supported workplace democracy, helped speed Poland's economic transformation, and provided a good foundation for its future economic strength in the highly competitive global economy.

In June 1992 a USDOL team was sent to Poland to start a pilot program designed to focus on the development of a restructured, tripartite industrial relations system based on the rights of management and labor to determine their own economic relationships without unwarranted government intervention. Afterwards the team prepared a report and recommendations to initiate LMR training and technical assistance. An outline of the proposed project was presented to the Polish government and Solidarity Trade Union for their consideration.

## **Training leaders in new LMR concepts**

In May 1993, John Fiscella and several other trainers from the USDOL went to Poland and conducted the first IBN training for a select group of FSO (automobile manufacturing firm) managers and Solidarity union leaders. Based on the positive responses to the IBN training at FSO, a team of trainers recruited from the U.S. Railroad industry and Federal Mediation and Conciliation Service (FMCS) was sent to Poland to conduct the initial training at PKP (Polish State Railway), Poland's largest employer and Europe's largest freight railroad. The training was held Nov. 12-21, 1993, at Zacopane, Poland, a resort area in Southern Poland. (Feb 14, 1994 Report from C. W. Mann to Gedeon Werner on their training at PKP, Nov. 12-21, 1993 at Zacopane, Poland.)

My involvement in Poland began on January 27, 1994 when I received my first request from the USDOL to participate in a LMR training project at PKP in Poland using funds appropriated under the 1989 SEED Act. That request came in the form of a letter from Gedeon Werner, the project manager for the USDOL's Bureau of International Labor Affairs training assistance project in Poland. (That letter was my first written contact with Gedeon Werner, and it began a long friendship and close working relationship that lasted for a number of years. It was also the basis for my first visit to Poland.)

Gedeon asked me to participate in the development and implementation of the second round of IBN training scheduled as part of the LMR training for PKP. In his letter, Gedeon said, "The task of the team was to introduce the Poles to the step-by-step process of collective bargaining, contract administration, and, if possible, leave them with the "blueprint" copy of an agreement." Unfortunately, because PKP workers went on strike before my scheduled February 1994 trip to Poland could be carried out, the project was postponed until March and then again until May. Gedeon eventually used another team from the U.S. Railroad industry and Federal Mediation and Conciliation Service to conduct the second round of PKP training. My work in Poland would begin somewhat later.

Gedeon Werner, a native Pole who came to America as a young man after being involved in resistance activities against the Communist government at a large state-owned shipyard in Gdansk, Poland, is a fascinating person. His resistance activities forced him to leave Poland and go to Great Britain rather than going to jail. After coming to the United States, he obtained his college training in Michigan, first at a community college and subsequently obtained a Masters degree at the University of Michigan. In 1993 he began working as a project officer for the USDOL's Bureau of International Labor Affairs on SEED-funded projects. In the coming months and years, I worked closely with Gedeon Werner on a number of projects in several CEE countries, especially Poland and Hungary. My job soon expanded to become that of a technical advisor to him on all LMR projects under his direction, and actually helped him design LMR projects and write USDOL work plans for both Poland and Hungary.

After the second LMR training project for the PKP fell through twice because of the strike, Gedeon Werner asked me to make my first trip to Poland for the USDOL May 7-15, 1994, to conduct some LMR training for the Solidarity Trade Union. On May 7, I flew to Warsaw and met with Gedeon. Upon my arrival, I stayed at the Mercur Hotel in Warsaw. A day or two later, we took the train to Gdansk to meet with Solidarity Union leaders at their headquarters. On May 10, I presented a seminar titled "An Overview of Collective Bargaining in a Market Economy" to the leaders of the Solidarity Building and Construction Trades Dept. and Solidarity Foundation. I also conducted collective bargaining training and helped them learn how to draft a model collective bargaining agreement.

As I recall, we stayed at Hotel Hevelius in Gdansk, an old Communist era state run hotel that was adequate, but not much else. I remember walking to a local market nearby and buying my first Polish Sausage on a bun (like a large hot dog) for dinner. The next day I presented a seminar on "Introduction to drafting of collective bargaining agreements" to the leadership of the Solidarity Building and Construction Trades Dept. and several labor lawyers from the University of Gdansk.

Two American trade union leaders were also in Gdansk while I was there, but they came by the Solidarity Office only for the opening ceremonies and then left. I later learned that they were high-level union officials (as I recall, president or vice-president of the Plumbers Union and another one) and they were staying in a newly built private hotel in Gdansk, much nicer than the one where Gedeon and I were staying .

Gdansk is a port and shipbuilding city located in northern Poland on the Baltic Sea and was Gedeon's childhood home town. He took me on a tour of the city, showed me the waterfront, and took me to the gate of the shipyard where Solidarity was founded after Lech Walensa led a strike against the communist managers in 1989. We also visited a local Catholic Church with a wall containing plaques and other items honoring those who had opposed the Communist regime, including a Catholic Priest who had stood up to the Communist government and was eventually killed for his resistance efforts. As part of the tour, we ate lunch at a nice restaurant and walked around the shopping area where there were lots of shops selling amber jewelry.

At that time I did not know that my first trip to Warsaw and Gdansk was the beginning of a long and at times frustrating set of experiences working with the Solidarity leaders, Polish

employers, and other Government officials for more than 5 years, and covered a variety of people, projects and locations throughout Poland and a number of other countries in the CEE region.

During 1993 and 1994, the USDOL carried out several Labor Market Transition Program and LMR projects in Hungary and Poland, and one in Bulgaria. Other aspects of the USDOL labor market-oriented technical assistance in Poland and Hungary included helping to establish or improve the national and local Employment Services, establishing several construction skill training centers, introducing western style collective bargaining training, establishing labor dispute mediation services and facilitating the writing of new labor legislation.

## **Early attempts to promote “Rapid Response” displaced worker adjustment programs in Bulgaria, Hungary and Poland**

By early 1994 there was a real need for worker adjustment services in Central and Eastern Europe (CEE), but attempts to introduce western-style worker adjustment components into CEE countries had little impact because their governments lacked the will to undertake the needed measures to restructure and privatize their economies. In 1993 and 1994, the USDOL had conducted a worker adjustment training project for the Ministry of Labor in Bulgaria, but the government decided not to proceed with the proposed economic restructuring and privatization program. As a result, the worker adjustment component was never fully developed or implemented there. In 1995, as part of a World Bank funded Employment Promotion and Services Project in Poland, the British Department of Employment provided training on worker adjustment techniques to the staff at local employment offices of the Polish Ministry of Labor and Social Policy. But the Polish government failed to carry out the restructuring and privatization program so that component was not fully implemented or widely used.

Unlike the Bulgarians and the Poles, the Hungarian government moved forward with its economic restructuring and privatization program. In January 1994, a USDOL team, using SEED funds appropriated by Congress and made available through USAID to the USDOL as part of an Inter-Agency Agreement, visited Hungary at the request of the Hungarian Ministry of Labor to assess their need for a mass layoff rapid response project to assist workers displaced from enterprises that were downsizing or closing as part of the economic changes occurring in that nation.

William L. Batt, Jr., a long-time USDOL employee, served as a member of the assessment team. The USDOL team’s report was completed in January 1994 and recommended that the USDOL/USAID launch a SEED-funded pilot “Rapid Response” project in Hungary to see if the cooperative labor-management approaches for displaced worker adjustment implemented in the U.S. in the 1980s could work in Hungary. Bill Batt and I had become good friends some years earlier when I worked with him on a number of projects on productivity improvement in the U.S. Intermountain region in the 1970s and finding solutions to worker dislocations resulting from plant closures in the United States in the 1980s.

The USDOL team assessed the need for and feasibility of using the Rapid Response approach first developed and used in Canada and then widely implemented in the United States

in the 1980s. Following the USDOL assessment team's recommendations, a project proposal was prepared by USDOL staff in Washington and resulted in the approval of a "Rapid Response" project for Hungary in June 1994.

Beginning in July 1994, the USDOL hired Maria Heidkamp, an experienced Rapid Response Specialist who directed the Canadian-American Rapid Response Project for the National Governors Association in the mid-1980s and later served as an employee of the Wisconsin Labor-Management Relations Council, to be the full-time on-site Chief Technical Advisor whose job was to organize and run USDOL's first dislocated worker project in Central Europe. Maria later told me that at the outset and for quite a while afterwards she literally ran the project out of the trunk of her car, without any staff assistance and with no office.

Under Maria's leadership and direction, the USDOL's Hungary Rapid Response Project's Worker Adjustment component, emphasizing the creation and use of Labor-Management Adjustment Committees (LMACs) to address the issues of worker and community adjustment, was successfully introduced and tested at five pilot sites. As a result of the growing need for worker adjustment services in other communities and regions, in March 1995 the project was expanded nationwide.

The original design for the Hungary Rapid Response project included an LED component to be carried out by a consultant hired for that purpose. The duties of the USDOL's economic development and financial consultant were to help implement the economic development component by promoting economic development in the communities affected by economic restructuring, plant closures and worker displacement, including:

- Working to build a local economic development coordinating committee composed of representatives from the affected enterprise (labor and management), local business associations, local government, representatives from other economic development projects and others.
- Assisting those groups to identify potential sectors for economic growth and job creation, including possible spin-offs from the enterprise and new product or market development; and potential sources of finance.

Once the Rapid Response project was well underway, a U.S. consultant was recruited to help implement the economic development component. She came to Hungary, gave some lectures and visited three target communities to see if she could interest some people in each of the pilot communities to initiate LED programs. Unfortunately, her initial efforts were unsuccessful, leaving project director Maria Heidkamp without a viable LED component in the project.

The failure of the hired LED consultant's efforts led to my subsequent involvement in the Hungary Rapid Response Project and, together with Maria Heidkamp, the start of the first successful USDOL sponsored LED project in Hungary in June 1996 under the direction of Maria Heidkamp. The full story of how a successful LED component, one that I had developed for the International Labor Office, was first introduced with my help and tested in Hungary as part of the USDOL Rapid Response Project, is presented in Chapter 6.

## **Introducing displaced worker adjustment concepts in Bulgaria**

In early June 1994, I received a request from Sydney Smith, the USDOL project manager for Bulgaria, to be a member of a team going to Sofia, Bulgaria, to participate in a conference on mass layoffs and worker adjustment. On June 19, 1994, I participated in the joint conference organized by the Ministry of Labor and Social Welfare, Republic of Bulgaria, and the United States Department of Labor in Sofia. The title of the conference was "Social Partner Cooperation in Cases of Mass Layoffs in the Transition Period." It was held at a monastery about an hour's drive outside of Sofia June 20-24, 1994.

My first trip to Sofia was an interesting experience. Going to a former communist country like Bulgaria, that some said had a more orthodox form of communism than the Russians, was difficult at best. The airport in Sofia was small and antiquated, with all the control remnants of the old communist system still in place. This meant long lines and long waits to go through arrival procedures administered by unsmiling and unhelpful officials. The Sofia Sheraton Hotel, a former communist run hotel, was also a remnant of the old system as well. Service and food in the restaurants were equally unimaginative and had limited selections.

The USDOL began working in Bulgaria with the National Employment Service (NES) some time prior to my arrival. Unbeknownst to the USDOL, the Bulgarian NES had developed and promoted their own worker adjustment "model," somewhat similar to the Rapid Response approach later used in Hungary. Because the USDOL project manager wanted the American LMR-based rapid response approach discussed at that conference, the NES's model caused a bit of a problem at that conference because the Bulgarians were forced to use the USDOL model at the conference. I do not remember the other consultants who were employed to help implement the USDOL LMR-based worker adjustment model in Bulgaria. I only remember Lee Schore, a woman from California who had been involved in the GM layoffs and plant closure at their Fremont Assembly plant some years earlier.

On June 18, 1994, I flew to Sofia and met with Sydney Smith and the other members of the USDOL team. On June 19 we were taken in a van over potholed roads to the monastery where the conference was held. The monastery had been converted to become a conference center. As I recall, the surroundings were adequate but spartan, befitting a former monastery. The meals were plain but substantial.

On June 21, 1994, I made a presentation, "International Approaches to Worker Displacement and Programs for Assisting Displaced Workers." During the remainder of the conference we attended some work groups where various topics about dealing with displaced workers were discussed and assistance techniques presented.

(It is ironic, but not surprising, that nearly three years later in September 1997 Sydney Smith, the USDOL Project Manager for Bulgaria, decided to propose introducing a local economic development program in Bulgaria and asked me to help sell the idea to the USAID country director and then help design and implement the project once it was approved. The previous USDOL displaced worker program activities that had taken place in 1994-1995 had not succeeded for a variety of political or other reasons, e.g., a change in governments, etc.)

In addition to Sydney Smith and Lee Schore, Sydney also brought Francisco Arango who was being considered for a staff position in the USDOL's Office of Foreign Relations (OFR) to the June 1994 conference. Sydney asked me to observe him during the workshop and make my recommendations to her about whether they should hire him. He appeared to be nondescript, but personable. There was little I could say about him good or bad. But he was not equal to Gedeon or Sydney who were two first-rate individuals and very competent program managers.

Francisco Arango was eventually hired, and I did some work for him when he was the OFR project officer directing Quick Start vocational training projects in Hungary. At my suggestion and Arango's request, the OFR hired Gary Stewardson, a faculty member from USU, as a consultant to work on a Quick Start project in Hungary. On February 22, 1996, Stewardson submitted a "Report on Quick Start CNC Training at Gtb, Hungry, Jan. 20 to Feb. 3, 1996." Eventually, Gary Stewardson was replaced by Kurt Becker, also from USU, who worked for USDOL on some of our subsequent Quickstart projects in Bulgaria and Poland.

After the June 1994 conference in Bulgaria ended, I rode back to Sofia with a British diplomat. The road was full of potholes, reminding me of the badly maintained roads I had experienced some 33 years earlier on the East German Autobahn from Helmstat to Berlin during my first trip behind the Iron Curtain just after the Berlin wall was erected in October 1961. The diplomat began telling me about the criminal element and activity in post-communist Bulgaria and said that he had observed the results of some Bulgarian mob hits several blocks from the Sofia Sheraton during his stay in Sofia. His description of the situation in Sofia did not make the place sound inviting. He dropped me off at the Sheraton Hotel, where I stayed for a day or two until I flew from Sofia to Geneva to visit the ILO.

## **Assessing the status of USDOL's LMR training in Poland**

At the request of Gedeon Werner, I flew from Geneva to Warsaw on June 29, 1994 for my second experience with the Poles. It was really a fact-finding mission to assess the status of the various USDOL LMR projects and to make recommendations as to how the USDOL should restart the project or build on what had been done so far. My flight to Warsaw was uneventful, but my recollection is that the airplane I flew on was an old Russian jet without any amenities. Upon arriving in Warsaw, I took a taxi to the Mercure Hotel, a new hotel operated by a French company. It was a pleasant change from the Sheraton Hotel in Sofia.

Gedeon soon came and gave me a copy of my schedule for the coming days. It was very full, starting early the next morning. On June 30, we spent a full day making the rounds and meeting a variety of people. Our first meeting was with the regional Solidarity Vice President for the Mazosze (Warsaw) Region, who wanted USDOL to provide his staff with some training in business and financial matters. Since many of the government-owned enterprises were being privatized, he felt that his staff needed to better understand the financial dimensions of businesses, as well as learning how to manage their own resources as a union.

The next day I was driven across the river to meet with the union and management officials at the state-owned FSO Passenger Car Factory where I was briefed about how

successful the USDOL-provided training in IBN and productivity improvement during the previous year had been and how FSO management and their trade unions were institutionalizing these concepts in their factory. They talked very enthusiastically about the improvements they had achieved as a result of the previous USDOL training and outlined the training they wanted to receive during the coming year.

The following excerpts from my trip report to Gedeon and his superiors at USDOL provide a good summary of what I observed and learned:

**Where they [FSO and their unions] are now and where they want to go:**

From their perspective, the FSO management and unions are engaged in a process of internalizing the USDOL-sponsored training programs. Training is now underway at the FSO training center to teach the principles derived from the Juran [Quality Control] and the Saturn Excel programs, including workplace training, reforming their quality assurance, and building partnerships between unions and management.

Future plans include launching an 80-hour training program at their FSO training center in September 1994. They want to train FSO employees in all aspects of quality. This training will emphasize TQM [total quality management] and other subjects. Two days of Excel-type training, including practical exercises, will be given at their recreation site in Warsaw. Following those two days, subjects such as team development, theory of product and work quality, and other issues relating to quality according to Juran will be covered. (The FSO has received permission to use Juran training materials in Poland.)

During the first quarter they plan to train FSO employees. Thereafter they plan to train people from other Polish companies (including GM-Poland). Their plans include two week sessions to train approximately 800 people. (GBH Trip to Poland, June 1994)

Specific assistance that the FSO company and unions wanted in the coming year included: obtaining professional assistance to advise and monitor their implementation of “Excel” and other training programs provided by GM and others; facilitate employer-union and government cooperation; expand their training center’s capabilities and capacity to better serve their own training needs—and eventually those of outside groups; and, finally, share their training expertise and facilities with others.

