

**The Interdepartmental Action Programme on Privatization, Restructuring
and Economic Democracy**

**Traditional trade unions during transition and
economic reform in the Russian Federation**

Frank Hoffer

Note: Working Papers are preliminary documents circulated informally in a limited number of copies
mainly to stimulate discussion and critical comments.

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Preface

This paper is part of a series of working papers published under the ILO's Action Programme on privatization, restructuring and economic democracy for use by governments, workers' and employers' organizations, development agencies, consultants, academics and managers. The ILO is particularly interested in the social aspects of privatization, structural adjustment and economic transformation. However, it is also concerned with helping all stakeholders to better understand and assess the economic, political and cultural conditions that lead to successful implementation of these reforms. Experience has indicated that in the areas of privatization and economic transformation, countries that can effectively involve important stakeholders in the process are more successful. Trade unions can play an important role in the privatization process. Establishing independent and effective trade unions is therefore critical for organizing and developing an efficient, equitable and democratic society.

The paper analyses how political, economic, social and cultural upheavals have influenced the development of trade unions in the Russian Federation and, in turn, the extent to which the trade unions have been able to shape the process of transition. It also reviews the prospects that trade unions have in the near future. Traditional trade unions survived the collapse of the Soviet Union and are still represented in most large companies. However, they were not able to become strong representative agencies of labour's interest during the initial reform years, in part because their reputation among workers was bad due to their former role in the discredited system. Trade unions have lost over one-quarter of their members over the past few years and are not present in new sectors of economy. Further fragmentation of the trade union structure can only be stopped if central and regional trade union organizations improve their reputation and authority at the grass-roots level and undertake serious self-renewal efforts.

Recently trade unions organized the protest against the high level of pension and wage arrears, which met with substantial support. While the essential basic decisions of the transformation (and privatization) process were implemented without recognizable trade union influence, the unions have been able to achieve a measure of legal institutionalization for a social partnership and trade union representation. Traditional trade unions are stronger in 1997 than they were four years ago. However, they remain too weak to guarantee effective representation of labour's interests in individual companies and in the macro-process of societal transition. They are faced with a long process of reconstruction and renewal, yet recent developments give cause for a cautious optimism.

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Summary

The traditional trade unions have survived the collapse of the Soviet Union as organizations and still have a membership in most large companies. In the early years of reform, they were not able to become a strong movement representing majority labour interests because they were primarily involved in ensuring their own survival. Their stock was low among workers because of their former role as part of a discredited system. Their threats of strikes and protests often turned out to be mere empty gestures which made no impression on either the Government or employers. In their earlier capacity as an integral part of the Soviet state machinery, the trade unions had not been prepared for the demands of a market economy as far as organization, personnel or a programme of action were concerned.

In recent months, however, the trade unions organized a successful protest against the accumulated pension and wage arrears, eliciting a major response. Several million people took part in national days of protest in November 1996 and March 1997 respectively. The capacity of the trade unions to mobilize the membership has given them more credibility and authority in their discussions with the Government at the federation and regional levels. Certainly the Government made more effort to wipe out at least pension arrears in the wake of the March protests.

Official real wages have declined by over 50 per cent, and wage disparity has strongly increased during the transformation period. With production falling sharply, wages and employment figures have plummeted, especially in the branches of industry where traditionally most trade union members were to be found. Wage arrears have risen to more than 50 trillion roubles. The trade unions have not succeeded in influencing or even regulating this process in terms of social or contract bargaining policy. The situation is developing pretty much without any checks or balances and is causing extreme social hardship because of the widespread lack of solidarity within society.

In the process of privatization, workforces often became co-owners of corporate assets in theory but not in practice. De facto, so-called insider privatization gave management broad discretionary powers over corporate assets. There is no known example of labour interests controlling management through the unions during the privatization process. Many chairmen of company unions traditionally perceive themselves as part of management and not as representing labour interests vis-à-vis management. As a rule, under the former system, as members of the corporate management *nomenklatura* (high-level Party officials) they neither enjoyed the confidence of the workforce nor did they have a personal interest in protesting against *nomenklatura*-managed privatization. Moreover, the traditional hierarchical and authoritarian Soviet corporate structure would have made any challenge to the *nomenklatura* a risky and unpromising venture.

The trade unions have been forced to relinquish to the State their responsibility for work safety and social insurance at the national level. Price deregulation has led to a decline in the allocation of goods in short supply. Many companies have considerably dismantled their social infrastructure in the course of privatization. Hence trade unions have been forced to accept that they no longer have such a significant role at the state or company level since they have lost their essential task of organizing social services and handling social welfare distribution.

While the basic decisions of the transformation process were essentially made and implemented without any discernable influence from the unions, the latter were none the less able to ensure that their status as social partners was guaranteed together with the legal right of union representation laid down in legislation pertaining to labour and trade unions. The right to strike is established in the Constitution and lockouts are prohibited by law. Legally speaking, the unions have not yet managed to address the new opportunity to flesh out the framework provided by the law.

Tripartite agreements at the federation and regional levels offer few, specific arrangements, and tripartite commissions are frequently not recognized as bodies where a social consensus on labour and social policy is sought. The unions have difficulty in concluding supra-company collective contracts that have binding effect on companies. Most employers see no reason to join employers' associations that are bound by collective bargaining agreements. In most cases, new and former (private) employers can do as they please without let or hindrance. In many companies, empty, meaningless collective contracts are signed or there are no contracts at all. The unions are often unable or unwilling to confront management in order to negotiate collective bargaining agreements with real substance and to insist upon compliance.

In recent years, the trade unions have lost over 25 per cent of their members. The unions are not represented in the new sectors of the economy or in the comprehensive informal economy. The formal level of union organization remains high at 75 per cent. However, it is unclear just how many union members pay their dues. 90 per cent of dues remain in the companies, and higher-ranking union bodies primarily finance themselves through income earned on assets. This form of financing is not conducive to forging the necessary relationship between union leadership and the grass-roots membership or ensuring that obligations are met on both sides.

Further fragmentation of the trade union structure can only be avoided if central and regional trade union organizations enhance their standing and gain greater credibility with their own grass-roots locals. This cannot be achieved through passing resolutions to ensure that central power will once again be the order of the day. Rather the unions will have to improve their performance among locals in the enterprises. This will require improving professional competence in economic and social policy, qualified legal consultancy as well as the expansion and modernization of trade union educational work in terms of content and methodology. A transfer of international know-how would definitely be a valuable boost to efforts to upgrade qualifications.

While greater democracy has been achieved in recent years, with unions consolidating their forms of organization and their representation of political interests vis-à-vis the State, the company level is still their weak point. The unions' ultimate demise will be slowed or halted only when workers perceive that trade unions not only exercise traditional distribution functions but that at the same time conduct successful wage negotiations and try to control management effectively. In this sense, the unions are facing a challenge: vigorously to support company union officials who want to extricate themselves from management and to organize effective supra-company solidarity when necessary. At the time of writing, the simplest requirements for this kind of action are not in place. There are no significant supra-company strike or solidarity funds in existence, and there have been no previous union-sponsored campaigns for solidarity with workforces engaged in disputes.