At the time I was meeting with the FSO managers and union leaders, as a result of their previous USDOL training, the FSO company had adopted and wanted to continue using the “American way” in its labor-management-relations approach as GM was expected to buy FSO. However, as it turned out a Korean automaker outbid GM and purchased the company, and the new owners soon jettisoned the “American way” and implemented the “Korean way.”

In 1997 I wrote a paper about the USDOL experience in assisting FSO, and presented it at an International Industrial Relations Conference held in Dublin, Ireland. (“Introducing non-adversarial industrial relations concepts in Central and Eastern Europe: The FSO case in Poland.” Presentation at the Fifth IIRA European Regional Congress—The Employment Relationship on the eve of the Twenty-First Century—in Dublin, Ireland, 27 August 1997. That paper provides a good review and analysis of the early USDOL LMR work in Poland.

After my visit with FSO, I met with Elzbieta Sobotka, a bright, articulate young woman who was then an advisor to the Polish Minister of Labor. She was proud of being a Pole and



wanted me to know that she was not about to “kowtow” to anyone or let them tell her what she should be doing in her job. Fortunately, she was also very interested in obtaining training in Industrial Relations and other matters concerning the training needs of government ministries, businesses and unions in Poland. However, she made it clear that training should be provided for *all* unions, not just Solidarity, the darling of the U.S. labor movement at that time, and they did not want to involve the old communist-dominated unions. Her position caused problems for us in the conduct of our various LMR projects in Poland.

Based on our discussion, Elzbieta stated that by August 1, 1994 she would submit a proposal to the USDOL that would include the following types of training to be provided by USDOL trainers in Poland during the remainder of 1994 and 1995:

(1) additional training for mediators; (2) expansion of the IBN training for the auto industry to other industries such as steel and railroads (restarting the training at PKP); (3) initiation of other forms of cooperative labor-management training in productivity improvement and cost-saving techniques for the railroad and steel industries and other firms undergoing restructuring; and (4) IBN training for the state budget ministries, starting with education and health. (Report of GBH Trip to Poland, June 30-July 7, 1994)

On July 1, I met with Henryk Pawlowski, Deputy General Director of PKP and Bogdan Kubiak, VP of Solidarity Union’s Railworkers’ Union. I reviewed the USDOL training that had been provided at Zaconane the previous year, and then enquired whether they wanted more training or help. Both of them said they were very pleased with the previous training and stated that in spite of the strike the previous training had been helpful in getting the parties back together and to begin working on some of the issues of concern. Consequently, they did want to resume the training in the coming year.

## **Evaluating the prospects for ESOPs and worker ownership in Poland**

After spending the weekend in Warsaw seeing some of the sights, on Monday Gedeon hired a car (with driver) and we drove to Ostrowiec Steelworks to meet with managers of the company and leaders of the local Solidarity union. Prior to our visit, a Polish government-hired Canadian consulting firm had written a report about the future of this Steelworks and recommended that it be closed. The seven or eight people we met with wanted to convert their division into an employee-owned company and wanted our help in learning how to manage their business as a private worker-owned enterprise. They said that the steelworks had been profitable and able to sell steel in the international market during the communist era, and they thought that they could do it again. But they did need some training on how to work together to manage their enterprise and market their products. In my report on that visit I recommended that the USDOL provide some help to them.

On July 6, I flew by air to Wroclaw in Western Poland with Gedeon and my translator. Marcin Zudmuki. Upon our arrival we met with Mr. Lazonowski, Vice President of the Solidarity National Building Trades Secretariat. Gedeon asked if they would like to participate in some LMR training seminars and workshops in the coming fiscal year that could be provided by the USDOL. They were very cordial and told us that they definitely would like USDOL to provide some training.

After our meetings, Gedeon, Marcin and I went to a local brew pub for lunch. It was fascinating to see Gedeon operate on his home turf and especially to hear his frustrations and running commentary about his former countrymen. During the meal there was a little container that resembled the bottom half of an egg cup set by each of our plates. It was filled to the top with something that looked like butter, but was grayish in color. As Gedeon was slathering it on a slice of bread, I asked him what it was. He said it was lard and that as a child it was a staple in his home. He also commented that as a child he had carried sandwiches to school with lard on them and had traded his sandwiches to some other children for food items that were different than his lard covered bread. (His exposition about eating lard-covered bread reminded me of the lard that we had rendered from a pig that I had raised when I was growing up. We had used our lard to cook donuts in.) Gedeon also told me about going to the railroad yards as a youngster and scavenging coal that had fallen off train cars and carrying it home in a burlap bag.

After we finished our meal and gave the waiter money to pay for it, he came back to return our change. Gedeon immediately proceeded to explain to him why it was important to give the customers some small change, not just a big bill. This way the customer would be more likely to leave him a tip. Gedeon was always trying to teach the locals how to function in a market economy, and he was frequently frustrated in his efforts. His actions reminded me of the same behavior that had been exhibited by Jurgen von Muralt, Head of the Enterprise Department of the ILO, when we were in Kiev, Ukraine in May 1993 conducting a training seminar on cooperatives. He too was always trying to teach the waiters in the hotel restaurant how to make their establishment more appealing and customer friendly by putting butter and jam on the table for breakfast, etc.

After lunch in Wroclaw, we drove around the city and Gedeon showed us where the German High Command had their headquarters during their WWII occupation of Poland. We then took a taxi to the airport and flew back to Warsaw. The next morning, on July 7, I took a taxi to the airport and flew home. Later, I wrote and submitted a trip report to Jim Perlmutter and USDOL about the results of my trip.

## **Part 2: Writing and implementing USDOL LMR work plans for Hungary and Poland**

After returning home from my trip to Poland in early July 1994, Gedeon Werner asked me to help him develop the technical assistance work plans and budgets for the 1994-1995 fiscal year USDOL LMR projects to be conducted in Hungary and Poland. In addition to my knowledge about LMR, part of the reason Gedeon asked for my assistance was that USDOL was implementing a more structured planning process for their foreign projects being carried out with SEED funds and that meant that the work plans and budgets had to be written using more formal and detailed guidelines, including benchmarks and other information. Apparently that level of detail and planning had not been required for the previous yearly plans.

Based on my previous trip to Poland, I wrote up my recommendations of what to include in the 1994-95 USDOL LMR programs in Poland and faxed it to Gedeon on July 11, 1994. Shortly thereafter I prepared similar recommendations for Hungary and faxed them to Gedeon as well. My recommendations for Poland were to:

- (1) provide more IBN training and train the trainer training for PKP;
- (2) provide L-M training to improve productivity for PKP;
- (3) provide technical assistance and training to FSO in the form of Leszek Waliszewski, a Polish-American who worked for GM at the Saturn Corp.;
- (4) provide IBN training for managing and working in an employee company, and cooperative L-M training for productivity improvement to Ostrowiec, SA Steelworks;
- (5) provide training of national leaders for negotiations, training of a cadre of Solidarity members and employer representatives to be trainers and negotiators for Solidarity Building and Constructions Trades Department;
- (6) provide additional training for Polish mediators;
- (7) begin planning for IBN training for the nation's Education and Health ministries;
- (8) provide some cooperative L-M training for productivity improvement with a pilot group of firms from the Polish Federation of Worker Cooperatives. (GBH recommendations for 1994-95 USDOL Program in Poland, July 31, 1994)

Later in July, Gedeon came to Logan and we spent several days working out the details and costing of the specific projects included in the work plans and their budgets. We had a budget of about \$300,000 for the LMR projects in Poland and about \$200,000 for the projects in Hungary. The plans we developed were to be carried out as part of USDOL's technical assistance initiatives authorized by the 1989 SEED Act.

An information sheet, "Labor and Technical Assistance Programs for Central and Eastern Europe," circulated by the USDOL described the technical assistance programs in CEE countries as follows:

Department of Labor (DOL) technical assistance initiatives in Central and Eastern Europe began in 1990 with projects in Poland and Hungary authorized under the 1989 Support for East European Democracy (SEED) Act. Since then, technical assistance programs have also been implemented in Bulgaria, Romania and the Czech and Slovak Federated Republic.

Labor market transition programs are designed to benefit workers directly during the difficult period of transition from a command to a market economy and to help the recipients build the institutions needed for free market economic development.

Department of Labor technical assistance programs have the following objectives:

- Assisting individuals during the harsh period of reform by helping to institute rapidly an effective social safety net that will lessen the effects of labor dislocations and inadequate worker mobility and help to improve key quality of life conditions;
- Empowering individuals by encouraging access of workers to economic education and training and other information necessary for effective individual decision making and initiative in a market economy; and
- Helping reform social and economic institutions by encouraging policies and programs consistent with the efficient functioning of a market economy.

In planning and executing its assistance programs for Central and Eastern Europe, the Department has worked closely with government, business and labor organizations. In addition, under the SEED Act, the Secretary of Labor is authorized to solicit and accept gifts from the private sector in support of DOL assistance initiatives.

On September 1, 1994, I sent a draft of the Hungary work plan to Gedeon. On September 4, 1994, I faxed him a revised copy of the Hungary work plan, calendar and budget. That set of materials was 18-pages long. On September 8, 1994, I faxed Gedeon the revised Poland work plan, calendar and budget. The Poland work plan was 28-pages long. In my fax I also outlined some of the changes I had made in the plan based on our previous conversations.

Greetings from Logan! Enclosed are copies of the Poland work plan, calendar, and budget. I decided to send them to Budapest today rather than wait and send them to Warsaw on Sunday. Then, if there is any problem in your receiving this fax, I will send it to Warsaw tomorrow c/o the Victoria Intercontinental.

Originally, since it is quite long (28 pages), I was going to send it by FedEx but their price was outrageous (\$68) and they would not guarantee delivery until Sept. 13 even if it was sent on Sept. 7. Consequently, there was no recourse but to fax the document.

You will see that I added several footnotes in the budget to indicate that there may be a problem with the MOLSP if we provide a Training for Partnership course to only one ministry. Also, I put in several other items on the calendar and budget lists, e.g., the Training for Competitiveness requested by PKP, but did not put them in the work plan or include a detailed budget--as we agreed to put them into the following year (1995-96). But I wanted you to know all the possibilities for planning and discussion purposes. The activities in the work plan for FSO are also a little fuzzy, since I did not think it was our intention to deliver any additional IBN training. The budget for financial affairs training is not broken down and the University of Lodz budget was kept under \$12,000 per our discussion in Logan. The note explains my reasoning for the budget listed. (Fax from GBH to GW Sept. 8, 1994)

Four days later, September 12, 1994, I sent a fax to Gedeon informing him of some of the problems being encountered in our planning for Poland, and also informed him of my planned trip to Poland on September 19, 1994. After completing my work for the USDOL in Warsaw and attending the ILO Plock LED Conference (discussed in Chapter 6), I flew from Warsaw to New York on September 25, 1994 and from there to Washington, D.C., for a meeting with Gedeon Werner at the USDOL.

We made some changes in the Hungary and the Poland work plans. We also discussed the possibility of adding training for the workers and managers of the Ostrowiec Steelworks to the Poland work plan. Finally, we discussed what tasks Gedeon and the USDOL wanted me to undertake in the future. On September 27, I left Washington, D.C., and flew home to immediately begin teaching a full schedule of classes at USU during Fall Quarter 1994.

On Oct. 24, 1994, I completed the final versions of the Hungary and Poland 1994-95 work plans and submitted them to Gedeon Werner and the USDOL. The new fiscal year started on October 1, 1994, so Gedeon had already scheduled some of the projects we had included in the work plans to begin even before the final plans were approved. That was typical of the way things were done at USDOL.

Gedeon had scheduled me to provide training on some of the projects in the middle of October, starting with the Collective Bargaining (CB) training in Poland for the Solidarity Construction and Building Trades Department. As a result, the coming months were very hectic with me teaching a full schedule of classes at USU.

## **Providing LMR training for the Solidarity Construction Section**

As part of the 1994-95 fiscal year work plan, my first training assignment for the USDOL occurred October 13-19, 1994. After receiving permission from my superiors at USU to be away for a week and arranging for someone to teach my classes while I was away, I flew to Warsaw, Poland, to provide training in collective bargaining and labor-management cooperation to members of the Construction Section of the Solidarity Trade Union. The training workshop was held in the Ministry of Finance Residential Training Center outside of Warsaw.

Before attending the construction industry training workshop, I met with Gedeon Werner and some of the people from Huta Ostrowiec Steelworks to discuss the training programs we (USDOL) proposed for their employee-owned company. My trip report follows:

Upon my arrival in Poland on Wednesday morning, October 12, Marcin Zmudzki, our translator, met me at the airport, and I was taken immediately to AMP Plus headquarters to attend a meeting with Gedeon Werner and representatives of the employee-owned Huta Ostrowiec Steelworks. (Marcin obtained the names and positions of the two-person delegation from the Steelworks and provided a listing of their names and positions to supplement the report.)

We discussed the proposed training program for the employee company. It consists of four separate activities:

- (1) IBN Training for the employee company as well as for all five of the former units of the Ostrowiec Steelworks complex;
- (2) a Training for Partnership workshop for the Huta Ostrowiec Employee Company managers and Solidarity representatives;
- (3) a two-week study tour for four or five Huta Ostrowiec management and union representatives to come to the U.S. and visit an ESOP employee-owned steel company such as Republic Steel or Wierton Steel, etc.; and
- (4) a Training for Competitiveness workshop for selected Huta Ostrowiec managers and union representatives.

The Huta Ostrowiec representatives seemed pleased with the proposed training activities and agreed to schedule the training and other activities once the details were worked out by ILAB representatives. (GBH Report on Poland training Oct. 12-19, 1994, to Gedeon Werner, Nov. 1, 1994)

After our trip to Ostrowiec, Gedeon returned to Washington, D.C., and I went to the Finance Ministry Training Center outside of Warsaw to conduct the CB workshop that Gedeon had scheduled. Fortunately, after the first day when I trained solo, two American co-trainers helped carry out that project -- William Lindsey, Business Manager of an IBEW Local union (Local 25) from Long Island, and Andrew Nowatney, Executive Director of the Long Island Chapter of the National Electrical Contractors Association on the Construction Industry training project. I let them do the bargaining simulations with the participants and also talk about how unions and management operated apprenticeship and upgrade training programs in the U.S. construction industry. As part of that training workshop, I was able to use my "Collective Bargaining by Objectives" training module and another module on labor-management cooperation that I used in my USU courses.

My only recollection about that workshop was that we had about 20 or so Solidarity people and only three or four management people. Also, the participants really liked to party in the evenings. But, in spite of my concerns and the need to address a serious problem that arose among our trainee group, the workshop went quite well, and they enjoyed the bargaining simulations that we had them participate in.

The following excerpt from my report to Gedeon Werner outlines the nature of a problem that nearly ended our workshop prematurely.

Saturday night, October 15, Marcin, our translator, phoned me at 10:00 p.m. about a serious flare-up by our group at the training center. The Solidarity trainees seemed to be very unhappy about the way they were being treated by the manager of the MOF facility and were threatening to leave on Sunday morning. After listening to Marcin's summary of what he had heard, we agreed that he should meet with the manager and the leader of our Solidarity group the next morning to try to mediate the dispute. I then called Gedeon at his home in Alexandria [VA] to inform him of the situation. Sunday, October 16, Marcin spent half the day listening to the Solidarity leader's complaints and resolving their differences with the manager. The participants agreed to stay for the remainder of the training workshop, primarily out of deference to us for coming all the way from the U.S. to provide them with training. (GBH Report on Poland training Oct. 12-19, 1994, to Gedeon Werner, Nov. 1, 1994)

Fortunately, the remainder of the workshop proceeded without incident, and at the last dinner the participants gave the three of us a number of gifts, including Solidarity pennants, pins and other souvenir items.

By the end of October 1994, it had become clear to Gedeon Werner that my services were quite valuable to him and to the USDOL. We had discussed various options for having me work with him during the coming six months, beginning January 1, 1995. The three options were to purchase my services full time for the six months from January to June 1995, purchase my services half time for this period, or continue to obtain my services as needed and within the limitations of USU's extra contractual policy on a new work order at the current maximum amount of \$24,900. My recollection is that this last option was the one we agreed upon.

## **Conducting IBN Training for Solidarity in Lodz, Poland**

During Nov. 11-20, 1994, I again flew to Poland to help conduct a workshop on IBN for a group of Solidarity leaders from the Lodz Region. Upon my arrival in Warsaw, I stayed at the Sobieski Hotel on Nov. 12-13, and then was taken by car to Solidarity headquarters in Lodz. From there I traveled with other participants on a bus to the workshop site. Nov. 14-17, I participated as a co-trainer with two others from the USDOL at the workshop entitled "Interest-based Negotiations." As I recall, Bob Johnson and a woman who had written the USDOL's Committee Effectiveness Training Handbook were the other members of our team. One of my objectives was to see how the USDOL trainers who had helped design the IBN training materials conducted such workshops in a foreign setting (as compared to how they had used them in the U.S., and I was using them with my students at USU).

The only thing I remember is that the Lodz workshop went quite well although it was very cold and the meals served at the place where we stayed were quite simple and somewhat repetitious, with two or three types of ham being served at each meal. I figured that they must be raising a lot of pork in that area or that it was cheap relative to other types of meat. After the workshop ended, I returned to Warsaw and stayed at the Sobieski Hotel before flying home.

In early December 1994 I updated the LMR work plans and budgets for Hungary and Poland to reflect the changes that Gedeon had made during the previous two months. Like all our projects, changes were always being made as we went along. (fax from GBH to Gedeon Werner, Nov. 4, 1994)

## **Meeting in Washington, D.C., to plan upcoming LMR projects**

Jan. 4-6, 1995, I met with Gedeon Werner in Washington, D.C., about the LMR work plans for Hungary and Poland and to plan for the various training programs scheduled for the coming months. We convened a scheduling meeting with Jim Murray, Lance Teachworth, John Fiscella, Richard Coffee, Liz McNichol, and Tom Burke who would conduct the training for us. Then we went through each of the projects listed in the Poland and Hungary work plans and determined what was needed, who would carry out the work, and discussed some other issues. One such issue, as noted previously, was who would be invited to participate in the training programs -- OPZZ (old Communist unions), NKZZ (Solidarity), Ministry of Labor, or some combination. My recollection is that because of the AFL-CIO opposition, only Solidarity union members were invited.

Ostrowiec Steel wanted training in basic skills, e.g., problem solving, meeting effectiveness, and IBN. They also wanted training in business planning, strategic thinking, marketing, basic financial and accounting training, and manpower planning. They told us they were operating at sixty percent of capacity, that they were making money, and they could compete in low cost steel products. They also indicated that there was a lot of despair in the workforce due to the uncertainty. My notes also contain the discussion about each of the other LMR projects.

My recollection is that we decided to send Jim Murray, a USW leader from Chicago, and Richard Coffee, who had been the Human Resources Manager at National Steel in Gary, Indiana, until it was sold to the Japanese, to be the first trainers at Ostrowiec Steel. I was quite happy to see other trainers being lined up for much of the training since my availability for conducting extensive training was limited by my full-time teaching load at USU. Furthermore, I had concluded that my skills and talents were better used serving as a technical advisor to Gedeon and working with the foreign government officials and others to design and plan the various projects.

## **Pinch hitting when all else fails: training union leaders in Hungary**

On Feb. 14, 1995, Gedeon Werner called me. He wanted me to go to Hungary and meet with Werner Sengenberger head of the ILO's Central and Eastern European Team (CEET) in Budapest, to explore the development of a joint ILO/USDOL project on labor-management relations in Hungary and/or Poland. The objective was to provide both a mediation training workshop and some training for unions. He also wanted me to arrange for some union organizing training to be given to the Hungarian National Workers Council.

Two days later, Feb. 16, 1995, Gedeon Werner called again. I told him I needed more information about providing training for the Hungary Workers Council. For example, I needed to know the composition of the council and what type of training they wanted. He gave me the name of Mercedes Birck, their International representative, and wanted me to call or fax her to get the needed information.

After communicating with her, I talked to some of my union friends and asked who I might get to go over and run that type of training program. They suggested getting someone from the United Mineworkers Union. So, I called Mike Dalpas, a UMW rep of District 22, located in Price, Utah, to see if he was willing to go. He was pleased at receiving an invitation, but soon called me back and said that the International UMW office in Washington would not approve of that assignment because the Hungarian Workers Council was not on the union's approved list—probably because it had been around while Hungary was under communist domination. That meant that the AFL-CIO unions would have nothing to do with it. That left me in a quandary. How could I get a union leader to go and provide training on how to organize workers if no U.S. unions would allow their trainers to go?

On March 9, 1995, I received a fax from Gedeon Werner in Warsaw and talked with him on the telephone the same day. We discussed my agenda for a Poland and Hungary trip. Gedeon had meetings planned for me in Warsaw to meet with Elzbieta Sobotka at the MOL and Matt Boyce at the U.S. Embassy and then make a trip to Lublin to meet Prof. Adam Biela at the Catholic University, the institution where Pope John Paul taught for many years before becoming a Cardinal. In Hungary, I was to meet Bob Kyloh at the ILO CEET office and Maria Heidkamp, director of the USDOL Rapid Response Displaced Worker assistance program in Hungary, to assess what she was doing and determine what additional help she might need.

On March 11, 1995, I flew to Budapest, Hungary. Upon my arrival, I met with President Imre Palkovics and the Research and Communication Directors of the National Workers Council to be briefed about their union and its operation. We also discussed the training they wanted their members to receive in our workshop, and I gave them the overheads and other items to be translated into Hungarian.

Because the union man I had recruited to teach that workshop had to cancel out at the last minute because his national union would not allow him to go, and with no other alternatives available and time running out, I obtained some union organizing materials from my friends at the AFL-CIO in Washington, D.C., and told Gedeon that I would go and do what I could to satisfy the need. On March 16, with much trepidation, I conducted the first day of a workshop on "How to Win Representation Elections," a subject I knew little about, for the Leadership of the National Federation of Workers Councils (NFWC). Fortunately, the wife of the NFWC in



Hungary, a delightful person who spoke fluent English and was a seasoned teacher-trainer, provided much needed help. Together we managed to get the job done. For training materials we used *Numbers That Count: A Manual on Internal Organizing* and other materials published by the AFL-CIO and its affiliated unions.

In spite of all the problems organizing and conducting that training, I think we did a good job. But I never did find out if the training was helpful and whether the union was able to increase its membership as a result of our makeshift efforts.

## **Meeting with USAID and ILO officials in Budapest**

I had planned to meet with Bob Kylah in Budapest on March 13 to discuss plans for the USDOL and ILO to develop a joint workshop on conflict resolution to be held two months later in May. March 10 I received a fax from him stating that he would be hosting the visit of the Philippine Secretary of Labor during that time and would not be available to meet with me while I was in Budapest. He suggested that I meet with Werner Sengenberger, director of the CEET Office in Budapest, Marie Lado, the Hungarian MOL counterpart for the mediation workshop, and James Watson from USAID's Regional Office.

So I met with Werner Sengenberger at CEET and James Watson at USAID in Budapest. In addition to the possibility of working with the ILO to develop some local economic development (LED) projects in the region (using the materials that I was preparing for a CEE regional project for Angel Vidal and Dorte Nielsen at the ILO Cooperative Branch in Geneva), James Watson made a strong statement about the USAID wanting to develop an LED project and being prepared to invest resources in such a project. While the ILO was also interested in starting some joint LED projects, Werner said they had a full plate of other projects and could not make any commitments at that time.

As it turned out, I did have a chance to meet with both Bob Kylah and Marie Lado to finalize the agenda and plans for a joint ILO/USDOL Mediation Workshop to be held in Budapest. We agreed that it would be a two-day workshop to be held May 8-9, 1995. The workshop would focus on the proposal of the Hungarian Ministry of Labor to organize a labor dispute mediation service. Foreign experts, identified by the ILO and USDOL, would be invited to provide information on mediation services in several industrialized countries and to participate in a round table discussion to provide feedback on the Hungarian proposal. By early April, the Hungarian Ministry of Labor would provide the discussion paper in English for the meeting.

A highlight of my stay in Budapest was meeting with Maria Heidkamp, project coordinator of the USDOL's LMR Rapid Response Project, to receive a briefing on the status and work of that project. Based on what she told me, it was clear that the Rapid Response (RR) project was behind schedule. She was having difficulty implementing the RR concepts at the five demonstration sites. My trip report gives the following account of our meeting:

It appears that a fairly narrow approach to implementing the concept of rapid response is being used with the pilot firms, that is, there does not seem to be a preventive component and the outplacement activities are being conducted in isolation from other LED considerations. However, she did say that a person at one of the sites is trying to see if

the rapid response effort can be linked to other activities now underway in the community.

I think it is important for us to follow this project closely because some of the concepts, approaches and experience may be applicable to Poland (and elsewhere), as noted below. It seems to me that the Hungarian Rapid Response project would have more relevance and potential for success if it were linked more directly to a systematic LED effort such as that being carried out [by the ILO with U.S. Peace Corps help] in Plock, Poland. In order to ascertain the potential of these concepts for use in other settings, I would like to periodically discuss the project developments with Maria [Heidkamp], obtain and read the progress reports being submitted to OFR, and perhaps even visit one of the sites to get a first hand look at what is going on. (Trip Report: Gary B. Hansen to Gedeon Werner, March 28, 1995)

After completing my National Federation of Workers Council training workshop and other work in Budapest, on March 18 I flew to Warsaw to meet with Elzbieta Sobotka at the Ministry of Labor to discuss the status of our USDOL LMR training projects then underway in Poland. She told me that the Polish Parliament was still working on some legislation designed to create a system of mediation and conflict resolution. Until that legislation passed, they did not anticipate any further development or implementation of the mediation service. She hoped that the legislation would be passed before the end of the year.

I told Elzbieta about what we (USDOL and ILO) were doing to facilitate mediator training in Hungary and invited her to come to the May workshop or send someone from her ministry as an observer. She agreed to do so. I also told her that if she wanted to have the USDOL and ILO hold a similar workshop in Poland, that it could be arranged. Finally, we discussed the various LMR training possibilities we had previously identified for some of the government ministries. She still wanted to do it, but said that the individual ministries would have to make the necessary arrangements.

Following my meeting with Elzbieta, I met with Mathew Boyce, Labor Attache at the American Embassy, to brief him on my meeting with Elzbieta and to report on the other activities planned for my time in Poland, especially my visit to the Catholic University in Lublin (CUL or KUL). My Trip Report summarizing my visit to Lublin follows:

I went to the Catholic University of Lublin and met with Prof. Adam Biela, head of the Department of Industrial Psychology. I also met Dr. Bohdan Roznowski of his staff and was given a tour of the facilities by him. During our discussions, I outlined the DOL's interest in finding academics in higher education institutions to conduct the labor-management training, including IBN and the other new concepts that the DOL has provided for the past two years to Polish employers and unions. In addition, we would like to have these training concepts introduced to students majoring in industrial relations, business, and human resource management. I also brought along some course curriculum materials for a masters program in Human Resource Management at Utah State University and suggested that there might be a possibility of having an exchange of faculty or other linkages to further the development of their academic program if they are amenable. Dr. Biela was very pleased at this suggestion of an academic exchange or linkage with a U.S. university and expressed an interest in pursuing this aspect of the academic discussion. He also expressed his appreciation for my visit and for inviting CUL to participate.

I outlined two possible approaches which we could take to start the project: (1) invite the CUL staff to participate as co-trainers in some of the ongoing DOL training projects in Poland; or (2) have DOL staff go to Lublin and conduct IBN and other training for the 91 mature (Solidarity) students currently enrolled in the CUL's three-year bachelor level course in management and trade union studies. During the three-year program, the students come to Lublin and attend courses at the CUL for four days each month. During the four days they receive intensive classroom instruction and upon returning home they are required to carry out independent study and complete assignments during the intervening time until the next stay in Lublin.

Dr. Biela would like to proceed with the second option--offering IBN and possibly other courses to the adult students at CUL. I said that usually only 20 to 25 students participate in an IBN training session; therefore, at least four IBN workshops would be needed at CUL. I told Dr. Biela that I would discuss the financial and scheduling details of starting the IBN training program with Mr. Werner and that the DOL would work with him to arrange the specific details for a training schedule. (Trip Report: Gary B. Hansen to Gedeon Werner, March 28, 1995)

Following my meetings in Warsaw, on March 22, I flew to Geneva to meet with William Simpson, Head of the Industrial Relations Dept., and Ed Yemin, of Leg/Rel Branch at the ILO, to firm up our planning for the Hungary Mediation Seminar planned for May 8-9, 1995. We discussed who would be asked to attend the seminar and what would be their assignments on the program. It was interesting to learn that they wanted the USDOL to pick up the tab for travel for some of the speakers *they* wanted to come. It was also clear that the ILO officials I talked with were interested in learning more about our IBN training work in Hungary and Poland and wanted copies of our materials to use in expanding their own activities.

On May 6, 1995, I flew to Budapest, Hungary, and served as a moderator of a panel session at the May 8 - 9 international workshop on Mediation and Conflict Resolution that we, the USDOL and the ILO, organized for the Hungarian Ministry of Labor. Gedeon also arranged for someone from the U.S. Federal Mediation and Conciliation Service to participate, and Bob Kyloh of the ILO arranged for several individuals from South Africa and Great Britain to participate as well. That workshop was a prelude to several training sessions that the USDOL had the FMCS trainers subsequently provide for the Hungarian mediators. As I recall, some of the mediation training was held in Budapest, and a session was held in Turin, Italy, at the ILO's International Training Center. I asked Maria Heidkamp to attend one or both of these workshops to see how things went. She did and gave me a report of what transpired.

## **Making another trip to Poland, Hungary and Geneva**

On August 3, 1995, I sent a fax to Jim Perlmutter and confirmed the substance of our telecom earlier that day concerning what I planned to accomplish during my September trip to Poland, Hungary and Geneva. .

**1. Poland.** I will go to Poland to determine the scheduling of IBN training to be carried out by OFR in cooperation with the faculty of the Industrial Psychology Department of Catholic University of Lublin. [This is the University that Pope John Paul had taught at many years earlier in his career] I had previously discussed this matter with the university

officials in March 1995 when Gedeon was the OFR project officer. They have subsequently responded in writing that they would like us to provide IBN training for 90-100 Solidarity leaders who are enrolled in a bachelor's degree level academic program in Labor Studies. I will also meet with Hanna Rusczyk (referred to in Mr. Vidal's attached letter) to further discuss the possibility of providing the three types of training requested for delivery in Plock by Mr. Vidal as part of the ILO-LED project in that province -- and outlined in the letter to you from Mr. Vidal. Finally, I will meet with Elzbieta Sobotka at the MOL to discuss the time frame for conducting a Mediation Workshop in Poland similar to the one we (DOL) jointly ran with ILO and the Hungarian MOL in Budapest in May of this year.

**2. Hungary.** I will also meet with the President of the National Federation of Workers Councils to see whether it is feasible to initiate a training program on privatization in response to their request made in March and in a letter sent to you. (I assume that you did receive a copy of the letter they prepared to send to both DOL and ILO requesting assistance. If not, let me know and I will fax you a copy of this letter as well.) Did you include anything on this type of activity in the work plans for the coming year? If you did not and you do not want me to explore this further, let me know.

In addition to the business that I planned to take care of in Warsaw and Budapest, I also planned to stop in Geneva to talk with officials at the ILO. In my fax to Jim Perlmutter I said, "I will also meet with Ed Yemin to discuss the Mediation Workshop to be held in Poland and see if ILO will again participate as they did in Hungary." (Ibid)

The above excerpts from my fax to Jim Perlmutter imply that some major changes had occurred at the Office of Foreign Relations (OFR) at the USDOL. Indeed, they had, with the departure of my colleague and good friend Gedeon Werner.

## **Part 3: Problems created by the departure of USDOL's Project Manager over Hungary and Poland**

### **Untimely departure of Gedeon Werner**

In April of 1995, Gedeon Werner, the USDOL's LMR project manager for Poland and Hungary, left the OFR and took a job with the University of Maryland to help set up a Management Training Center (PAM) at the University of Lodz in Poland. Gedeon was becoming increasingly frustrated with the bureaucratic dimensions of his DOL job and wanted a change and some new challenges. While Gedeon's departure from OFR was probably in his best interest, his departure was a significant loss to OFR since he had been very effective in getting things done in Hungary and Poland as a project manager. I had worked very closely with him for over a year. We wrote the USDOL work plans for Poland and Hungary in the summer of 1994 and worked together to implement them during the subsequent nine months.

Gedeon's OFR assignments were assigned to Beatrice Maestes to take over his portfolio for Hungary, including the work being done by Maria Heidkamp on the Rapid Response Project. Unfortunately, Bea had no idea of what we had been planning and doing in Poland and Hungary. When I started sending Bea information about my meetings with Maria and our planning for a new LED component in Hungary, she was totally unaware that Gedeon Werner, previous

manager of LMR Projects in Hungary and Poland, had employed me as an OFR consultant. Her November 9, 1995 fax explains her situation.