This paper primarily deals with the development of traditional trade unions because they exist in Russia as an area-wide union organization. The new trade unions are playing an important role in certain, specific branches and in a few enterprises. Despite low membership, they proved more capable than the old trade unions of mobilizing labour in the early 1990s, and yet it seems that recently the political initiative has shifted and now lies more with the traditional unions. The existence of new trade unions has undoubtedly had a positive impact on the development of the traditional unions. Competition from new unions has increased pressure on the FITUR for reforms. Examples of courageous trade union representative policy especially at the company level by new trade unionists were and are important challenges to the traditional status quo. The political contrast between the old and new unions is, however, tending to taper off. For the first time, both old and new unions jointly called for protest campaigns against wage arrears in March 1997.

The traditional unions are stronger in 1997 than they were four years ago. However, they are still too weak to guarantee the effective representation of labour interests in companies or in the process of society's transition. They are still faced with a long process of reconstruction, yet

developments in recent months give grounds for cautious optimism that they can succeed in becoming genuine and more effective trade unions.

1. The political, economic and social background to trade union development

Macroeconomic and macro political changes bring powerful pressure for reform to bear upon existing institutions, or create the need for new ones. Whether the requisite reforms will be brought in and whether they will be successful depends, however, on the specific conditions prevailing at the outset and on the politically imaginative power of the decision-makers and actors.

Establishing independent and assertive trade unions is imperative for organizing an effective, socially just and democratic society. Despite considerable changes in recent years, it is still an open question whether Russian trade unions will rise to this challenge given the burden of the Soviet legacy. The conditions prevailing when an attempt was first made at successful institutional change were and are so complicated for Russian unions that one is tempted to say: "if you want to get there, you shouldn't start here".

The following questions will be treated in this paper, starting with the unions' situation in the final phase of the Soviet system:

1. How have political, economic, social and cultural transformation influenced the development of trade unions in Russia?
2. To what extent were the unions themselves able to participate in shaping the process of transformation?
3. What are the prospects for the unions in the near future?

1.1. The Soviet legacy

The Russian trade unions are the only so-called mass organizations that survived the collapse of the Soviet Union and the Soviet system in a display of remarkable organizational continuity. Hence their role in the restructuring process and the impact of social change on the unions must be seen against the backdrop of the Soviet legacy. Social institutions inevitably change or evolve over time as things develop in the longer term. The social, political, cultural and economic shaping of personalities over 70 years of an authoritarian system holds major practical significance for the process of reforming existing institutions or creating new ones.

1.1.1. The splintered society

The formal collectivism of the Soviet system left a splintered society in its wake. Political conformity in the public world resulted in a retreat into private life. In an official capacity, people paid lip service to the currently correct political line, while at the same time striving to carve out a niche for themselves, "under the much-vaunted solutions all levels of society worked according to the same principle — self preservation and survival".¹ The double standard between official life and life as it was actually lived became a cynical, self-evident feature of the daily Soviet round.

The top-down command structure within the State and the economy did not permit public discussion of any kinds of problems. There was no way a problem-oriented environment for discussion could develop in Soviet society. Organized events or conferences were not places for exchanging opinions, but rather occasions for doling out official information. There were no independent, intermediate organizations between the State and the individual that could group together and express the interests of individuals. The countless informal contacts among

¹ Levada, 1993, p. 30.

individuals that found an outlet in the famous Russian “kitchen discussions” were no substitute: without the necessary information and the link to the real world where the decisions were made, problem-solving and solution-oriented debate was an impossibility.

The trade unions functioned as part of the ruling apparatus. They likewise functioned internally according to the principles of control and command structures. Discussions of trade union policy hardly ever took place within the scope of official events or publications. Hence many trade union officials failed to develop the capacity to initiate and structure open, goal-directed discussions.

Based on a deep mistrust of all institutional arrangements and guarantees, a distrust grounded in decades of experience, most people attempted to solve personally significant issues through an informal network of friends and relatives. This sort of networking combined with a lack of social trust hampered the establishment of transparent, democratic large-scale organizations.

Voluntary solidarity beyond family and friends could not evolve in a society that lacked free association. Trade unions, whose capacity to act is primarily based on solidarity among people you do not even know, are compelled to establish the spirit of trade unionism anew. This is made even more difficult by the fact that three generations of workers have experienced institutionalized trade unions as a part of the omnipotent state structure from which individuals distanced themselves as far as they could. The almost 100 per cent level of organization among trade unions was not based on conviction, rather it was guaranteed by linking continued payment of full wages during periods of sickness to trade union membership.¹

1.1.2. Legal nihilism

Under the Soviet system, the subordination of rights to the whims of the party meant that individuals were defencelessness in the face of power and authority. The Party’s representatives were the representatives of power, and they often replaced the law with personal directives.²

A system of bureaucracy and legal nihilism together held sway in the Soviet Union, just as it had under the tsars. The ruling class disregarded its own law with astonishing regularity whenever it suited its purposes. Citizens were thus subject to a multitude of bureaucratic arrangements. Frequently, laws were not abstract, general provisions which determined the relationship between or among independent legal entities but rather were administrative regulations and instructions on the right course of action handed down from the top.

For all remaining purposes, the volatile nature of planners, which of necessity grew out of the systemic weaknesses of the command economy, permitted the Russian tradition of legal nihilism to become axiomatic in daily life. Public surveys taken as early as 1990 showed that 51 per cent held the opinion that one could not live without breaking the law. Fifty-four preconsidered that one could not solve important issues without infringing the law.³ The ongoing lack of material goods resulting from the logic of the “shortage economy”⁴ made corruption,

¹ Union members got paid 100 per cent of their wages as sick benefits while non-members received only half.

² Boris Yeltsin described his experience as First Secretary of the Communist Party of the Soviet Union (CPSU) in the Sverdlovsk Region as follows: “The opinion of the First Secretary is law, hardly anyone would dare not to carry out his request or his order, and unscrupulous Party officials and their entourage used this power shamelessly. ... At that time, the First Secretary of the Party’s regional committee was naturally a god, a czar, the master of the region. The First Secretary’s opinion on any given question was practically a final decision.” (Yeltsin, 1991, pp. 79 et seq.)

³ Levada, 1993, p. 79.

⁴ Kornai, 1980.

who-you-know in business, and black markets into the necessary operating requirements of the official economy.

Today whenever complaints are voiced about how people are failing to obey the rules by comparison with earlier times, there is more often than not a fundamental misunderstanding of the difference between authority (power) and the law. Previously, people had to follow the instructions of those in power. This power has disintegrated without the Government's having succeeded, to date, in institutionalizing the law as a new regulatory authority or establishing a clear and enforceable public power structure and decision-making authorities.