Dear Gary,

I received your fax yesterday. After having gone through it, I am left somewhat puzzled. First of all, I am not familiar with exactly what it is that you do for us. Could you please help me with some clarification? Are you working for Steve Marler on the Polish Labor Market Relations project or for me on the Rapid Response project, or both? No one has told me anything about what role you have played or are playing with the Hungarian project. The only thing that Sydney ever told me was that she and Maria had considered you as a consultant who could possibly move to Hungary for one year and help Maria out with the project. What have you and Maria discussed thus far? What is the LED component of the Rapid Response project and what do you mean, in your report to Jim, when you say that "everyone seems to be aware of the problems with this part of the project? As you can see, I am not aware.

I had asked Maria why it is that you two had met recently, but she was too busy to explain other than to say that she would have to hire a Hungarian as a project assistant if, indeed, she did hire anyone at all. It seems to me that you have some institutional knowledge on this project and I would greatly appreciate it if you could share it with me.

Please forgive my lack of knowledge, but something, somewhere seems to have fallen through the cracks here. As the Project Manager, I need to know everything that is going on with this project since I have to prepare all of ILAB's reports, updates, budgets, authorize travel and manage all financial matters for it. Once again, your assistance with this is appreciated. Bea

Shortly after Bea took over that assignment she became pregnant, and she and her husband decided to leave Washington and return to New Mexico to live and work. So another person was assigned to keep track of my work in Hungary until the USDOL contracted out the direction of their CEE projects to Western States Multiservice Corp.

My work with Maria Heidkamp developed out of my meeting her in Budapest on one of my trips and then showing her a draft of the LED guide that I was writing for the ILO. After seeing the guide, she got very excited and wanted to pilot its use in her Rapid Response project in Hungary.

In a fax to Gedeon on August 23, 1995, nearly four months after he had left OFR, I commented to him about the changes in OFR and that I was planning another trip to Poland.

The situation in Washington at OFR is chaotic these days. No one has taken up your area since Mike McManus went back to BLS. The budget situation looks very bad as well.

Could you do me a favor and see if you can find out if Prof. Adam Biela at Catholic University of Lublin has a fax number. I received a letter from him indicating that they would like to have us provide training during the new academic year. I will be coming to Warsaw during the first week in September (4-8), and would like to meet with him and make the necessary arrangements and schedule for the training while I am there. But I do not have a fax number for him, and since you are no longer in Washington there is no one to make the necessary arrangements, etc., on that end. Also, Bea told me, when I was planning to go to Hungary as part of this trip, that I needed to have some kind of country' clearance from the embassy. I guess you were so efficient that I did not even

know about these bureaucratic details. Anyway, she said she needed three weeks to get the clearance for me to go to Budapest. Is that true, or is she just too cautious?

While I am in Poland I will also be meeting many of the other folks we were dealing with to see where we stand and if there is more we should be doing. For example, I need to talk to Elzbieta [Sobotka] about scheduling a mediation workshop if they are ready for one. I would also like to know the status of the Ostrowiecz project. If you have any thoughts on these matters, please let me know. Right now, it appears that there is no contact in OFR for organizing further work in Poland. (Fax from GBH to Gedeon Werner, August 23, 1995)

The following day, August 24, 1995, I sent Gedeon an email with a report on how things were going with the arrangements for my upcoming trip.

After several discussions with Bea[trice Maestas] and [her boss] Jim [Perlmutter] on Friday, it became apparent that they would not be able to obtain the "official" State Department clearance fast enough for me to come to Warsaw next week. Apparently, Bea is very cautious and goes "by the book" and does not have your talent for getting a job done quickly. Anyway, because of this problem, I had to delay my trip by one week and reverse the itinerary so she would have more time to arrange for my visits to Poland and Hungary. \*\*\*

On September 1, 1995, I sent a fax to Chris Rowan, the Labor Reporting Officer at the American Embassy in Hungary, informing him of my forthcoming trip to Budapest and what I would be doing during my visit.

This fax is to let you know that I will be coming to Budapest on September 12 to carry out an assignment for the US Department of Labor. I will be meeting several people while in Hungary: (1) Maria Heidkamp, Director of the DOL Rapid Response Project to discuss the development of a local economic development component in the project; (2) Imre Palkovics, President of the National Federation of Workers Councils, and Janos Szantai of the ESOP Association, who have requested help for a project they are proposing to USDOL and ILO; (3) Maria Lado of the Institute for Labor Research to follow up on the joint ILO USDOL seminar on mediation which we held for the Ministry of Labor in May; (4) Itil Asmon of Chemonics and Janos Lukacs of the Share Participation Association to ascertain the availability of a Hungarian version of the Committee Effectiveness Training manual which was translated as part of a AID-funded project on bottom-up privatization; and (5) James Watson of USAID. (Fax from GBH to Chris Rowan, U.S. Embassy, Budapest, September 1, 1995)

While in Geneva in September 1995, I also met with Bob Kylvoh, formerly of the ILO Central and Eastern European Team (CEET) in Budapest, and since September 1 assigned to the Workers Branch at the ILO in Geneva. (Bob's wife had worked for USAID when they were in Budapest.) Bob had helped us in planning the joint ILO/ USDOL Mediation workshop for the Hungarian Ministry of Labor held in Budapest in May 1995. Bob gave me a review of the status of the Hungarian efforts to develop a Mediation Service subsequent to the workshop. Apparently, there had been little or no movement toward establishing the Service. He said that the government was still dithering about proceeding.

While I was in Warsaw I met with Elzbieta Sobotka, deputy Director of the Industrial Relations Department of the Ministry of Labor, at the Ministry of Labor offices. My report of that meeting follows:

We discussed the status of our [USDOL] offer to jointly sponsor with the ILO a mediation workshop for Poland like the one held in Budapest in early May 1995. Elzbieta stated that they are now ready to proceed. They have a commission now discussing the implementation of the new Polish labor legislation, including mediation questions such as the obligation to bargain and role of mediation, dispute resolution services to be organized, and how they should be delivered, etc. The collective bargaining part of the commission's agenda will be completed in October or early November. She would like to have their document translated into English and will need some money for this purpose. There would also be a working paper to be presented to the experts with specific questions for them to discuss and comment on. This would also need to be translated into English. The conceptualization of the issues for discussion would be completed by late October or early November.

She would like to have a planning meeting with representatives of DOL, ILO, and Polish MOL in late October or early November to plan the agenda, identify the speakers, and make any other arrangements necessary. The workshop would then be held in March or April 1996 at the latest.

Elzbieta is also thinking of what will happen after the workshop. Right now she is thinking of having one or two follow-up meetings for a regional dialogue throughout the country. She did not imply or ask for U.S. participation in this process. However, she did mention the possibility of having some country visits, e.g., a small delegation to go to the U.S. to see how the process works in our country, and then to have some advanced mediator training for Polish mediators. (Both of these activities were included in our original work plan and proposal which I discussed with her last year, and she apparently has not forgotten them.)

We discussed the status of the other DOL conducted L-M training programs.\*\*\*

Finally, I explained about the growing importance of LED project activities in central and eastern Europe and the significant L-M dimensions incorporated in many of these projects, including the Rapid Response project in Hungary. I suggested that there was already some interest in developing similar LED activities in Poland, and that she might be interested in this since it would probably include a significant L-M component. (GBH Sept. 9-21, 1995 trip Report to OFR, USDOL, October 2, 1995)

While in Warsaw I also met with Nicholas Studzinski of USAID, Matt Boyce, labor affairs officer at the U.S. Embassy, and other DOL project personnel and other U.S. officials at the Embassy. My report of that meeting follows:

Matt Boyce asked me to come to the meeting he had arranged with Beatrice Maestas, Jim Woods, Mike Diesz and Nicholas Studzinski. After Bea and Matt explained the purpose of the meeting, Nicholas asked each of us to make a report on the status of the various activities we were involved with. I reviewed the IBN training projects, mediation training and the planned workshop; the demonstration bottom-up privatization training being conducted for the Ostrowiec Steelworks and the possible expansion of this project to other firms through organizations such as the Polish Employee Ownership Association, Chamber of Commerce and National Federation of Worker Cooperatives; the possible CET and conflict resolution training requested by the ILO in support of the ILO/UNDP LED project in Plock Province; and the institution building activities in L-M training being made at Catholic University of Lublin. He was very interested and appeared supportive of all of these projects and wanted to know about resources, budgets, etc., topics which I could not discuss with any degree of knowledge. Matt Boyce made very supportive

comments on our various projects, stressing the need to continue and institutionalize them. (GBH Trip Report to OFR, USDOL, Sept. 9-21, 1995)

The most important aspect of the meeting was learning about Ewa Springer, a native Pole and naturalized American who had been previously employed by the California Employment Development Department, and was now being hired by DOL to work in Poland. Working with her in Poland in the coming months proved to be very challenging, to say the least.

My report of the meeting that had been scheduled with Prof. Adam Biela at the University of Lublin follows:

I had arranged to meet with Prof. Biela to discuss the specific dates for the demonstration training of adult students in the bachelor's degree Labor Studies program, and faculty within the Dept. of Industrial Psychology. He had requested that we proceed with this training subsequent to my previous visit in March 1995. He had requested that we provide the Training for Partnership series and IBN.

After arriving in Warsaw, I called to confirm the time of our visit to Lublin. Unfortunately, something had happened and Prof. Biela was unavailable. I am not sure of the problem, and will be following up to see if it was a personal situation, or just what. Because this is one of our primary efforts to institutionalize the L-M programs in an academic institution, I will follow up and see if we can get this back on track.

After returning home, I received a request from Stephen Marler at USDOL to come to Washington, D.C., to participate in a meeting about the future of DOL's LMR technical assistance work in Poland and Hungary. Oct. 18-19, 1995, I flew to Washington, D.C., and met with Stephen Marler, Larry Adams and Ewa Springer to discuss the OFR labor-management relations program in Poland.

Ewa was taking over as an on-site DOL staff person in Warsaw, and would be located at the USAID office. Stephen Marler would be taking over from Bea Maestas, who was leaving the USDOL to move to New Mexico with her husband. She was also expecting her first child. Larry Adams had worked for USDOL before moving to London with his wife, an executive in the private business sector, and working for the British Advisory and Conciliation Service (ACS) using USDOL-developed materials. He was back in D.C. and ready to do some training for the USDOL again, especially in Poland.

At our meeting in Washington, we discussed what changes might be needed in the existing work plan, what else needed to be done during the coming months to keep the L-M Relations training activities going, and what roles Ewa and Larry would play. My reaction after the meeting was that there were going to be too many cooks in the kitchen, and that Larry Adams wanted to bring his British ACS friends into the game to provide training in Hungary and Poland, rather than keeping it an American show. Ewa Springer would be difficult to deal with because she would want to run the show in Poland her way.

October 31, 1995, I received an email from Stephen Marler requesting my help in answering three questions: (1) Do you know why or how Ostrowiec Steel was chosen to participate in our program? (2) Can you tell me what the major accomplishments have been in



the work you and Gedeon have been doing? (3) What part of the work plan have you not accomplished and why?

The following day, November 1, 1995, I sent Stephen Marler a fax with a four-page response to his request. As noted above, Stephen had recently been assigned to manage the L-M Relations programs in Poland for the USDOL after Bea Maestus left. The text of my fax follows:

Enclosed, is a rough draft of my recollection of the activities which took place in Poland during the past year. I have only included the activities which relate to the work plan and of which I have some knowledge. Some of the numbers are "guesstimates" since I do not have access to the responses which were made by each of the trainers, and have not had a chance to ask Gedeon for any additional information. For example, I do not know how many people have been trained in Lodz and what courses were offered. There may also be some other activities that were carried out that I do not know about, e.g., some programs done by Larry and others after the departure of Gedeon in April. Feel free to add to or subtract anything you think is inappropriate or does not meet your needs. (fax from GBH to Stephen Marler, Nov. 1, 1995)

The November 1, 1995 memorandum I prepared for Steve Marler helped explain in considerable detail just how much work USDOL had undertaken in Poland, what our accomplishments had been, what work had been planned but not accomplished and why, what work was planned for the coming year, and how difficult it was to carry out our projects in Poland during that period of time. That document is well-worth reading by anyone interested in learning about the nature and extent of the USDOL's LMR work in Poland during that dynamic period.

Several days later, November 6, 1995, I faxed Stephen Marler the second installment of my report: a draft of my recollection of: (1) the plans for work in Hungary during the coming year, (2) activities that took place in Hungary during the past year, and (3) activities planned but not carried out and why. That document was dated November 4, 1995. That memorandum also provides an interesting account of our work in that country during that same time period.

## **Untangling the problems created by Gedeon Werner's departure**

Gedeon Werner's departure in April 1995 and the reassignments made to parcel out his work to two other OFR project managers in Washington, D.C.,-- Stephen Marler for Poland, and Beatrice Maestas for Hungary-- plus the addition of Ewa Springer as an on-site USDOL person in Poland, and Larry Adams as a trainer, and who knows what else, created all kinds of problems for the L-M Relations TA programs in both Poland and Hungary as well as for me during the coming year because I had worked closely with Gedeon to design and guide the work in both countries.

In a fax I sent to Ewa Springer on November 7, 1995, I tried to explain to her what my role had been for OFR during the past two years:

By now you should be settled into your new surroundings, getting acquainted with the various players, and making some headway on our various projects. It was a real

pleasure to meet you in Washington last month, and to learn of your background with California EDD [Employment Development Department] and your interest in LED.

Unfortunately, I did not get a chance to sit down and talk with you about what I have been doing in Poland during the past two years, and what my role in OFR is. Because of my background and professional expertise in labor economics, labor market transition programs, labor relations, and local economic development, I was hired by Jim to serve as a consultant to OFR on various labor market transition projects. During the past two years, I have worked with a number of the OFR project managers, including Gedeon Werner when he was managing L-M relations projects in Poland and Hungary. Together, we identified the training and TA needs, talked with the various groups and enterprises concerned, planned the range of L-M activities which have been carried out in both countries, and located the trainers to provide the training. While I have done some of the training myself, my role has primarily been to provide my professional judgment and bring a broader perspective to the project since Gedeon did not have any knowledge or expertise in the subject or content of the training. This relationship worked extremely well, and the L-M program has become a large and important component of OFR's programming in Poland and Hungary. Unfortunately, the departure of Gedeon in April and the six month hiatus without leadership has created some problems and caused a fall off in our activity. With the hiring of Steve and you, I hope we can continue and expand on the good work that has been done.\*\*\*

Steve said that he had sent you a copy of my last trip report to Jim (dated October 2, 1995). You may also want a copy of my March trip report as well since it deals with some of the same issues and programs. If you have any questions, please feel free to contact me for further clarification.

I am particularly concerned about what happened to our proposed program with Prof. Biela and Catholic University of Lublin. As you will see in my earlier report, last spring I visited Lublin and made the initial contact. In my discussion with Prof. Biela I had proposed having OFR provide IBN and the Training for Partnership Series as two programs they might want to use with their adult students. Prof. Biela subsequently indicated to me that these two programs were what they wanted. Because of its substantive content and the excellent set of training materials which had been prepared by Leona Sibelman and John Fiscella of OAW [Office of the American Workplace], I had planned to use one of these two individuals to deliver the training. Subsequently, when working for OFR, Larry Adams must have gone to Lublin and offered to provide his "partnership" workshop. Then, at some point it appears that Lynn Moses or someone else created some problems for us. I do not know what you have been told by Jim or Steve before you left Washington or upon your arrival in Warsaw, but we (you, Steve, and I) need to sort out the problem and decide what training should be offered at CUL and by whom -- if you are able to resolve the problems with Prof. Biela and CUL..

Steve has suggested that we come to Poland in December, in part to participate in the Ostrowiec final meeting that Dick Coffee has planned, and in part to talk with you and see where we are in our program planning for the coming year. If this trip materializes, we can discuss in greater detail these and other matters pertaining to our various activities in Poland.

A November 28, 1995 letter from Matt Boyce, the Labor Attache in the U.S. Embassy in Warsaw and a friend and supporter of our work, to Jim Perlmutter at OFR illustrates the problems and jeopardy of USDOL's LMR technical assistance program in Poland after Gedeon's departure. Boyce's letter outlined some of his concerns about the future of the USDOL program in Poland and provided OFR with information that would help them "defend your programs

against critics who are looking for ways to cut programs and to address concerns I have heard from AID staff and from the Embassy Front offices.”

I should state at the outset that the L-M part of the DOL program continues to be one of the most important of the many excellent things DOL does in Poland. My comments grow out of two observations: (1) the fact that SEED Act funding will not last forever, and (2) that as funds diminish, your programs will be competing for funding against other assistance projects, many of which are designed to address particular problems. You might want to consider ways to shift your emphasis so that the DOL program will be considered as keyed into country objectives as other programs—or more so.