One of the most difficult challenges the unions have to face is then to overcome this traditional legal nihilism and enforce the law as a requirement for claims and the protection of employees. Only when this challenge has met successfully can new labour laws, union contracts and collective bargaining agreements become meaningful in practice, and only then will the reputation of trade unions gain ground among the rank and file. Surmounting this challenge would also help assert the rule of law, and hence confirm greater democracy in society.

1.1.3. The mono-structure approach

The Russian enterprise and industrial structures have been historically moulded by both the Soviet form of industrialization and the way the planned economy worked. In the case of forced state industrialization, initiated in the 1930s, newly emerging enterprises had to put in place large industrial complexes and at the same time establish their satellite cities. This kind of self-sufficient industrial complex which created urban areas was the basis of many new Russian industrial cities. By contrast with Eastern and Central Europe, where the planned economy was introduced on the basis of existing industrial and urban structures, in Russia, industrialization and urbanization took place extensively according to the criteria of the planned economy. The relocation of industrial cities to the Urals and Siberia, which was linked to the war and strategic military considerations, exacerbated the economically "irrational" allocation of resources. The result is not only do these strong regional mono-structures exist, but under free market conditions entire industries and cities have become superfluous.¹

The unions are faced with the dilemma of being unable to oppose this economic logic in a sensible manner, on the one hand, and, on the other, of being forced to support keeping these industries in the short term in order to give people the time and to adapt to new conditions and the opportunity of seeking new solutions. Since neither allowing market forces a completely free rein nor retaining the existing structure are acceptable options, this situation will require a structural transformation policy or else plant closures will have to be posited in a socially acceptable fashion — all of which makes high political and professional demands of the trade unions that for the time being they are unable to meet.

1.1.4. The shortage economy

The continuous shortages and the high transaction costs attendant on the inadequacies of the allocation mechanism under the planned economy reinforced the trend for companies to assume an increasing number of functions. They endeavoured as far as possible to become self-sufficient states within the State. Soft planning targets were the basic requirement for an "easier" life for the director and the workers.² Hence there often emerged a body of shared interests that joined

¹ Cities located in the far north, such as Vorkuta, which grew out of mammoth forced labour camps, were highly subsidized during the Breshnev era, but they were not able to keep going by establishing other industries after the closure of the unprofitable coal mines. The population has to be relocated in the short and medium term.

² Under market economy conditions, the market price is set outside the company and falls outside the sphere of company influence. Thus greater efficiency, which increases the company's chances on the market,

forces within the enterprise against the plan. As many resources as possible, including manpower, were drawn into enterprises and “hoarded” there. From the mid-1970s, the rural exodus had slowed down, and approximately 90 per cent of those able to work were working. From then on, chronic labour shortages were typical for the Soviet economy, and they meant a nearly 100 per cent guarantee of job security.

Changing workplaces became a wide-spread phenomenon and a major problem for company management. Since directors no longer hold the fear of the *gulag*¹ or fear of unemployment over people’s heads as a means of maintaining discipline, and since wage increases were severely restricted by plan requirements, at the enterprise level, payment in kind and paternalism developed into key instruments for providing worker incentives and discipline. Enterprise-linked social services were not only organized in-house because this was ideologically desirable in terms of proletarian collectivism and suited the historical form of Soviet industrialization, but rather because they were an important instrument in tying the workforce to the enterprise. This is where the core of Soviet corporate paternalism lies, and not in the ethical sense of responsibility of “red” directors. With the abolition of the shortage economy, the fundamental structural preconditions of Soviet industrial relations disappeared. A new “modus vivendi” between management and workers has yet to be established.

1.2. Political change and the unions

At the beginning of *perestroika*, the Soviet Union was in a deep crisis which was primarily economic but also political and cultural. At that time, hardly anyone was aware of the full extent of this crisis. In any event, the general population was not aware that their modest living standard was overtaxing the system’s economic operational capability. Following the mainly peaceful collapse of the system, unrealistic hopes arose that the economic situation could be readily improved by converting to a market economy. At the same time, the fact that social services would have to be provided in a market economy and the impact that requirement would have had been underestimated. Moreover, the trade unions — the natural advocates of strong social protection — were without authority due to their role as an integral part of the old system.

Glasnost and *perestroika* had destroyed the power bases of the Soviet Union:

- (a) the total loss of authority of Soviet institutions resulted in the failure of the traditional control mechanisms;

is in the interests of the workforce and the capital owners. The conflict between these two players centres around the distribution of income obtained on the market. For Soviet companies, plan requirements were indeed external measures, yet they could be influenced.

¹ Under Stalin, the industrial relationship was partly based on revolutionary zeal and, to a great extent, on direct terror and brutal suppression. This situation was possible as long as there was a surplus of labour and the personnel quality requirements were not too high. From 1940 to 1956, employees were forbidden to leave their work place on their own initiative. Absence from the workplace was penalized with “punitive labour”. Millions of people were imprisoned in labour camps. Farmers received no cash wages whatsoever, and they were not issued passports. A type of Soviet feudalism emerged in the villages.

Under Khrushchev, mass terror was eliminated and the principle of freedom of choice of the workplace was at least granted to the industrial workforce. However, the comprehensive system of closed cities and companies and the bans on moving to popular cities, such as Moscow or Leningrad, in practice limited individual mobility.

The insatiable need for employees by an extensively developed Soviet industry resulted in a continuing process of migration to industrial cities and urban centres despite legal restrictions. In the cities, labour immigrants could only work as “limichiki”, i.e., persons with restricted legal rights. Their residency permit was linked for several years to work in a particular enterprise which caused them to become fully dependent on company management. This dependency was also augmented by the fact that they mostly lived in the enterprise’s residential housing.

- (b) the nationalistic desires for independence acted upon by individual Soviet Republics had eroded the central State;
- (c) new political and social movements meant that independent interests could be given expression.

These three processes also triggered a process of change within the Central Council of the Trade Unions (AUCCTU) which was certainly one of the more conservative pillars of the Soviet system. The leading role of the Party was stricken from the statutes at the plenary meeting in September 1989. The trade union centres in separate Soviet Republics were no longer willing to recognize the authority of AUCCTU. The "Federation of Independent Trade Unions of Russia" (FITUR) was formed in the Russian Republic. At the 19th Trade Union Congress, the centralized AUCCTU was converted into a central trade union confederation which increasingly sank into political insignificance over the years following the dissolution of the USSR.

As this was happening, the wave of formal democratization resulted in the revenue from union dues being largely decentralized. Since that time, trade union centres no longer have the administrative authority of the Soviet command system nor adequate financial funds at their disposal to enable them as a powerful, centralized organization. As a rule, the central committees of branch-related unions with more than 1 million members do not have more than 30 to 40 employees.