I know I sound like a broken record, but it is even more important now to focus on institutionalizing your programs here. (letter from Matt Boyce to James Perlmutter, Nov. 28, 1995)

Matt Boyce noted in his letter that the effort to institutionalize DOL work should include such programs as locating intellectual capital at the Catholic University of Lublin (KUL) through the Solidarity certificate program, etc. He also stated that “as money declines, people here (AID and [Embassy] Front Office) are trying to focus more and more on institutional mechanisms to solve the remaining problems are in need of the most attention.” He also wanted to see the Ostrowiec Steelworks project institutionalized through some local organization such as Unia, which could conduct similar work with other employee –owned enterprises.

In the midst of the problems I was having with OFR six months after Gedeon Werner departed as a result of the transfer of responsibility for the L-M Relations work in Poland and Hungary, I sent Gedeon a fax describing what had happened at OFR after he left from my perspective:

You will be happy to know that it *has* taken three people to fill your shoes. Ewa Springer, Steve Marler, and Larry Adams. At least that was my assessment when we met as a group in Washington in mid-October. [Beatrice Maestus could also be added to this list—until she left OFR to move to New Mexico]

Last week I was asked to write reports for Steve Marler at OFR outlining the various L-M activities which were planned for Poland and Hungary during the 1994-95 fiscal year. This information was needed by Steve to give John Ferch, Director of USDOL's Office of Foreign Relations, some information or talking points for his use at higher levels. It was also needed as a prelude to writing the work plans for 1995-96.

As you well know, this was a difficult assignment since I had not been involved with OFR between the time of your departure in April and my trip to Poland in September. For a while Larry Adams tried to fill both your project manager and his trainer roles, and whatever he did I was never informed about. At our meeting last month he stated that no train-the-trainer activity had taken place last year, and made some other assertions which I could not accept, based on my knowledge and our work together. I do not think you would have been pleased if you had heard them. Needless to say, I challenged him on his facts and knowledge of what had been accomplished on your watch.

Larry is a great guy and excellent trainer, but he is the wrong person to have planning the overall program. In our meeting he was acting like a typical consultant--which translates into "I have a solution, what is your problem." His solution for every problem is to offer a five day "partnership' training program which he developed when he was at ACAS,

followed by an elaborate train-the-trainer program which would keep him busy for the next year. Unfortunately, when I asked him what his 'Partnership' program consisted of and whether he could provide me with a set of the training materials to assess what it is he does, he said none existed except for a few overheads. Without a set of training materials or any other substantive information to determine just what he is offering, it is difficult to assess the value and appropriate uses of his program. \*\*\*

One other thing. Did you ever contact Adam Biela at CUL? My understanding is that Lynn Moses or someone else (Larry?) may have caused a serious breakdown in our relationship with them. I do not think the partnership training proposed by Larry (sans any substantive training materials like those prepared by Leona [Sibelman] and John [Fiscella]) is the best approach to institutionalize our program at CUL. (fax from GBH to Gedeon Werner Nov. 7, 1995)

On December 7, 1995, Ewa Springer sent me an email indicating that she had gotten the message. In her meeting that morning with Elzbieta Sobotka at the Ministry of Labor, Eva said that she had outlined the Ministry's thinking about some of the projects and how to proceed.

I talked with Elzbieta Sobotka this morning. I have a meeting with her on Monday Dec. 11th to talk about more details. She is very supportive of what we talked about yesterday. An organization that Gary was worried about is already in existence to an extent. It is called a Center for a Social Dialogue, and its primary focus was mediation, but Ela (that's short for Elzbieta) thinks that we could work on modifying it and adding a training component to it. The Center is intended to have a national and regional presence.

She also likes the idea of our meeting in Ostrowiec and she will attend it. She supports the idea to have two seminars, one a working seminar for practitioners that starts with "lessons learned" (that's Ostrowiec) and the other a national two-day one somewhere in April-May. Ela and I will prepare our working suggestions on Monday and then I will e-mail it to you. She also likes the idea of institutionalizing the training at one of the universities, but she thinks that we must first have a better understanding of the new legislation that is being introduced. So in summary:

1. We do Ostrowiec on the 20 of January or thereabouts
  2. We do Transec training in a much scaled down version and with clear indicators as to why we are doing this training and how it will support the establishment of the national LMR system, the proposed time to do Transec training is directly following Ostrowiec so not to spend extra \$ on travel back and forth to Poland
  3. We do a national seminar around April-May that does 3 things:
    - a) helps mediators, legislators, government leaders, employer organizations, and trade unions understand the portion of the new legislation that deals with the issue of mandatory mediation as a step in dispute resolution;
    - b) showcases achievements and gains made through DOL's LMR training, increases the level of awareness of the changing nature of LMR in Poland and the need for training of LMR professionals, LMR practitioners etc, and
    - c) leads to the development of a strategy for:
      1. institutionalization of LMR training at the national and regional level;
- and
2. institutionalization of LMR services (including mediation, training, negotiations, dispute resolution, and all kind of related issues)

So far all partners, the Ministry, The National Labor Office, Kloc, Biela, Solidarity, Ostrowiec, Transec, etc., seem to think that this is a good idea. Let's work on details. Will send notes from my meeting with Ela on Monday. Have a good weekend.

On December 18, 1995, Ewa Springer sent an email to Steve Marler with a two-page memo that she had prepared to send to the Deputy Minister who oversees Polish Industrial Relations, Nicholas Studzinski, at USAID (Elzbieta Sobotka's boss). Her memo to Studzinski included a three-page report setting out the status of all DOL projects in Poland from 1990-95, including the LMR projects that I had been working on. (email from Ewa Springer to Nicholas Studezinski, "Labor Market Transition, 1990-1995," December 18, 1995)

Some of the other projects included local labor office assessment, vocational counseling and training, creation of several employment service centers, creation of construction and craft skills centers in Warsaw and Gdansk with the assistance of the AFL-CIO, a white collar training center, and a number of other activities. The reason Poland had so many USDOL projects was three fold: (1) a large Polish community in America that supported such activity, (2) the fact that Solidarity had helped free Poland from Communist rule, and (3) the AFL-CIO had taken a personal interest in helping Solidarity.

Steve sent me a copy of Eva's December 18, 1995 email and wanted my input. Eva's memo reviewed the relationship between DOL and the Polish Partners in implementing the next stages of the Labor-Management Relations Program. It agreed with the overall objective of the 1994-95 work plan—"to develop and implement a nationwide labor-management relations system using non-adversarial, problem-solving approaches to collective bargaining and cooperative joint approaches to productivity and quality improvement and cost savings." The memo went on to say that DOL was preparing an annual specific work plan for FY 1996-97 and that "we believe that the overall objectives of the LMR project continues to be appropriate and valid. Therefore, USDOL would very much like to continue to work with its Polish partners to further develop and institutionalize a nation system of labor-management relations."

Ewa's memo then set out what DOL thought would be "the most effective ways to move toward establishing and institutionalizing the nationwide LMR system in Poland."

To finalize, summarize and make available, for modeling and education purposes, at the national level the experiences gained from the demonstration LMR training projects at the Ostrowiec Rolling Mill, the PKP, the FSO, the Regional Solidarity in Lodz, and other entities;

To assist the Department of Industrial relations at the Ministry of Labor and Social Policy (MLOPS) in holding a focus training session to review, analyze and discuss the proposed legislation that would establish new statutory and regulatory provisions that govern labor mediation, arbitration, and dispute resolution;

To organize a national level seminar that would be attended by public administration professionals, labor management specialists, trade union leaders, employer organizations, and members of the academia, and that would serve as a vehicle for developing the basis for the national LMR system; and

To work together with the Polish partners to build upon the results of the above activities to fully develop and begin to implement a cohesive and effective national LMR system. (memo from Ewa Springer to Stephen Marler, December 18, 1995)

Ewa's memo requested a response from the Ministry of Labor indicating whether or not they would support the proposed strategy, especially in preparing the seminar to discuss the proposed legislative changes in the area of dispute resolution. Her report also mentioned the "Re-employment Fund." She reported that this project was "currently under design. Its primary objective is to provide funding for locally developed projects to assist miners who are affected by the restructuring of the coal sector find new employment." (email from Ewa Springer to Nicholas Studezinski, "Labor Market Transition, 1990-1995," December 18, 1995) The circumstances surrounding the development of this Re-Employment Fund project are discussed in Chapter 8.

## **Part 4: Determining the future directions of USDOL's LMR technical assistance projects in Poland**

### **Workshop organized to discuss the future of LMR Projects**

On January 22, 1996, I received an email from Steve Marler with a copy of a fax that he had received from Eva Springer. Her fax had a draft copy of an invitation to be sent out to people and businesses that had participated in USDOL-sponsored LMR training. They would be invited to the seminar on employee ownership that would be held in February 1996. It also contained some questions that she wanted to have potential participants answer. Steve had sent me the email and wanted me to suggest any changes that should be made. I responded with a fax to Steve that same day, and a revised version of Ewa's questionnaire including my suggested changes and additions.

Throughout the next week, faxes, letters and telephone calls went back and forth between Steve Marler and other officials in OFR with Ewa Springer, Polish officials and myself concerning Ewa's memo about USDOL's LMR Project and what we were proposing to do during the coming year, and the status of the new Work plan for Poland that he was preparing, which had to be submitted to Jim Perlmutter, OFR's Assistant Director, by the end of the week..

On February 4, 1996, just prior to my departure for Warsaw to attend a workshop on the LMR training project in Poland, I received a note from Stephen Marler with his concerns about the upcoming meeting. Marler noted that the USDOL project only had seven or eight months remaining in Poland, since it was planned to end in September 1996. Consequently, what should be the focus of training in the remaining time? Jim Perlmutter wanted him to come back from the workshop with a list of priorities agreed to by all the parties about what should be done during the remaining time. Ewa and her buddy, Professor Kloc, wanted to "do an assessment," and "establish a Center for Social Dialogue," and not continue the training. Marler was worried that if that set of priorities was followed, the end of the project would come without anyone trained to carry on the American approaches we had been trying to introduce throughout the previous three years.

Marler concluded his memo by raising some questions for the group to answer, asking the participants what kinds of training they had received and whether it was useful; how it could be changed to be more useful; what should be the role of government and universities and the L-

M partners in LMR training; and finally, where and how DOL should be spending its time and money during the remaining months. Finally, Marker said he hoped that there would be enough time to get the answers during the workshop.

On February 6, 1996, I flew to Warsaw to attend the Workshop on the “Future Development of Labor-Management Relations Training in Poland.” My recollection is that Ewa Springer drove us through a blizzard to Ostrowiec, where the meeting was held: On Feb. 8, I discussed the background of our work in Poland entitled, “Objectives of the USDOL Labor-Management Relations Training Program in Poland,” to the Workshop participants.

We stayed at the site of the conference in Ostrowiec, a horrible “no star” place. The weather in Ostrowiec was very cold and snowy. I remember huddling around a little electric radiator trying to stay warm when carrying on a conversation with my fellow attendees, and then freezing at night with all the blankets I could find over me, including having a sweater and my socks on. My stay there was the coldest two nights of sleeping that I have ever experienced—save for spending a night in a sleeping bag in the snow up North Ogden Canyon during a Boy Scout winter camping experience during my youth.

The other thing I remember about our stay in Ostrowiec was that they served tripe soup at one of the lunch meals. I remember telling Stephen Marler that he would really enjoy tripe soup. But after one spoonful and he did not have kind words to say about it. Eating tripe tasted like chewing rubber bands. After that experience, I let him know that I call it “rubber band soup.” I had first tasted tripe soup during my mission in Great Britain.

After returning home from Poland, Stephen Marler asked me to prepare a draft of a revised work plan for the Poland L-M Relations program. I prepared it and sent copies to him and Jim Perlmutter on Feb. 14, 1996. In the weeks and months following our Ostrowiec meeting there was a blizzard of emails and faxes between Steve Marler, Ewa Springer and some of the rest of us concerning the future direction of the LMR program and the training schedules that Ewa had developed.

Ewa informed us that Elzbieta was planning to go ahead with the joint USDOL/ILO Warsaw seminar that we had proposed, and had contacted the ILO about their participation as well. She had also met with the PKP railroad union and management officials to proceed with the training for that enterprise, she was moving ahead with training for the Ostrowiec steelworkers, and she was enamored with Matt Boyce’s “brilliant idea” of an endowment fellowship—if done correctly. That latter activity also meant that she wanted to have her buddy Prof. Kloc from the Warsaw School of Economics conduct research on the idea and see what was going on at the major Polish universities in the areas of industrial relations and human resource management courses and programs. She said that by having him do the research it would “de-politicize the whole issue and ‘take the monkey’ off our back.” (Email from Ewa Springer to Steve Marler Feb. 16, 1996)

On April 2, 1996 I received a fax from Steve Marler (along with Larry Adams and Dick Coffee) with a copy of Ewa Springer’s proposed training schedule for LMR training in Poland. Steve wanted our input. The following day I wrote an email to Ewa Springer, asking a number

of questions about what had been happening during the preceding two months. Her reply, sent on April 5, 1996, said that “she had been so busy she had not been able to respond,” but promised to do so later. It was clear that Ewa was now running the show in Poland and was not interested in receiving my input or suggestions other than through Steve Marler.

## **Leading a U.S. delegation to Warsaw Seminar on Collective Labor Disputes**

On April 10, 1996, I sent an email to Ewa Springer, letting her know that I would be coming to Warsaw in 10 days to lead the U.S. team that would be attending the Poland mediation conference being jointly conducted by the ILO and USDOL on April 22-29, 1996.

Steve Marler called today to say that he wanted me to go to Warsaw for the Mediation Conference on the 22 and 23 of April to represent the DOL. He wants me to come to Washington on the 18th, and then leave for Poland with the rest of the group on the 19th. He also indicated that you would not be attending the conference. Will you be in town any time during the period from April 20 to 23? I would like very much to talk with you and review the proposed schedule of the LMR training currently on the table and discuss all the options for any other activity, including making training materials available, per my recommendation to Steve after our trip in February. (Email from GBH to Ewa Springer, April 10, 1996)

Six days later, on April 16, 1996, I received an email from Stephen Marler about the draft legislation to be discussed at the conference in Warsaw: He wanted any written comments that I had, based on the materials he had faxed to me, and needed my comments immediately so that he could fax them to Elzbieta Sobtka. I complied, and sent him a two-page email with my comments—most of which were quite critical of the draft document prepared by the Poles. I had concluded that it was very legalistic and not conducive to promoting an American or western-style dispute resolution system. It was clearly written by a law professor and designed to provide lawyers with lots of work. (Email from GBH to Steve Marler, April 16, 1996)

Two days later, April 18, I flew to Washington to join the others on our team and departed for Warsaw. Excerpts from my trip report provide the best account of who we were and what we accomplished while in Warsaw:

**Conduct of Seminar.** The seminar was held in the conference room at the Hotel Parkowa, and started at 10:00 AM on Monday April 22. There were about 50 people present (see the attached list of participants). Andrzej Baczkowski, Minister of Labor and Social Policy, opened the seminar. He was followed by Oscar de Vries, Director of ILO's Central and Eastern European Team, headquartered in Budapest. I followed Oscar, as representative of the USDOL

The remainder of the seminar proceeded as outlined in the attached agenda. Later, in the afternoon I chaired the session covering “Remarks regarding the draft of the Polish regulation in light of the American regulation and practices – with representatives of the USDOL and FMCS.”

**Assessment of the Seminar.** The presentation by Professor Michal Sewerynski of the University of Lodz was basically an explanation and defense of the legalistic and highly structured system of interest dispute resolution procedures proposed in the Polish



legislation. He was followed by Prof. Jan Wojtyla who presented the results of a survey on the new regulations in the proposed legislation.

The approach taken in the draft of the legislation was strongly, but diplomatically, criticized by Giuseppe Casale of ILO, all the members of our U.S. delegation in our presentations, Peter Richards of ACAS, and Maria Lado and Laszlo Herczog of Hungary. We all emphasized the importance of creating a system which provided for voluntary intervention at the earliest possible stage of a dispute and used conciliation (British style) or mediation (American style), to assist the parties resolve the dispute or impasse before it became necessary to use mediation (Polish style--which is more like fact-finding), arbitration, and labor court involvement in the disputes. All of the non-Polish speakers emphasized the importance of having a full time cadre of governmentally financed conciliation and mediation professionals rather than depending on private mediators whose services the parties would be required to pay for. Other points made by non-Polish speakers included: strongly criticizing the requirement that mediators had to be lawyers and the requirement that all demands have to be put in writing, urging them to provide for more flexibility, and suggesting that they specify more clearly just what the role of the Spokesman for Social Dialogue will be and how this individual and organization proposed would function in relations to the proposed mediation and conciliation service.

My assessment is that having Maria Lado and Laszlo Herczog of Hungary and Giuseppe Casale of ILO make the same arguments which we and the British representative made was most important, since the Hungarians are neighbors with a European outlook and the ILO is highly regarded. I think we did a good job of helping to educate them about alternative approaches, and pointing out some of the problems and potential defects which are evident in their proposed system. Unfortunately, Prof. Sewerynski and others like him are strong minded and have a very "continental" and legalistic view of this whole process, and they will probably push ahead with their current version. Although Prof. Sewerynski acknowledged that we had made some important points, I did not get the feeling that he had changed his mind in any fundamental way. Changes of the type we recommended will be made only if the minister, Elzbieta and some of the trade union and management people present were convinced by our arguments and are prepared to press for them.