Yet the greatest challenge for the unions was the miners' massive strike and the emergence of new unions. This strike visibly questioned the legitimacy of state trade unions. The unions were completely unprepared for an independent labour movement. The symbolism underlying the fact that the agreement between the striking Kusbass miners and the Government was signed by representatives of the strike committee, on the one hand, and by the Minister President, the Minister for Coal and the Chairman of the AUCCTU,¹ on the other, illustrates to what extent the state trade unions perceived themselves as part of the national leadership structure.

Following the failed coup in August 1991, the CPSU was banned and its assets seized, the Comsomol was disbanded and other pseudo-social organizations of the Soviet system disappeared or lapsed into insignificance. Only the trade unions — although the coup leader, Genadij Yanayev, had held the post of chairman of the AUCCTU in 1990 — remained intact and were able to keep their extensive assets. The union's practical function as part of the official and corporate social administration, and not its political strength, was probably the decisive factor in saving it from being disbanded.

The modified political landscape meant that trade unions were actually independent of the State and the Party. At the same time, at the corporate level, dependence on company directors increased. They virtually became the sole rulers within companies as real economic and political control by the Party and the Government largely ceased.

The unions' stock in society was low as was their self-confidence as organizations and indeed that of their officials. Trade unions continued to fear that their organizations would be disbanded or that at least they would lose their assets. At the state and macroeconomic levels, the unions had indeed become independent overnight without, however, having much political and economic idea of what trade union work would have to entail during the transformation phase.

1.2.1. New laws and new institutions

With the beginning of reform, the unions lost their quasi-state functions. Extensive formal rights and comprehensive administrative tasks were taken away.

They lost the right:

- to introduce draft laws before parliament;

¹ Lopatin, 1993, p. 68.

-
- to halt production or to close companies if work safety regulations were violated;
 - to finance a trade union inspection concerning legal protection or occupational safety protection at the cost of social insurance, or to impose penalties for violations of labour law or occupational safety law;
 - to decide labour disputes;
 - to link continued payment of full wages during sickness to trade union membership;
 - to administer social insurance.¹

Many of these rights were previously subject to the primacy of the Party and to reasoning according to the Plan, and in part they existed only as a matter of form. Using the actual circumstances of Soviet companies as a yardstick, one could say that, despite their extensive powers under the old regime, union successes in the field of occupational safety were rather modest by international standards. The right to halt production was rarely used despite production conditions that partially posed a risk to life and limb.²

Although one may argue over the number of representative rights which the unions actually lost, there can be no doubt that they were severely weakened in terms of organization and finances. Linking continued payment of full wages during sick leave to trade union membership had been completely abolished. At one stroke, the unions lost a simple administrative lever that ensured consistent membership and automatic recruitment. The loss of sweeping administrative functions in the field of occupational safety and social insurance caused union apparatus to shrink considerably. The unions were forced to abandon essential fields of former activity, at least above the enterprise level, and they lost access to the financial resources of social insurance which had enabled them to carry out a great many social and cultural activities, and probably to finance part of their administrative costs.

On the other hand, new arrangements under the law opened up new spheres of activity to the trade unions. Under the Law on Corporations and Corporate Activity, passed in 1990, company managers were granted all vested forms of corporate discretionary powers regarding investments, price-setting, remuneration, hiring and dismissals, etc.³ Centralized wage-setting was abolished. Thus, at least at the company level, the unions could henceforward become partners to collective bargaining on wages and working conditions.

In the course of further reforms, the legal framework for laws and for institutions concerning labour and management in a market economy was established and continuously amended.

¹ Within the Russian context, "social insurance" encompasses continued payment of wages during illness, the costs for occupational safety inspections, one-time payments for childbirth or a death as well as expenses for sanitariums, child recreation camps, company athletic and cultural activities, etc. The insurance contribution amounts to 5.4 per cent of the wage fund. Previously, the trade unions directly administered these funds.

² Given today's occupational safety conditions in Russian companies the unions can, however, justly maintain that the general situation has worsened by comparison with the past.

³ Profisdat, 1993, pp. 3-36.

New arrangements under labour law during the reform phase

Legal regulation	Date passed	Date amended
Ukas on the guaranteeing of trade union rights during the transition to a market economy	10/26/1991	
Ukas on social partnership and settling labour disputes	11/15/1991	
Ukas on the creation of a Russian tripartite commission for regulating social and labour relationships	01/24/1992	01/21/1997
Law on collective bargaining, contracts and agreements	03/11/1992	11/24/1995
Codex Truda	09/25/1992	05/18/1995
Principal law of the Russian Federation on occupational safety	08/06/1993	06/18/1995
Law on deciding collective labour disputes	10/20/1995	
Law on trade unions, rights and guarantee of their activity	12/08/1995	
Directive on the service of regulating collective labour disputes	04/15/1996	

Without going into the detail of these laws, it can be said that:

1. The right to strike was established in the Constitution.
2. The principle that strikes are only permissible after a multi-level mediation procedure, as stipulated by law, has failed.
3. The establishment of a tripartite commission created the institutional framework for tripartite consultations and agreements at the federation, regional and local levels as well as at the branch level.
4. Unions and employers have the right to conduct independent wage talks and collective bargaining negotiations
5. Employers are obliged, regardless of the number of trade union members, to enter into collective bargaining negotiations with unions, if the latter so desire.
6. The exclusion of employers from membership in trade unions and vice versa is laid down by law.¹ Employers may not represent employees in wage talks.
7. Trade union officials enjoy protection against dismissal; the companies are required to provide trade union committees with rooms, office furnishings, transport, etc. required for their work.
8. Lockouts are prohibited by law under any circumstances.

By and large, there is no doubt that a labour law framework was created which enables the establishment of social partnership structures for labour and management, and that unions were principally recognized as a positive factor in shaping social and labour relationships.² This is in no way obvious from the discussion on the process of economic reform which is largely dominated by neo-liberals. It is hard to judge to what extent this framework emerged from the

¹ This point is especially important within the Russian context since enterprise directors were traditionally also trade union members and to some extent management personnel were also union officials.

² Although a great many new laws have been passed and more than 300 legal standards now exist (Krylov 1996, p. 6) which affect trade union activity in one way or another, many Russian trade unionists complain that there is really no adequate legal platform for their work. The problem is not a lack of legislation but rather the widespread attitude of legal nihilism and the difficulty of asserting legal claims before the courts, especially in remote areas.

modernizers' need to create preventive structures for channelling possible social tensions, from the success of trade union lobbying or from the impact of the powerful miners' strike.

While the overall regulatory framework for labour and management was being established, lawmakers largely gave up providing for working conditions as such. In terms of the law, only minimum standards were established and everything else was left to the bargaining process between labour and management. This is a departure from Soviet practice. While the traditional Soviet system extensively structured working relationships through central directives covering payment, leave, working hours and job classification, most of the tasks were now left with labour and management. The trade unions are now forced to monitor compliance with protective laws at the company level and to enforce compliance through court action, if necessary. Labour and management are required to use joint collective bargaining agreements to flesh out the framework provided by the law.

This is an efficient, justifiable social policy if the labour courts can implement their jurisdiction, and if capable management and labour partners are available to regulate working conditions for a majority of employees under a collective bargaining system. However, this is not the case in Russia. The unions have barely any power to assert themselves within the company, and company management does not see the need to come together to form employers' associations or to recognize inter-company collective bargaining agreements. Following the dissolution of branch-related ministries and given the increasing independence of denationalized companies, old "employer structures" are increasingly dissolving causing branch-related unions to lose their negotiating partners.

Up to now, the unions have had considerably more success in influencing labour law legislation than in converting the legal options governing workers' rights into company practice.

1.3. Economic and social development during transition

The gross national product has declined on an annual basis since 1990. Real income is approximately 30 per cent below the 1990 level. Real wages and pensions have suffered even steeper declines since their share in national income has dwindled by nearly 40 per cent in this same period. One-fourth of the population is living below the poverty line.¹ Life expectancy had dropped by 4 years and at present stands at 58 years for men.²

Price deregulation removed one essential pillar of the Soviet welfare state overnight, and inflation has destroyed the populations' savings. In many instances, free medical care exists only on paper. The social security pension system is on the verge of collapse given the economic crisis and the sad lack of honesty among taxpayers, so the new unemployment insurance is insolvent in many regions.

Enterprises are increasingly freeing themselves of their general functions as suppliers of social services so that enterprise-centred social assurance is likewise dwindling. Enterprise directors have been released from the political, economic and structural restraints of providing a comprehensive set of social welfare services for employees. Under the old system, the political dictate of full employment and, more importantly, the permanent demand for manpower deriving from the logic of the shortage economy gave workers, or at least those in the bigger cities, stronger individual bargaining power despite the lack of trade unions: neither of these mechanisms exist any longer.

¹ Data on economic and social development in Russia are open to question. Statistical statements are often nothing more than well-educated guesses because of the enormous share of the informal economy in the GNP and the doubtful real value of output in a Soviet-style economy. However, it is widely accepted that the economic upheaval has not resulted in any economic upswing to date.

² Goskomstat, 1996c, p. 12.

The number of unemployed and underemployed has increased continually. Labour turnover and mobility are remarkably high despite a limited housing market. Wages and working hours are extremely flexible. There is a migration process under way from the far North and other remote regions that were developed and industrialized under the strategic aspects of Soviet industrial and security policy.

The sudden demise of decades of guaranteed full employment triggered major insecurity and a willingness among employees to over-adapt. People's estrangement from each other, which was inherent under corporate collectivism, surfaced strongly at the threat of unemployment. Collective opposition or solidarity in reaction to impending unemployment are extremely rare, as illustrated by the following table.

How has the threat of dismissal, fear of job losses affected the behaviour of people working in your collective?

People are increasingly estranged: it is "every man for himself"	19.9
Conflicts relating to job-retention have started	15.5
People have begun to look for other jobs and leave not waiting for dismissal	21.7
Many people have begun trying to have closer contact with managers, gain their support	12.2
People have begun to treat each other more tolerably	5.5
The collective's solidarity has become greater	1.4
Collective actions against dismissals are being organized	1.1
People began to work harder	5.1
Other	0.9
No impact at all	19.9
Hard to say	29.2
No response	0

Source: VZIOM, 2/1997, 87.

1.3.1. Income trends¹

While real income plummeted to 52 per cent of the previous year's level in 1992 and has risen in the meantime to about 70 per cent of the 1991 level, real wages have fallen continuously, and in 1996 amounted to only 43.9 per cent of the 1991 level.²

¹ To quite some extent, statistical data on income trends are based on surveys and estimates because it is difficult to obtain reliable figures for the all-pervading informal economy and because tax evasion is a common practice. This partly accounts for the strong decline in wage income. Enterprises have a high incentive to pay out wages illicitly in one form or another so as to save taxes and the 40 per cent payable in social security contributions. This wage income is indeed jointly recorded on the expenditure side using acquired data and estimates of consumer expenditure and savings, yet it is reported in income statistics under income from "entrepreneurial work or other sources".

Although surveys more or less confirm the Goskomstat figures for wage development, the information on per-capita income cites figures 40 per cent lower than Goskomstat (VZIOM, 1/1997a, p. 50). This could be because the black market economy has been overestimated by Goskomstat or also because per-capita income is very unevenly distributed. Top incomes are frequently not recorded in surveys although they possibly account for a considerable share among luxury imports and the high dollar sales effected by the central bank, included by Goskomstat in the macroeconomic determination of income.

² The comparison overstates the loss in real income since many goods were not available at all or not available at official prices owing to the general shortage in 1991. Moreover, the availability of high-grade imported goods and the disappearance of waiting lines is undoubtedly a bonus for consumers. Wage incomes in 1996 were about 25 per cent below the 1985 level — a time when one could hardly talk about controlled inflation.

Income trends since 1990

Year	Real income		Wages		Pensions	
	As % of the previous year	Index 1990 = 100	As % of the previous year	Index 1990 = 100	As % of the previous year	Index 1990 = 100
1990		100		100		100
1991	116	116	97	97	97	97
1992	52	60.3	67	65	52	50.4
1993	116	70	100.4	65.3	131	66.1
1994	113	79.1	89	58.1	94	62.1
1995	87	68.8	72	41.8	81	50.3
1996	100	68.8	105	43.9	109	54.8
1997	104	71.6	101	44.3	104	57

Source: Goskomstat, 1995a, 1996a, 1996b, 1997a, and own computations.

This statistic does not take into account the continuous accumulation of wage arrears which in the meantime amount to nearly a full month's wages of the entire national economy. Hence, in real terms, the share of official wages in the national income in 1996 probably did not increase.

Trends in wage arrears (in trillion roubles)¹

1 Jan. of the period	Industry	Agriculture	Construction	Transport	Education	Culture	Health	Science	Total	Total as No. of average monthly wages (mill.)
1993									28.8	1.87
1994	364	287	115						766	5.71
1995	2 170	1 301	729						4 200	13.88
1996	7 734	2 571	1 941	1 134					13 380	21.08
1997	22 149	5 913	6 284	4 025	4 467	482	2 567	1 081	47 151	53.75
31.3.97	24 941	6 210	7 163	3 709	5 384	583	3 056	1 204	52 669	60.95

¹ The figures for each year are not fully comparable because Goskomstat only began in 1996 to report wage arrears in eight branches of the national economy.

Source: Goskomstat, 1995a, 1996a, 1996b, 1997a, 1997b, Rabochij centr ekonomicheskikh reform III, 1997, and own computations.