**Evaluation of the delegation.** In my judgment, the American delegation did an excellent job. I served as the delegation leader, per your instructions, and functioned as spokesperson. Eileen Hoffman was the most effective resource person, followed by Bart Widom and Maureen Labenski. \*\*\* (Memo Trip Report from GBH to Steve Marler and James Perlmutter, OFR, USDOL, May 8, 1996)

I think my greatest satisfaction from the work I did in leading the American delegation at the Warsaw seminar came in the form of an email that I subsequently received from Stephen Marler on June 19, 1996. In his email Stephen asked me to send one of our team members a copy of my remarks given during the Seminar. I was pleased to know that someone liked what I did. Stephen said:

Maureen Labinski called me and asked if I would get in touch with you. She was very impressed by your initial presentation, at the workshop in Poland, when you presented the 5 principles. She has the principles but would like a copy of your notes that you spoke from because she thought the way you presented it was very eloquent. (Email from Stephen Marler to GBH, June 19, 1996)

I happily complied with his request and sent him two copies of my speech.

## **Meetings in Geneva with ILO officials to discuss LMR work in Poland**

On April 23, 1996, after we completed the USDOL/ILO Seminar in Warsaw, I traveled to Geneva for two days before going to Budapest. In Geneva I met with Ed Yemin, Chief of the Leg/Rel Branch at the ILO to give him a report on the Warsaw seminar on Collective Labor Disputes and to discuss any joint follow up activities that might be appropriate for either Hungary or Poland. We also talked about having some of the IBN, CBO and cooperative LMR training materials we had used in Hungary and Poland made available to the ILO for their possible use.

While in Geneva I also met with Werner Sengenberger, now the Head of the Employment Department at ILO, and gave him a report on the Warsaw seminar and other USDOL projects in the region. He briefed me on the ILO projects being carried out by the CEET staff in Budapest. He was interested in learning about how we were going to introduce an LED component into the USDOL Rapid Response project in Hungary, and I gave him a copy of the LED Guide that I had completed for the ILO COOP Branch, and that would be used in the USDOL Hungary project. He wanted someone from CEET to follow our work to see if there might be some applications for its use in other CEE countries.

## **Meetings in Budapest with USAID Evaluation Team**

Upon completing my work in Geneva, I flew to Budapest on April 25<sup>th</sup> to participate as an observer during a formal USAID evaluation of the Hungary Rapid Response Project by a team from Washington. In addition I met with Maria Heidkamp to complete our planning efforts for the introduction of an LED component as part of the Rapid Response Project, and talked to Ewa Springer (who was then in Budapest for a visit) about the status of our LMR projects in Poland.

Maria Heidkamp had asked me to participate in the meetings held with a USAID Evaluation Team that had been sent from Washington to evaluate the USDOL Hungary Rapid Response Project. Several excerpts from my Trip Report to USDOL provide some insights into how that process was carried out.

Upon my arrival in Budapest at 11:30AM on April 25, I went to the hotel and, after checking in, immediately walked over to the Ministry of Labor to participate in the meeting Maria had arranged to start at 1PM. She had several CLC [County Labor Center] representatives from five of the [pilot] areas served by the Rapid Response project meet with the AID Evaluation Team. In addition to the four evaluation team members (including Ewa Springer), two representatives of the Hungarian MOL, James Watson from AID Hungary, myself, and the interpreter were present. The meeting lasted from 1:00 PM until 3:00 PM. The group described their work and made very positive comments about the operation of the rapid response project. They stated that because of its success it is being expanded to the entire country by the MOL. The members of the group were pleased to learn of the reason for my visit – to help develop the LED component for the project – and stated how much they thought this was needed.

From 3PM to 4PM the AID evaluation team met with Maria Lado and Laszlo Herczog to discuss the Hungarian Mediation Service and the DOL involvement in helping to get it

started. They were very complimentary of our work, and indicated that the Service would be organized on June 1. I commented on how they had contributed significantly to the success of the mediation workshop in Poland and expressed our appreciation for their willingness to come to Warsaw earlier in the week to participate in the Seminar on Collective Dispute Resolution that we had co-organized with the ILO.

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On Friday morning at 9AM we met the AID evaluation team and James Watson at the AID office and listened to them make their concluding comments and hold a debriefing with Maria and James. My impression was that the team members were quite pleased with the DOL projects in Hungary, particularly the Rapid Response Project. \*\*\*

The AID team, and Bruce [Grogan] in particular, stated that they thought DOL should distill the wisdom and techniques that have been successfully used in the various LMR, Rapid Response, and other projects in Hungary and Poland (and, I assume Bulgaria as well), and make these available in either written form or through TA projects to other countries in the region. They really liked the fact that we had helped the Hungarians set up a Mediation Service and then had arranged for Maria Lado and Laszlo Herczog go to Warsaw and participate in the Dispute Resolution Seminar for the Poles. They saw this as a desirable form of dissemination of project outcomes. They also liked the idea of having training materials developed for use in Poland and Hungary made available to other countries.

On Saturday morning the AID evaluation team leader and Bruce questioned me about the proposal made in Poland of using LMR project money to create an endowed chair of industrial relations at a university in Poland. \*\*\*

In addition to answering the AID Evaluation Team's question about the endowment of an IR Chair, I also mentioned that we were considering another approach to institutionalize the LMR program in a Polish higher education institution. This would entail setting up an endowment to finance an ongoing university to university linkage between a selected IR or HRM department at a Polish university and an IR or HRM department at an American university. This is the concept that I have proposed earlier and outlined in my last report to you (Steve) in February 1996 after our workshop in Ostrowiec. (GBH Trip Report, Poland, Hungary and Geneva, April 18-27, 1996; GBH Trip Report to Steve Marler and James Perlmutter, May 8, 1996)

## **Meeting in Budapest with Ewa Springer to discuss Polish LMR Projects**

April 27 I met with Ewa Springer for two hours after breakfast to discuss all aspects of the USDOL LMR project in Poland. She reviewed her current proposed training agenda which included the following activities. (1) PKP: There would be some IBN training and train-the-trainer training for PKP Railroad that would occur in late May. In September there would be some follow-up training for the PKP IBN trainers. (2) Two training sessions would be held at Ostrowiec in June, first refresher training and then IBN training for 88 steel plants from throughout the country. (3) PKP would receive Interest-based problem solving. (4) A National Conference on LMR would be held in October to highlight the LMR project and IBN training focusing on that carried out at PKP and Ostrowiec. (5) Endowment of IR Chair at a Polish University. This would be made at the national conference. She clearly had in mind that this would be given to the Warsaw School of Economics, designating her friend Prof. Kloc as the first holder of the chair. Finally, I explained my concerns about the endowed chair, gave her some input and suggestions about some of her other proposals, and noted her failure to include

any training materials packages in her proposals. (Memo from GBH to Steve Marler and James Perlmutter, OFR, USDOL, May 8, 1996)

## **Part 5: Major changes occur in the way USDOL conducts technical assistance under SEED Act**

During the month of May 1996, several important developments in the operation of the LMR and other TA projects that were being carried out by the USDOL using SEED money in Central and Eastern Europe. First of all, it became clear to me that the USDOL needed to document for posterity what they (and we) had been doing in Central and Eastern Europe. Consequently, on May 14, 1996, I wrote a memo to Stephen Marler about the need to document OFR projects in CEE countries. Although Stephen was supportive of the idea, because of changes like those described below and changing priorities in the USDOL and OFR, we were never able to get the resources needed to carry out that important (in my judgment) project.

Several years later, as part of the CEE Regional project funded by USAID and carried out by Worldwide Strategies Incorporated (WSI), the successor contractor to Western States Multiservice Corp., Sydney Smith Heimbrock, previously one of OFR's project managers throughout much of the period that I had worked for OFR and now working as an employee of WSI, started to do something about documenting the USDOL work in CEE countries. But once again the money and time ran out and little substantive documentation work was ever completed. The only significant products or documents discussing outcomes of that project were the regional editions of my LED, Displaced Worker and Enterprise Restructuring Guides and Manuals that I prepared as part of this project, and the Final Reports of the various country Projects, plus a few other items that were included in the Closeout CD prepared by WSI for USAID as part of the regional project.

The second important change in the way things were done at OFR occurred in May 1996. That was the start of a switchover to outsourcing technical assistance work. Henceforth, OFR would hire a private contractor to provide the technical assistance work previously conducted in house by directly hiring people (consultants) like me, and a number of trainers hired directly by OFR. On May 16 I received an email from Stephen Marler informing me of OFR's new contracting arrangements:

While Bea was working here she proposed to John [Ferch] and Jim [Perlmutter] that OFR put together an RFP that would eventually get us a contract with a small business set aside. The idea is to have a contractor that would hire contractors like you two, that way we would not have to worry about the \$25,000 thing and it would cut down on the administrative work [for us].

Bea put this together and gave it to contracts. They have since released the RFP. Now that Bea is on maternity leave, I have been given the duties as COTR, oh joy.

Contracts called me this week and asked for a list of companies that might want to bid on this contract and a list of people the companies might team up with. Attached is the list of companies and people I have. Both of you are on the list.

I am not sure if you want to bid, or maybe team up with a company. I am not sure how the whole thing is supposed to work yet.

I wanted you guys to be aware of this. (email from Stephen Marler to GBH May 16, 1996)

The importance of this change cannot be overstated. It influenced all subsequent OFR technical assistance and training work in LMR and the other components carried out by USDOL under the SEED Act Labor Market Transition Project until it was ended several years later. For the previous two years I had worked directly for OFR, receiving my assignments from OFR Project Managers and being paid directly through OFR. Henceforth, there would be an intermediary between me and the OFR.

It is rather interesting to note that the logic for this change was primarily to ease the administrative burden on the OFR staff, i.e., reduce their workload, and paperwork. It would also allow the federal government to reduce their staff complement of permanent employees, and thus reduce the payroll and other costs—theoretically. This would also be a good political move for the Clinton Administration. But reality soon intervened. As I mentioned previously, it had taken three people to fill Gedeon Werner's place in OFR. Now it would take half a dozen people to complete the paperwork, file reports, make travel arrangements and do the other work that had previously been done by Gedeon and one or two clerks in OFR. Worst of all, there would be even more cooks in the kitchen.

By the time the SEED program ended, I suspect that the overhead costs for each OFR project was considerably higher than it had been under the old system. The only benefit I personally saw from the new system was that I received payments for my services and reimbursement for my expenses in a timely manner, instead of waiting four or five months as had happened previously. My ego was boosted a little by the fact that all of the contractors bidding on the USDOL LMR contract called and asked me to join their team.

Western States Multiservice Corp., located in Boise, Idaho, was the winning bidder on the outsourcing contract issued by OFR. At first, about all the new contractor did was become a conduit for paying consultants and trainers selected by OFR project managers to perform various tasks on their projects, much as they had done previously. However, over time the contractor's lead staff person, Ed Musselwhite, and his co-workers gradually began to assume more and more of the operational responsibility over the various projects, e.g., hiring project managers and consultants/trainers to provide technical assistance, as well as carrying out the administrative side of the work. This change created some additional problems once the contractor began imposing its own bureaucratic system and employing people who began to assert authority but lacked technical expertise to carry out the work OFR had requested. Since I had worked directly for OFR for well over two years, this change was somewhat unsettling as I tried to establish a suitable relationship with the new organization and its staff.

Fortunately, in a short period of time and at the insistence of OFR, the contractor began to realize my unique relationship to OFR and realized that they really needed me to continue the same role that I had performed for the OFR for the previous two or three years, and, accordingly, gave me the same responsibility and respect that I had been afforded when working directly for OFR. It was tough enough to work with Ewa Springer, DOL's on-site manager in

Poland. Now I had additional people from Western States to deal with -- still more cooks in the kitchen.

## **Consequences of having too many cooks and partnering with ACAS**

An example of some of the problems of dealing with Ewa Springer in Poland, Larry Adams in Washington, D.C., and Western States Multi-Service Corp. in Boise is illustrated in the exchange of a series of emails with Stephen Marler to me, beginning on Aug. 13, 1996.

I had raised concerns with Ewa Springer, Stephen Marler and Jim Perlmutter about hiring ACAS personnel from Great Britain—at the insistence of Larry Adams—to perform IBN and other training in Hungary, rather than using American trainers. After all, we were using American tax dollars to carry out our projects, and therefore American trainers should be used to train the local trainers who would then take over the work. Instead, Larry wanted to use his British friends, arguing that ACAS would pick up the salary tab for those trainers and it would save us money. In his email to me in response to concerns that I had raised, Stephen Marler said that he had raised my concerns with Ewa and Jim Perlmutter, and that they wanted to assure me that they would not “let ACAS steal the show.” However, in harmony with the USAID evaluation, they played up the need for leveraging resources, and “AID is using this evaluation as the bible. Furthermore, AID is cutting this program down some more for next year.” (Email from Stephen Marler to GBH August 13, 1996)

Ewa Springer, at the request of Elzbieta Sobotka, had initially wanted to use a proposed “Polish Center for Social Dialogue” as the group to become the source of Polish trainers and recipients of OFR help. However, because U.S. Labor Attaché Matt Boyce’s and Solidarity’s concerns about what the Center would be doing, (and probably over whether post-communist unions would also be involved as well) Ewa had opted to hire ACAS, at Larry Adam’s behest, to do the work instead. She justified her position in an email to Stephen Marler by stating that

ACAS will be, during their training, showcasing DOL’s achievements by assisting our newly certified IBN trainers from PKP and Ostrowiec in presenting a panel discussion on their experience with DOL’s IBN training. This way we get to be the sponsors of the event, but without the political risk of being too involved at least for now.”

The Center may or may not become a key player in the Polish industrial relations system, even Sobotka has her doubts about this so I think it would be best if we stayed a little to the side for the first few months, while keeping involved at the appropriate level and watching what happens next. (Email from Ewa Springer to Stephen Marler, August 13, 1996)

Ewa also had a “wicked plan” to institutionalize some of our LMR training capacity at Gedeon Werner’s Polish Management Center at the University of Lodz, where he had been working as its director (for the University of Maryland) since leaving DOL, to provide training to several other enterprises, particularly Trans-Ec, another employee-owned company that had requested DOL to provide them with LMR training, and then have them train some Solidarity and management people from the Sendzimir Steelworks, a 17,000 worker plant in Krakow, that wanted “a full training package.” She would then have her friend, Prof. Kloc from the Warsaw School of Economics:

“assist” her “as the person who knows and participated in the delivery of our programs and who also evaluated them. It would be also an excellent thing for him to do in light of our plans to consider him for the position of the [endowed] Chair. This lets us institutionalize the training, at the delivery level at Gedeon’s Management Center.”

Meanwhile I’ll keep a close eye on the Center for the Social Partnership ‘Dialogue’ and we will get involved if we need to. I have a very good working relationship with the center’s management and of course with Sobotka. So Gary need not worry that ACAS will get too much credit. I [will be] watching this very closely. (email from Ewa Springer to Stephen Marler, August 13, 1996)

After I talked to Stephen Marler again about my concerns of what Ewa was proposing to do, using ACAS personnel to do all the IBN and other LMR training in Poland, and she had responded like she had read my email to him, I wrote Steve an email about the situation:

“Thanks for your info on the developments in Poland and Ewa’s latest thinking. I hope you did not forward a copy of my last e-mail to Ewa. I will be a little less candid in the future if my comments to you are going to be given wide circulation.” (Email from GBH to Stephen Marler, August 13, 1996)

He responded to my enquiry with another email in which he said:

“Don’t worry, I did not forward your e-mail to her. I sent an abridged e-mail to her. I thought it was ironic that she said that you should not worry about her giving up the store because I did not tell her you said that.

I did show your e-mail to Jim though. He did agree with a lot of your points, but also said we are between a rock and a hard place with Matt and our budget. (Email from Stephen Marler to GBH, August 13, 1996)

In November 1996, Ewa Springer prepared a document for USAID’s office in Warsaw that included a summary of the objectives and status of the various SEED Act projects that had been carried out as part of the extensive USDOL’s Labor Market Transition Program in Poland during the previous four or five years.

It provided a good review of the range of components and projects initiated, and what had been accomplished on each one to date. It also included a summary of what had been accomplished during 1994-1996 in component No. 5, the first major project that I had been involved in, and activities carried out in component No. 1 as well as an introduction to the second major project that I would be significantly involved with in Poland from then until the closeout in 2000 of the Poland SEED financed programs, including the USDOL’s Labor Market Transition Project.