According to surveys, an ever-increasing number of people are affected by the failure to pay wages; 29 per cent of all persons asked received their wage punctually, paid in full, and 38.5 per cent did not receive any wage payment at all.¹ However, the amount of wage arrears is very different in individual branches and regions. 43 per cent of wage arrears are concentrated in ten areas of the Russian Federation:

¹ VZIOM, 1/1997, p. 50.

The per capita level of wage arrears in the Novgorod area amounts to 101,000 roubles while these same per-capita levels stand at 1,070,000 in Kemerovo and 1,741,000 in the Republic of Sacha. Wage arrears are especially high among miners who have always been promised wage increases due to their militancy but who have only received a fraction of the payment due.

The strong shift in income distribution towards employers and an increased income differentiation among wage-earners testifies to the low to insignificant imaginative power of union wage policy in recent years.

Income distribution expressed as a percentage¹

	Income from entrepreneurial activities and other sources	Wage income	Transfer payments
1992	16.1	69.9	14.0
1996	43.8	43.4	12.4

¹ The trend is statistically skewed because employer income reported in statistics is a residual figure and estimated hidden revenues flow into this. On the other hand, distribution statistics permit the conclusion that a considerable amount of income is concentrated in the hands of a few. The upper fifth of the population holds over 44.7 per cent of the income, with 6.5 per cent accruing to the bottom fifth.

Source: Goskomstat 1996a, 1996b.

Distribution of the total payroll among a given 20 per cent of employees arranged according to wage level

	Group 1 ¹	Group 2	Group 3	Group 4	Group 5 ²
Sep. 1991	7.7	12.6	16.9	22.9	39.9
Apr. 1995	3.9	8.6	14.2	22.6	50.7

¹ 20 per cent of employees with the lowest incomes. ² 20 per cent of employees with the highest incomes.

Source: Goskomstat, 1996d, 43.

In terms of the country's political stability, it is undoubtedly significant to consider that major social problems are appearing in the rural areas and not in the towns. The income level in Moscow, which is far above the average, reduces the danger of a national social explosion due to the dominant role that the nation's capital plays in Russia's political life.

Moscow by comparison with the rest of the country at the end of 1996

	Moscow	Russia, including Moscow	Russia, without Moscow
Average income in roubles	3 225 300	821 800	672 307
Average income as % of the respective poverty line	580	196	180
Wage arrears per resident in roubles	94 574	320 750	334 817
Population in millions	8 637	147.5	138 863
Unemployment	42 300	2 459 800	2 417 500
Number of small companies	183 089	829 442	646 353
Foreign investment (in '000 dollars)	4 291 604	6 506 127	2 214 523

Source: Goskomstat, 1996b, 1997a and own computations.

The trade unions were not able to stop the decline in real wages. Hardly any attempt has been made at preventive action outside the mining branch. No large labour disputes have been conducted regarding wage levels. There have been isolated protests, going as far as hunger strikes and company strikes when wage payments completely failed to materialize. However, these were frequently spontaneous protests or desperate acts of individual workforces and not strikes organized by the unions. Indeed the old unions did call national protest days on wages and employment in 1995 and 1996. Yet they were not able or not willing to expand those protest days into actual labour disputes despite the fact that employees had been fobbed off time and time again with promises, and the Government and employers had failed in many instances to meet their elementary obligation to pay wages.

1.3.2. Employment

Registered unemployment which is reported to be 2.5 per cent¹ is low when measured against the 42 per cent decline in GNP. However, this is not an indicator of a lack of structural change. On the one hand, actual unemployment is considerably higher than the registered figure and, on the other hand, strong shifts can be observed on the de facto unregulated and extremely flexible labour market.

Goskomstat, in compliance with ILO criteria, has set the unemployment rate at 9.3 per cent.¹ The low level of unemployment benefits may be one basic reason for the low number of people registered as unemployed. In 1995, the average unemployment benefit amounted to 30 per cent of the poverty level or 15 per cent of the average wage. One half of the unemployed have not even qualified for benefits. 49.2 per cent of those entitled to unemployment benefits received only the minimum support, which amounts to about 15 per cent of the poverty level.² Since the autumn of 1995, the employment fund has not been able to make even modest benefit payments in crisis regions because of general insolvency. Payments are at present 4-6 months in arrears. Hence the drop in official unemployment figures from 2,771 million to 2,506 million in 1996¹ may be attributable more to inadequate unemployment benefits than to any improvement in the labour market.

Inadequate social security means that power in the labour market tends to shift to the employers. They are broadly able without let or hindrance to determine labour market conditions. Wages in crisis branches have dropped by 70 per cent to 80 per cent. Millions of people are working short hours. The separation rate increased from 14 per cent³ during the Soviet era to 25-27 per cent between 1992 and 1995.⁴ According to surveys and expert estimates, up to 30 per cent of the population has a second job,⁵ and between 30 per cent and 50 per cent improve their supply of foodstuffs from their own gardens.⁶ Informal employment, in which working conditions are informally fixed between the employer and the employee, is widespread.

Large companies saw a massive 30 per cent plus reduction in personnel between 1990 and 1994.⁷ According to the trade union chairman of the Novgorod "oblast", employment in the local radio and electronic industry declined from 60,000 to 9,000. Between 1992 and 1995, industrial employment declined by 19.2 per cent and employment in the sciences by 21 per cent, while employment in the trade sector increased by 16 per cent and in commercial services by 13 per

¹ Goskomstat, 1996b.

² Chetvernina, 1997, p. 102.

³ OECD, 1995, p. 108.

⁴ Gimpelson, 1997, p. 126.

⁵ Khibovskaya, 1996, p. 24.

⁶ VZIAM, 3/1994, p. 61.

⁷ Chetwerina, 1995, p. 7.

cent.¹ While industrial manpower is shrinking, personnel movements are taking place within industry. Employment in crisis branches is falling, and it is stable or rising in branches which have not taken a severe economic beating. Despite this change, one may assume that overmanning continues in many companies due to the high personnel levels which existed during the Soviet period and owing to the sharp drop in production. Because real wages or working hours have been reduced, manpower costs are very often not very substantial.

Employers are not reducing staff through direct dismissals but rather through lower wages. This appears to be the easier course for them to take because of various legal provisions and because they can thus avoid open conflict with the workforce. This is especially true whenever discretionary power over operating assets is being used primarily for people to fill their own pockets and not to modernize the enterprise.