Ewa’s memo also set out the activities planned for the coming period (year?) for the six components of USDOL supported Labor Market Transition Assistance project:

1. Demonstration Re-employment Fund in upper Silesia - Fund to be operational by Feb.1, 1997.
2. Re-employment Advisory Center for Women (RACW) - First training program delivered by Jan.1, 1997.
3. The Construction Craft Training Centers in Praga and Gdynia - Draft self-sufficiency

strategy developed by March 1997.

4. The White Collar Skills Training Center in Lodz - Draft self-sufficiency strategy by April 1997, 200 graduates by Jan. 1998.

5. Labor - Management Relations - P.K.P. training fully completed by March 1997.

6. Employment Services - Draft strategy for turning the program over to NLO developed by April 1997. (Memo from Ewa Springer to Samuel Tadesse, November 18, 1996)

It is interesting to note that she did not have much activity for the LMR component, and she was somewhat overly optimistic about what would be accomplished with number 2, the Demonstration Re-employment Fund component in Upper Silesia. She had taken a personal interest in that project and it would prove to be her undoing, as discussed in Chapter 8.

The key programmatic objectives of the project are to: (1) help privatize the Polish labor markets, reform labor institutions, and develop effective social safety nets that will lessen the effects of worker dislocation and enhance labor mobility; (2) empower individuals and firms to contribute more productively to market economies through training programs that teach workers and employers the knowledge and skills needed for efficient decision-making; and (3) leave behind sustainable non-governmental institutions that will have strong impact on job creation in collaboration with other institutions. Accomplishments of the project under each of its component activities were [then set out].

(Memo from Ewa Springer to Samuel Tadesse, November 18, 1996)

Several days later, on Nov. 21, 1996, Ewa Springer sent a memo to OFR Director John Ferch in which she discussed the FY1997 budget and the phase-out strategy. The Poland Country Team of Suzanne Olds, AIDREP, Debbie Prindle, USAID Poland Program Officer, John Cloud, DCM at the American Embassy, Matthew Boyce, Labor Attache, and Ewa Springer, whose title was now USDOL/ILAB Field Director.

She said that while a general agreement “seems to have been reached in regard to the Modified FY 97 and FY 98 Country Team Funding Proposal, .. several significant issues were raised during the meeting.” The Country team wanted resolution to these problems prior to making a final recommendation as to the DOL budget for FY98.

The major issues were:

1. Self-sufficiency of the Craft Training Centers
2. Long term management and cost efficiency of the proposed endowment for the Labor Management Relations project;
3. The future of the re-employment fund in light of the current slowdown in the negotiation of the World Bank loan for the restructuring of the [Polish] coal sector; and
4. The duration and overall role of the ILAB Field Director position in the implementation of the USDOL phase-out strategy. (memo from Ewa Springer to Ambassador John Ferch, November 21, 1997)

No. 2 and 3 dealt with the components that I had been working on for the past three years or would be working on in the coming years, and No. 4 reflected Ewa’s concerns about her own future when the USDOL Labor Market Transition Program began to phase out.

The first item on her list, self-sufficiency of the Craft Training Centers, was an interesting problem. The Centers had been started under the auspices of a sub-grant made by USDOL to the AFL-CIO. The U.S. construction unions wanted to help their Solidarity brothers in Poland



create centers to teach their members the skills they would need to function in the post-communist era. From the outset, Americans were managing and serving as trainers at the centers, and all costs were borne by the sub-grant. Trying to figure out how to eventually transfer the centers to the Poles, make them sustainable once the grants ended, and determine who would eventually take over the responsibility for their ownership, management, and financial support on a sustainable basis were serious problems with no good answers.

The second item, long-term management and cost efficiency of the proposed endowment for the Labor-Management Relations program, was another issue of considerable concern. Over time, this issue was resolved by dropping the endowment idea and moving to the solution that I had proposed earlier, establishing a linkage between a U.S. and a Polish university to help the Polish partner develop an American style graduate-level Masters program in Industrial Relations and/or Human Resources Management. How this latter approach came to be adopted is discussed below.

Ewa Springer sent an email to Stephen Marler on December 15, 1996, that provided an update on the LMR training then underway in Poland. First of all, the NSZZ (Solidarity) Postal workers were to receive IBN training, subsidized by USDOL funds, through Gedeon Werner's Management Training Center at the University of Lodz. This would help develop LMR training capacity at that center. Next, she informed him that her "wicked plan" to have LMR training at the big Sendzimir steel mill had fallen through. Seems that the British ACAS was not able to secure funding for their costs—as they had originally promised. So, now, Ewa was asking the U.S. to pick up the \$5,000 tab for the ACAS costs. Seems like my original concerns about partnering with the British ACAS were rapidly being borne out. (Email from Ewa Springer to Steve Marler, Dec. 16, 1996)

In mid-December 1996 I traveled to Hungary to conduct some LED training for Maria Heidkamp and the USDOL Rapid Response Project. While in Budapest I spent one morning going to the ILO CEET office to see some people there, and then went upstairs in their building to talk with Maria Lado, the woman from the Hungary Ministry of Labor who was arranging for the training of 80 new mediators as part of our LMR program. The training would be held at the ILO Training Center in Turin, Italy, in January 1997. I talked with her about the course content and arrangements, and determined that everything seemed to be in order. (email from GBH to family, December 21, 1996)

Things were pretty quiet for the next two months while I began collecting data and information from Gedeon Werner and Ewa Springer about the timing and sequence of LMR and other training that had been taking place at FSO, PKP, Trans Ec and the other public sector enterprises, so that I could write the paper I planned to present at the IIRA European Regional Conference in Dublin in August 1997. Time was of the essence, since I needed to have the paper completed by March 1 in order for it to be published before the actual meetings were held.

In an email I sent to Ewa Springer on Feb. 18, 1997, I included a list of questions that I wanted her to answer. Some of my questions were: what is the status of the proposed endowment to establish an endowed chair at a Polish University in IR, or to start a graduate IR or HRM program; had Prof. Kloc done an interim study on our LMR training activities; had there

been any follow up on the creation of the Polish dispute resolution and mediation services, etc.?

On February 21, 1997, I received a fax from Gedeon with answers to many of the questions I had asked him. Gedeon also sent me copies of the two documents containing the 1993-4 LMR programs designed for Poland and Hungary,

In Poland, the program had started earlier, 1992 and 1993, with pilot projects focused on developing a restructured, non-adversarial and tri-partite industrial relations system. In 1994, there was a continuation of plant level tripartite training program in new methods of non-adversarial dispute resolution and collective bargaining (IBN) in specific industries and regions; demonstration projects and train-the-trainer projects carried out, including the development of a cadre of IR specialists to be placed at the Foundation for Social Dialogue; negotiator training provided for public sector negotiators; and mediator training conducted.

In Hungary the program started with a diagnostic mission to Hungary followed by a study tour of Hungarians coming to the United States beginning in October-November 1993. Other projects included introducing Interest-based Negotiations and train-the-trainer programs in IBN; cooperative labor-management relations training; seminars on dispute resolution training; and training in contract administration.

Gedeon's fax was very helpful and provided some candid observations about the early period of the USDOL LMR work that he had started in 1993 and we had worked together on in 1994 and 1995 in both Poland and Hungary.

You are right that it might be difficult to find a substantive story to tell. Why? I guess nobody had really cared to evaluate and assess it. The only hope I can see is in Prof. Kloc's early assessments.

A little history: This project has never been one of AID's favorites. I guess AID has never been fond of the workers, the union and the Solidarity. There were other AID-sponsored projects with Solidarity, but in 1993-4 they were sponsored by big U.S. unions. For example: Construction Skills Training Center has the backing of Ray M[Donald]. And he has fought many battles to support that project. LMR has never been associated with any of the unions, neither should it be. But it was kind of a lonely fight. As you recall, at that time (early and mid-nineties) Solidarity was fading and there was a push to include the other Polish Union (post communist). We had to fight many battles (OFR, I and then Labor Attache, Patrick LaCombe) not only with AID Washington but also Warsaw. ...That was also the time that DOL's BLMRACP/American Workforce, etc., was falling apart. Great environment to promote LMR overseas, huh?

Has the project taken a downward spiral? Yes, it did. Why? I think that in those days (I sound like an old man) all the OFR people had more guts and fun doing interesting things. We truly had fun doing it. And we all were true hustlers. Yes, we made mistakes but there was enthusiasm. And I mean it. Each of us had our own way of doing programs but we listened carefully and worked closely with the Embassy. I think Ewa had different priorities and a different way of doing things. She has never worked closely with Labor Attache (Matt Boyce), still at the Embassy ... And to her credit, probably AID priorities have changed and social peace was taken for granted. Ewa, in my view, wanted to play a role at the policy level and I was at the grass- roots level. Nuts and bolts level, you may say.

What were we supposed to achieve? I will fax you a copy of the project description that explains it. In a nutshell we hoped to foster cooperative labor-management relations at the local level and work our way through regional and national levels. We had initially identified sectors (PKP, Construction, Public Sector, Automotive) and selected a company to work with. We organized the training. The participants were the company, the regional reps (Union and Management) and national reps., i.e., Automotive Sector local company, FSO in Warsaw, regional Mazowize Solidarity Union rep. national; Automotive Section of Solidarity and Employment Association. The idea was to go across the industry and geographic structures. Similar arrangements existed for PKP. The Public Sector was a failure. If I recall correctly we conducted only one training. You know what happened with the Construction Sector.

But I think that there has been some success here. Ostrowiec is one example. I do not know what has happened with them since I left but I hope they are doing still O.K. PKP is another example. Henry told me once that they were able to return to the negotiation table after a three-month impasse only due to the IBN training. Was it true? Today I still do training for them. Why? They are undergoing a tremendous restructuring and that includes their training department. They are outsourcing many activities and that includes their training dept. Why? Probably for the same reason Western companies do -- money and quality. My trainers are familiar with IBN; they were trained by DOL in a few of Ewa's training programs. We are using the DOL materials and spreading the world. And I tell you, it is a hot subject. We are busy.

We also were set to create an army of "Change agents." People trained in IBN who would "spread the news." They were supposed to work first at their companies and then possibly to do training in different companies. I do not think that we succeeded in that simply because we never truly followed up to make them true trainers and left them somewhat on their own.

Finally, we were also supposed to train a cadre of mediators and we have done this. Now, another question is what did the Poles do with them? Many are still busy mediating (Kloc, Budzyk, etc.). I tried to stimulate interest among Poles to create an organization similar to the SPIDER [in the U.S.] but everyone was busy doing mediation and other things and this idea bit the dust. But I think that the training has been a major success and we at least stimulated a discussion on the highest level (Conference in Warsaw that Sobotka pushed for after the Hungarian Conference). But you would need to go back to Elzbieta Sobotka; she would know best that happened there. (Fax from Gedeon Werner to GBH, Feb. 21, 1997)

In his fax, Gedeon Werner also commented about the fact that trainers from his Management Center (PAM) in Lodz had gone to the IBN Train-the-trainer program organized by Ewa Springer and were going to do training for Trans Ec and the Solidarity Union's Construction section. Finally, he said that the training at the Foundation of Social Dialogue was organized for the Postal Service (labor and management). "It was a great success. I think 27 people participated." (Fax from Gedeon Werner to GBH, Feb. 22, 1997)

When I did not receive a response to my February 18, 1997 email to Ewa Springer I sent her a fax containing the contents of my first email. Several weeks later I received an email with her reply. She said that her email had been down and she was unable to respond earlier. Unfortunately, her eventual reply did not have any date on it, so I am not sure whether it came in time to be used in writing my paper for the Dublin Conference.

Fortunately, Ewa did eventually supply some useful information about the training that

had taken place:

- (1) Training was carried out for PKP by ACAS at the Center for Social Dialogue, including refresher training on IBN and training 4 of their(PKP) trainers and some of Gedeon's trainers, with all objectives being accomplished. Additional IBN train-the-trainer training would be done for PKP;
- (2) ACAS, with the assistance of IBN trainers from PKP did two training sessions for DOL for the steel industry from all over Poland, and for the Sendzimir steelworks in Krakow.
- (3) Trainers from Gedeon's University of Lodz Management Center did some training for the Postal Service on DOL's behalf; trainers from PKP, Ostrowiec, and Gedeon's shop did some training at the Center for Social Dialogue in IBN; and
- (4) Dick Coffee completed his work with the Ostrowiec Steel Mill worker owners, and had helped them bring in a marketing specialist and help them develop a marketing strategy. Ewa also said that Ostrowiec was still operating in the black, thanks to our help. (Email from Ewa Springer to GBH, no date)

Unfortunately, Ewa did not answer seven of my thirteen questions, including several important ones such as what was the status of the proposed endowment to a Polish University to establish a chair in IR or to start an IR or HR graduate program.

## **Part 6: Efforts to Establish a University Strengthening Project at a Polish University**

Sometime during July 1996, Ewa Springer must have had a meeting with representatives of one or more Polish universities at which she discussed the potential for cooperation between the institutions and the USDOL for the purpose of establishing a Labor Management Relations chair at a selected higher education institution in Poland. That was originally planned to be an endowed chair—endowed with funds provided by the U.S. Government. Despite Ewa's best efforts, that original concept never got very far off the ground. Over time the original idea was abandoned, and it was not until 1997 that a new approach to facilitate the development of labor-management relations programs in Polish universities was developed—one that focused on partnering a U.S. university with a Polish university to help start a L-M Relations graduate degree program at the selected Polish institution. This was my contribution to the discussion.

On March 3, 1997, I had a call from Jim Perlmutter about the change in OFR's thinking about the endowment idea for a chair of Industrial Relations at a Polish University. He told me that the current thinking was to accept my idea and establish a partnership between a Polish and American University. First, establishing the criteria for the partnership; e.g., raise private funds, provide IBN training, outreach to business firms and unions; and establish a graduate degree program in HR/IR. The grant for technical assistance would be made to a U.S. university to run it with possible exchanges of students or faculty between the two partner universities.

The decision to move ahead was included with a letter sent out by Ewa Springer to the Polish Undersecretary of State, Ministry of Labor. Her communication and a meeting agenda were sent out after the March 12, 1997 meeting held in Warsaw to discuss the creation of the endowed chair of Industrial Relations at a Polish university. Interestingly, Ewa's letter and agenda did not reflect the impending shift of USDOL's latest thinking about what would be done

to establish some IR or HR programs in a Polish university. The letter merely invited the recipient to a Meeting to be held on April 11, 1997, “to establish, in cooperation with a selected Polish higher learning institution, a Chair of Labor-Management Relations.” (letter from Ewa Springer to Undersecretary of State Zhibniew Cieslak, March 13, 1997)

The reason for the shift away from the endowed chair was reflected, in part, by two developments that occurred in the Spring of 1997: (1) the decline in the AID Country Team funding proposal for the DOL FY97 Inter-Agency Agreement (IAA) from \$886,000 to \$731,000, with the difference of \$155,000 coming from the proposed change in the funding level for the Labor- Management Relations Projects, and (2) the availability of funds needed in FY97 and FY98 to start the long planned phase one of the implementation of the Re-employment Fund, later changed to the “Model Services for Dislocated Worker Project.” (The full story of how the Re-employment Fund project metamorphosed into a Dislocated Worker Adjustment Project is discussed in Chapter 8.)

USAID reaffirmed that it had budget from the FY97 and 98 sufficient funds to provide \$2.5 million for the implementation of both phases of the project.” (Memo from Ewa Springer to Jim Perlmutter, May 2, 1997).

A November 14, 1996 meeting attended by Ewa Springer made the reduction in two specific projects: the LMR Endowment of a University Chair in IR and the Re-employment Fund. The reduction in funding for the chair was made as a result of the fact that Suzanne Olds, Director of USAID in Poland, did not want the monitoring responsibilities that USAID would acquire as a result of setting up an endowment fund. Embassy DCM John Cloud proposed an alternative approach -- that the USDOL investigate whether supplemental funding could be obtained from the private sector. According to Ewa’s May 2, 1997, memorandum to Jim Perlmutter at OFR, at the conclusion of the meeting Suzanne Olds wanted to see “a full proposal of how DOL is planning to develop this project under the changed approach that does not involve setting up an endowment.” (Memo from Ewa Springer to Jim Perlmutter, May 2, 1997)

## **The endowed chair idea was finally put to rest**

In a July 23, 1997 memo from Ewa Springer to Jim Perlmutter, she set out in draft form the reasons for the demise of the endowed chair and what replaced it. Ewa wrote the draft memo as a response to the USAID draft cable “Reftel: State 128316” that was sent to DOL. In her memo, Ewa said the following about the LMR programs:

### **2. Labor Management Relations**

USDOL does not perceive it necessary to engage the services of the same retired USAID Project Design Officer to also assess the needs of relevant Polish universities who are candidates for the linkage with a U.S. university under the USDOL's Labor Management Relations (LMR) program. It appears that USAID perceives the USDOL's efforts to establish the US/LMR Chair at a selected Polish university as a new activity. In actuality the effort to establish the LMR Chair had been proposed by USDOL, after extensive consultations with several key universities in Poland, as a part of the USDOLILMR Project close-out strategy and submitted to USAID along with the FY 1996 budget request. This concept constitutes an integral part of the approved FY 96 IAA which is

reflected in the LMR FY96 Work Plan.