This is a dangerous personnel policy as far as the enterprises' future is concerned. Young, qualified, ambitious workers are going elsewhere, with more poorly qualified, less flexible, unmotivated or lazy employees remaining in the companies. The qualification potential of those that stay behind is an impediment to company restructuring. Bankruptcy and plant closures are increasingly probable. However, there is at least anecdotal evidence that some companies are making an effort to retain a qualified core workforce by running an in-house job market with high wage spreads. While a qualified and disciplined core of the workforce works and earns money, the less important part of the workforce receives low wages or is obliged to take unpaid leave.²

The major decline in the investment quota is based on the idea that the prevailing, overall levels of income and employment are being preserved at the cost of existing assets. Indeed, there is a discernable shift of investment to new branches; however, the total volume is far too low to offer employment and income to millions of people who work in declining industries and live in remote regions.

In view of this development on the labour market, the trade unions are faced with major challenges. The overwhelming majority of the old unions' rank and file now work in branches and companies with dwindling employment figures and falling wages. By contrast, 8.8 million of the people employed in new companies remain largely non-unionized. The low rate of investment means that there will probably be further job losses in industry. The gradual depletion of workforces and companies makes future opportunities for the remaining workforce increasingly bleak, because modernization and rationalization very often do not come with this form of workforce reduction. Because of the high level of overmanning in companies, each employee is threatened with dismissal if he or she, for example, makes a bad impression on the management by engaging in genuine trade union activities.

¹ Rabochij centr ekonomicheskikh reform II, 1996, p. 162.

² Upon closer examination, the theory that the high level of employment together with declining wages would bring out traditional Russian Slavic solidarity in poverty appears to belong more to the realm of wishful thinking in view of the high level of job cuts and the increasing wage differential in large companies.

Trends in the rate of investment¹

	Gross investments in per cent of GNP	GNP in per cent of the previous year	Real income in per cent of the previous year	Investment in per cent of the previous year	Investment index 1991 = 100
1990	38.7	—	—	—	117.6
1991	15.1	95	116	85	100
1992	14.0	85.5	52	60	60
1993	15.8	91.3	116	88	52.8
1994	17.8	87.4	113	76	40.1
1995	15.1	96	87	87	34.1
1996	16.4	94	100	82	28.6

¹ The major slump in investment had already occurred in 1991. Relative consistency in the investment share of GNP, at a time when investments were in free fall, results from the different inflation rates for investments and consumer items, since the latter were rising much faster already in 1991. In 1992, consumer prices rose by 2,600 per cent and investment prices rose by only 1,600 per cent. In the following years, however, the inflation rate for capital investment was always considerably higher than the consumer price index.

Source: Goskomstat, 1995a, 1996a, 1996b, Rabochij centr ekonomicheskikh reform III, 1996, and own computations.

1.4. Soviet enterprise, privatization and trade unions

Due to the specific form of Soviet urban growth, as centred around the enterprise, enterprises provided and maintained a major portion of the local municipal infrastructure. The paternalistic role of the State was implemented via the enterprise's comprehensive supply structure, especially in the rural areas. Dependence on the enterprise took on almost feudal implications especially in single-structured industrial regions. The individual was integrated into society through the enterprise. In societies modelled after the Soviet system, factories probably formed the main link between the individual and society. This meant that the factory played a decisive role in the life of the average Soviet citizen, providing material needs but also organizing leisure activities. Personal problems were discussed and people were looked after by the enterprise far more than they have ever been in the West. Housing, municipal services, holiday homes, children's day-care centres, clinics and food supplies were organized in many regions by the factories. That is why the possibility of dismissals or plant closings constitute a far greater threat to a person's survival there than in the West.

In this connection, housing was the most important and most expensive portion of payment in kind.¹ In view of a chronic shortage of living space, young families were especially willing, given the prospect of a new flat or apartment, to accept difficult working conditions which in some instances meant living in remote areas. However, once an employee received a works apartment, then it was in practice nearly impossible to dismiss him in the Soviet Union even if he left the enterprise. For this reason, the dependence of an employee was greatest as long as he was on the year-long or decades-long list for an apartment.² He lost his entitlement if he changed

¹ According to an OECD study, the costs of plant social benefits accounted for between 5 and 40 per cent of wage costs. One half thereof accrued to the supply of housing by enterprises. (OECD, 1995, p. 118).

² Even in 1996, as the system of assigning cost-free apartments became a thing of the past, 7 out of 40 million Russian families were still registered on waiting lists for a (new) apartment. Source: Goskomstat, 1996b.

jobs. The numerous works or plant waiting lists (leave slot, car, flat or apartment) served as instruments of workers' control and as incentives for plant management and department heads since an egalitarian system meant that actual wages paid in cash were comparatively similar.

The central importance of housing supply becomes clear from the fact that by 1990 41.7 per cent¹ of housing stocks were owned by enterprises. The structural necessity of enterprises to create housing as a means of tying employees lapsed as the shortage economy came to an end with price deregulation. Many enterprises were privatized without their stocks of houses and apartments which were either turned over to municipalities or tenants. By 1996, less than 8 per cent of housing stocks were owned by enterprises.²

The supply function was one essential feature of Soviet enterprises that, in any general discussion, tends to lend itself to a nostalgic transmogrification of Soviet plant paternalism. The informal, natural dealings of Soviet directors with their employees was a far cry from the functional distance between labour and management in western plants. Yet the almost familiar tone and approach between comrade director and comrade worker did not change one jot or tittle in the strict, hierarchical decision-making structures or in an almost absolute concentration of power in the hands of directors general. The one-man-leadership principle laid down by Stalin meant concentration of power (downwards) and /or responsibility (upwards) in the director's hands. There developed a specific works or plant culture which was at once paternalistically familiar and contemptuously repressive. The unbridled power of directors was limited solely by top-down controlling authorities (ministries, the Party) and the Party's presence in the enterprise.

Soviet production methods were inconsiderate of people and nature. Work safety and health hazard considerations ran a bad second to plan requirements when the factory "father" was managing his "children". Despite the many rights the unions and the work collective had in theory, there was no real representation of workers' interests and any political protest was immediately suppressed.

The working relationships which were especially typical of large enterprises in single-structure cities or regions cannot be taken as representative of all working conditions throughout Russia. The structural power of plant management and trade union committees was traditionally lower in large cities and in smaller enterprises with a modest social infrastructure at their disposal.³ Following the lapse of actual, compulsory membership, trade union organizations

¹ World Bank, 1995, tables 3-8.

² Goskomstat, 1996b.