Subsequent to the signing of the FY 96 IAA, USAID opposed the establishment of an endowment fund citing organizational and financial obligations as prohibitive. Following USAID objections to the setting up of an endowment, USDOL proposed an alternative strategy through a competitive process in which a partnership of a U.S. and Polish university would be awarded a grant to establish the LMR Chair. From the perspective of USDOL there is no need to engage in an extensive and costly effort to evaluate the interest of Polish universities, as their interest has already been assessed by DOL prior to including of this effort as a part of the close-out strategy. USAID has not responded to the proposed alternative strategy and seems to react to this effort as if it were an entirely new funding request.

As a result of what appears to be a misunderstanding, USDOL has had to suspend, for almost a year, any activities related to this part of the LMR project. USDOL would like to take this opportunity to clarify this issue and be allowed by AID to pursue the alternative strategy for the establishment of the LMR Chair. The immediate next step in this process would include a one-day meeting with the representatives of the selected universities to discuss and agree on the criteria to be used as a part of the Request for Proposal process. The Labor Attache and USAID representative will be invited to participate in the meeting.

## **Final phase of USDOL's University strengthening project**

On September 15, 1997, I received an email from Stephen Marler stating that:

Finally it looks like we are starting to move forward on the Polish (University) project...[Ambassador John] Ferch wanted to go to Poland and meet with the universities during the week of October 20. I am going to see if Ewa can schedule it for October 21. It will be me, you and Ferch would like to set up a conference call with you, us, and Dan Murphy (who runs the procurement shop) to discuss whether we should just have one grant that is awarded to an American University or two grants (one for the American University and one for the Polish University. (Email from Stephen Marler to GBH, Sept. 15, 1997)

Stephen Marler sent me a list of questions that he thought the perspective universities should respond to as part of the RFP that would be prepared. He wanted me to review the questions and get back to him so that he could have them translated before the October meeting in Warsaw. (email from Stephen Marler to GBH, September 15, 1997)

On October 8, 1997, I received another email from Stephen Marler concerning our October 21 meeting in Warsaw to discuss the university grant proposal. He said:

I was working on the grant proposal, but did not get it done. I began thinking that we could not have it translated into Polish and let the University Reps see it because they will be bidding as a team with the American University. If they were to see it early, there could be problems down the road.

He then asked me to "begin working on what tasks the University should work on and what should be the final outcomes of these tasks." Finally, he said that he would use my inputs to develop the statement of work for the RFP, and that he wanted to have the RFP ready when we went to Poland. At the meeting with the Poles, he planned to have me:

present what DOL thinks should be done under the grant and the final outcome and then have the Polish University reps give us feed back and their opinions. Based on their feed back, we can modify the statement of work and get it into contracts by the end of October.

The following day Stephen Marler called to tell me what the four items on the agenda for the Warsaw meeting would be:

1. Why a grant and not a Chair
2. Background of LMR program in Poland by GBH
3. What DOL needs to be done
4. Open the meeting to Polish Universities for their comments and suggestions.

After the meeting, John Ferch would go to Krakow on Saturday (to buy some Christmas ornaments). On Monday he would meet with USAID, and on Tuesday he would meet with DCM John Cloud at the Embassy. On Wednesday he would return to Washington. (GBH notes of telecon with Stephen Marler, October 9, 1997)

My agenda was very crowded during the following days before departing for Warsaw, plus I was teaching classes at USU. I was also trying to write the documents requested by Stephen Marler for our Warsaw trip and writing some documents for John Ferch. I was also receiving telephone calls from Stephen Marler, John Ferch and Jim Perlmutter about the upcoming Warsaw meeting with university reps, but also including discussions with John Ferch and Jim Perlmutter about the troubled Re-employment Fund Project which had been on the back burner for some time, but was now being placed on the front burner, and was on John Ferch's agenda for his meetings in Warsaw with USAID and John Cloud at the American Embassy. On October 16 I sent John Ferch a copy of a "quick and dirty first draft of a paper that he might want to use as part of the discussions with John Cloud and USAID in the meeting on Monday, October 27." (Fax from GBH to John Ferch, Oct. 16, 1997)

October 20, 1997, I sent a fax to Stephen Marler with a "three-page paper containing my first cut at outlining what we expect to be accomplished by the Polish University that receives the IR program strengthening grant from USDOL. It is unedited so it may need some additional work." (Fax from GBH to Stephen Marler, Oct. 20, 1997)

On October 20, 1997, I flew to Washington, D.C., the first leg of my eventful trip to Warsaw. The trip had two purposes, first to meet with the Polish University representatives to discuss the LMR university linkage project, and secondly to meet with USAID and Embassy officials to discuss the future of the proposed Re-employment Fund project. My trip report sets out in some detail the events that transpired as part of this trip, but I have included in this Chapter only those excerpts that cover the meetings we had with the Polish University representatives. An account of the meetings dealing with the REF project is included in Chapter 8.

October 24: John, Steve and I met with Ewa prior to the meeting with the Polish university representatives and then met with that group and Matt Boyce until 3 p.m. The representatives of 4 universities were present (Warsaw School of Economics, Warsaw

University, Lodz University and Jagellian University) We explained the purpose and objectives of the project and invited their input. The group were very enthusiastic about participating in the project and asked a number of questions about how it would be implemented. We answered the questions and indicated the procedures to be followed in awarding the grant. A lunch break was taken, and while they were at lunch we discussed the matter among ourselves. Upon reconvening, I spelled out just what the primary objective of the program would be: to start a post graduate masters level degree program in Industrial Relations and/or Human Resource Management. After further discussion, we ended the meeting and agreed to send them a summary document in which we would try to capture the essence of the meeting and issues discussed, plus provide them with a time frame for the Statement of Grant Application (SGA) process and any other information we thought they might need.

October 25-26: I prepared a document containing the information Steve Marler had collected in his capacity as note taker during our LMR meeting with the Polish university representatives plus additional information the OFR wanted to convey to the Polish universities prior to the official release of the SGA. I also revised the USDOL Adjustment model summary paper I had written for John to reflect the input received at the REF meeting.

October 27: John, Ewa and I met at the USAID office. While there John prepared a letter to go to John Cloud, DCM, and William Frei containing John's summary of the REF meeting and the steps the OFR/USDOL is prepared to take if the Embassy and USAID want to continue the project. While John prepared his letter to the DCM, I wrote the summary document we had agreed to prepare for the Polish universities as a follow up to our Oct. 24 meeting. The new document incorporated John's suggested outline and input plus previous notes from Steve and additional information from my list of expected outcomes for the LMR project. Ewa wrote a cover letter. John Ferch reviewed the drafts of Ewa's letter and the summary LMR document and then left. Late that afternoon we faxed them to Steve Marler in Washington for Steve's review.

During the afternoon, I interviewed Ewa to learn what information she has in her files to help me document the work that has been done on the LMR project from February 1996 to October 1997. She has some information, but much of it is in Polish. (It will have to be translated into English before I can use it.) I listened to Ewa while she expressed her thoughts and feelings about the REF project and her work in Poland.

October 28: Departed from Warsaw. Arrived home at 11 p.m.

On December 3, 1997, I received an email from Stephen Marler with an attached copy of the draft Request For Proposal, or the now-called Statement of Grant Application (SGA), he was preparing for the University Grant proposal that we had agreed to prepare subsequent to our trip to Warsaw in October 24, 1997.

Attached is my first draft of the RFP. Go ahead and make any changes you think are needed. I may have been too tough in some of the later sections. After you are finished, send it back to me with a note summarizing the changes you made. I will go through it again, give it to Jim to look at, send it back to you for your final blessing, and then give it to the procurement office. (email from Stephen Marler to GBH, Dec. 3, 1997)

The RFP was sent out early in the spring of 1998. I received calls from several of the bidders seeking clarification about some of the information on the RFP. One American university was concerned about what kind of a degree we were seeking to have created in the partner Polish university. I informed them that what we hoped to see was the development or



creation of a master's level degree in IR or HRM. However, we knew that it would have to fit in to the academic structure of the institution. (Email from Adrienne Eaton to Stephen Marler, April 13, 1998)

Once the grant proposals were submitted to OFR by the prospective grantee institutions in the spring of 1998, I served on the OFR Review Panel with Sydney Smith and one other person to rank the proposals. Then I prepared some additional questions for submission by Stephen Marler, the LMR project manager, to the universities submitting proposals, as part of a "last and final process." These tasks were completed in July and August 1998. I described my work in my letter to Virginia Stacey of Western States Multi-Service Corp:

My work consisted of (1) preparing for and serving as part of a technical panel reviewing the LMR university-strengthening project proposals received by OFR. In August the panel held two teleconferences with representatives from the two universities submitting proposals to answer any questions they might have and provide them with feedback concerning our original review of their proposals and the written follow up questions we had prepared for submission to them by the USDOL contracting officer; and providing other consulting assistance on this project to Stephen Marler, the LMR Program Manager. (Letter from GBH to Virginia Stacey, September 3, 1998)

On November 6, 1998, I received an email from Stephen Marler requesting my help "by writing up something that will meet the requirements below on the LMR program in Poland. You are the only person around that was working on it from the start." (Email from Stephen Marler to GBH November 6, 1998) Stephen was referring to the following email he had received from Jim Perlmutter requesting his help

in developing an ILAB technical assistance capability statement which we can use to market ourselves and include in proposals or bids on new project activities. The Secretary and DepSec [of USDOL] are strongly committed to raising the Dept's international cooperation profile. This will also help us insure that we don't have to reinvent the wheel every time we try to bid on a new project—thus saving time and money, and making sure we accurately and fully represent ourselves to funding agencies. We need your help. (Email from Jim Perlmutter to Stephen Marler, Nov. 6, 1998)

Several months later in March 1999, I provided technical assistance and met with OFR officials to determine the next steps to be taken after OFR had received the written comments on the USDOL-proposed revisions to the LMR project work plans prepared by Rutgers and Loyola (Chicago) universities --the two successful U.S. university bidders. A letter was drafted by OFR to convey the group's decision. (Letter from GBH to Western States Multi-service Corp., March 31, 1999)

On March 11, 1999, I received a fax from Lucian Gatewood, the financial guy at OFR. He sent me a copy of an email that OFR had received from Rutgers. He, Jim Perlmutter and Stephen Marler would be meeting soon to discuss the next steps in the Grant Award Process, and wanted my input in preparing for their meeting. (Fax from Lucian Greenwood to GBH, March 11, 1999) The appropriate section of his email to Jim Perlmutter follows:

I have sent your memo to the IR Module director in Poland, Wreslawa Kozek. Her initial reaction seems to be a preference for our original plan, oriented more toward the "post-

diploma" credit program. I think your preference for the development of an extension program makes sense from your perspective, but I'm wondering if you could give me some background to that focus -- why did you decide to emphasize that over the original idea of a Master's program? (Memo from Lucian Gatewood to Jim Perlmutter and Stephen Marler, March 5, 1999)

That is the last communication I have in my files about the LMR Universities strengthening project in Poland. My recollection is that Rutgers University won a grant in partnership with the Warsaw School of Economics. Loyola University of Chicago won the second grant in partnership with the University of Gdansk. As I recall, each grant was for \$150,000, considerably less than the original amount sought for the Endowed Chair.

The Hungarian LMR projects came to an end after the mediation training was completed, and little is known about their success or continuation in subsequent years.

By this time, I was fully engaged in the design and implementation of USDOL's Labor Redeployment Project for miners in Katowice, Poland, and in designing and implementing the USDOL Adjustment Model components in other USDOL Projects in Hungary, Bulgaria, Romania and Macedonia. These activities and projects are discussed in Chapters 6, 7, and 8.

## **The LMR Technical Assistance Projects in Poland and Hungary: Ten Years Later**

On January 25, 2008, I sent an email to Stephen Marler, who was still at the OFR in Washington, D.C., and Gedeon Werner, now director of the PAM Center at the University of Lodz, seeking any information they might have about the success of the DOL's University Strengthening Project in Poland. My email to those two individuals follows:

Dear Stephen and Gedeon,

At the present time I am writing my memoirs, and have just completed a rough draft of the Chapter on the LMR projects in Poland and Hungary from 1993-1999. (72 pages). The last items that I found in my files state that the University Strengthening project in Poland resulted in two grants, one to Loyola University and the University of Gdansk, and Rutgers University and the Warsaw School of Economics. These grants were awarded in early to mid-1999. I have nothing after that time.

What I want to know is what was the outcome of these grants. Did both Polish universities actually develop master's level degree programs (or any other types of programs or activities) as a result of our efforts? Stephen, do you still have any documents (at OFR) or recollections about the outcomes? Gedeon, since you are still in Poland at the Management Center at Lodz University, what knowledge do you have about our efforts? Have you had any contact with either university, or their IR/HRM programs since you went back to Poland? Is Lodz still conducting IBN and other forms of training that were carried out by your staff? Do you have a degree or extension programs in the IR/HRM areas? Is Ewa Springer still in Poland? If so, what is she doing these days?

Any information or help that you can provide would be most appreciated.

By the way, both of you are significant players in the story that I am writing.  
Best regards,

Gary B. Hansen

Stephen Marler responded by sending me copies of a follow-up study conducted by Gedeon Werner's PAM Center at the University of Lodz. It consisted of telephone surveys carried out in Poland and Hungary. Unfortunately, the survey by the PAM Center did not generate much information about the University Strengthening Project in Poland or LMR projects in Hungary .

The response from Stephen Marler also contained some fascinating, candid information about the situation in OFR and some of my former colleagues since I retired in 2004.

Gary,

I am sorry to hear about your health issues. I am glad that you are still active. Here are some answers to your inquiries.

Sydney is a big wig SESer at OPM [Office of Personnel Management] here in Washington. She has been here about two years now, and in that time I have seen her once. I have tried to contact her many times, but she does not respond. I guess she is very busy. She has two kids now.

Jim P still lives here. He works for [?]as a consultant. It is actually a defense contractor ( I can't remember which one) that places personnel in federal agencies. He manages the contract staff at HHS.

OFR is dead. Ever since the Bush administration came on board our focus has been more and more on trade and trade countries. A year and a half ago we went through a reorganization to reflect this priority. OFR was combined with two other offices to create the Office of Trade and Labor Affairs. The office has three divisions. I work in the division of Trade Adjustment Administration and Technical Cooperation. We only have 12 staff member left. Our boss is Celeste Helm, you would not know her. Actually, I do not think there are many people left here that you would know. I now hold the distinction of the longest serving project manager in ILAB. Not that that means anything. We still do some technical assistance projects, primarily managing those projects that we funded in 2003, 2004, 2005 when we had money. I have a coal mine safety program in Ukraine, a labor law reform and compliance project in the Southern Africa region, and HIV/AIDS education in the workplace program in various countries.

We get money from state [State Department] for improving labor law systems in support of CAFTA, and a little bit of money to support the Middle East Partnership Initiative. We no longer have any employment services type programs. All our programs are geared towards labor law improvement and enforcement to support trade agreements and trade preference programs.

The biggest program in ILAB now is the child labor program that receives 50 to 60 million a year thanks to Senator Harkin. They are by far the biggest office in ILAB now.  
Steve

On Feb. 17, 2008, I received the following email from Gedeon in response to my email:

Hello Gary. I admire your persistence. Unfortunately, I do not have much more to add beyond what Steve has said (It was done after I left DOL). When doing assessment, I met with the profs at both school. Warsaw University program was less interested in sharing with us their experience. Hard to assess what really they have done. As far as

the Gdansk University – they were more upcoming. Prof. Grodzicki is a key person there. If you want, I could look him up and put you in touch with him?

As far as the PAM Center, we occasionally use IBN in our short term programs. Our MBA program is entirely based on the US model but we do have labor relations/conflict resolution class (not IBN however).

Ewa Springer I guess is still in Poland (manages TGIF Friday) but she kind of dropped from the face of the earth. Called her a few times but she has not returned my calls...  
Gedeon

It looks like there may have been some follow through, but it is unclear how successful these various projects proved to be. For me, it was a fascinating and challenging period of time, working in Poland and Hungary with government, labor and management officials, and trying to introduce them to American-style LMR concepts and to facilitate the transition of these two countries to a market-based economy with new and more cooperative—and less legalistic—approaches to labor-management relations. I can only hope that our LMR efforts may have done some good, and perhaps even “made a difference” in some people’s lives. Perhaps our efforts may also have moved the countries a few steps forward along the road to adopting more cooperative LMR practices and creating more vibrant market economies.