³ Industrial giants, such as the Lada plant in Togliatti or Uralmasch in Ekaterinburg, are atypical, exceptional plants, even in Russia. 10.1 per cent of industrial workers, or approx. 3.6 per cent of the workforce in the USSR, worked in industrial enterprises with more than 20,000 employees (World Bank II, 1991, p. 37 and own computations). 73.3 per cent of all industrial workers worked in enterprises with more than 1,000 employees. These enterprises had very different social infrastructures available to them depending on their location and economic significance. Supply via the enterprise played a less significant role for millions of employees who worked at state institutions (education, health, administration) or at smaller enterprises. Institutions and enterprises that did not operate their own residential construction programmes sometimes had a number of apartments at their disposal and hence could attract or keep key employees. The director of a central old peoples' home in Angarsk (Irkutsk Region) explained to the author that the home's residents could only receive a single room if they would transfer their prior apartment to the home. By offering prospective employees their own apartment, the home was able to obtain people for poorly paid nursing work. The full severity of the problem as related to plants responsible for urban development does not apply to all workers. Even in Russia, the inefficient factory in a remote Siberian town, where the company is the sole employer and maintains the entire infrastructure of the town, is an extreme case. 25 per cent of the population are living in the non-European part of the high North of the Russian Federation. 25.5 million people are living in 13 cities with a million or more inhabitants, and 67.7 million (45.6 per cent) are living in towns with more than 100,000 inhabitants (Goskomstat, 1995). While 27 per cent of the population are living in villages or rural settlements, where self-reliance was very common even during the Soviet period.

Even if short-term restructuring is very difficult or impossible in some company towns, this is not true

located in plants and administrative agencies with insignificant or no social infrastructures and no full-time union chairman often find themselves in trouble or simply cease to exist.

In the old days, the unions were part of the ruling structure both within the State and within the enterprise. They had a stated ideological function as well as a practical administrative function. Historically, trade unions were an indispensable ideological component of the worker and peasant state. Their job was to document and demonstrate both at home and abroad that people working under socialism were represented by powerful trade unions. However, their ideological importance was always subordinate to that of the Party and the Comsomol. During the period of ideological erosion that took place in the 1970s and 1980s, the ideological function (Party conveyor belt, Communist training-ground, stronghold of socialist competition) increasingly lost any real importance and the administration of social services became the union's real task at the state and company level.

In this connection, trade union management functions were part of the *nomenklatura* system which was controlled by the Party. This meant that trade union officials were members of the state management élite and so it was not rare to find Party, state, trade union or economic posts passing from hand to hand always among the same people. In terms of their status and their self-image, trade unionists belonged to the "Natshalniki" and not to the "Rabotshi". The prestige of trade unions among the various ruling institutions was rather low. This is borne out by the fact that the trade union apparatus was informally known as the "Party workers' graveyard".¹

At the plant level, and especially in large enterprises, which had their own housing facilities and a comprehensive social structure (youth camps, kindergartens, sanitariums, convalescent homes, culture palaces, sports centres, etc.), the unions had a panoply of distribution and allocation functions at their disposal. The "Triugolnik", i.e., the leadership troika made up of the plant director, Party secretary and trade union chairman, was more a figment of the ideological imagination than a solid works reality. The power relationships within the leadership triangle were unevenly distributed. The trade union chairman was considerably less powerful than the director or the Party secretary. However, within the scope of a works career, it was indeed not unusual first to become a department head, then a trade union chairman and then to advance to the post of deputy director. In daily life, the plant directors and department heads were colleagues of the trade union chairman who had his meals together with them in the directors' mess.

The trade union chairman held power and influence in his own area but was subordinate to the director general. Hence the unions were viewed primarily by the workers as part of company management which one had to approach to be considered for the supply of goods and services that were in short supply. Thus collective agreements were just so much paper nobody — directors, trade unions, not to mention employees — attached any real significance to them.

1.4.1. Privatization

Formal privatization of extensive portions of the national economy has as yet failed to bring about more effective company management as anticipated in many cases. This is primarily owing to the fact that privatization meant denationalization. Transfer of decision-making powers to the company level had already begun during *perestroika*, without its having been made clear who held the ownership rights to the enterprises. So the enterprises became headless, and their fate

for many factories and industries in the European part of the Russian Federation. There are undoubtedly very serious structural problems, but the reality is not as bad as the myth of an entire world of monopoly- based and single-structured big enterprises would imply.

¹ Mr. Shalayev, Chairman of the AUCCTU, indeed pointed out this problem at the 19th Conference of the CPSU: "An attempt is even being made to squirrel employees into trade union bodies who were previously unable to gain the opportunity or who took the blame for something during their previous work be it in the economy, the Soviets or the Party." Source: All Contributions and Speeches at the 19th All Soviet Conference of the CPSU, 1988, p. 493.

then largely rested in the hands of company administrations. Administrators often lacked not only the management skills necessary for a market economy but also the economic resources and the economic interest to carry out corporate restructuring. What was conceived of as decentralization largely ended up meaning a loss of control.¹ The so-called *nomenklatura* privatization² had commenced before the new Government managed to introduce the new voucher privatization.

Rather than seeing new investment bring about enterprise modernization, as had been expected, it now seems that in fact operating assets were converted into financial assets. The massive outflows of capital³ from Russia indicate that the previous form of privatization was inadequate to stimulate investment and growth. It may be, indeed, that it was totally counter-productive, i.e., that particular form of uncontrolled denationalization, given an investor-unfriendly tax policy and a background of extensive corruption, prompted the capital exodus and enterprise-raiding.

In this connection, development within individual enterprises depended on a number of separate factors, such as the strength of the regional administration, the competence and value orientation of the company management, technical equipment and the individual enterprise's market opportunities, the enterprise's significance in the local or regional economic and social structure. The directors were the most important figures in the decision-making process regarding the enterprise's response to compulsory privatization. The voucher-privatization concept took into account the power of the directors. As is well known, there were three types of privatization in larger enterprises:

1. Employees (workers and management) were given 25 per cent of non-voting shares. In addition, workers were entitled to buy for cash or vouchers another 10 per cent of voting shares in the closed subscription.
2. Workers and managers could buy 51 per cent of voting shares at 1.7 times the book value of the enterprise at 1 July, 1992.
3. A managing group (made up of workers, managers or any physical or legal person) took responsibility for fulfilling the privatization plan while ensuring the solvency and productive operation of the enterprise for at least one year, subject to the approval of the work collective. (This option applied only to medium-sized companies)⁴

The second variation was by far the most frequent form of privatization. It was chosen in 70 per cent of all cases. One of the tall tales regarding this approach is that a lot of companies had thereby become the joint insider property of workers and company management. Inaccurate. This form of privatization was merely the most suitable variation whereby the respective management could acquire discretionary powers over the enterprises.⁵ There is no known enterprise where effective management control came about through its worker shareholders or through its trade union committee.⁶ Going on the real distribution of power in Soviet society, it is difficult to imagine that an attractive company would not have been privatized by the old or the new élite — especially since the work collectives did not and do not have the organizational and political clout even to question those élites' claim to power, let alone openly challenge it. In privatized enterprises, trade union chairmen are indeed sometimes represented on the board of

¹ Cf. Hoffer, 1992, pp. 204 et seq.

² 2,000 enterprises were already privatized prior to commencement of the privatization programme (OECD, 1995, p. 67).

³ "Deutsche Morgan Greenfell put 1996 capital flight at \$ 20 billion, versus foreign net direct investment of \$ 2,2 billion." (*The St. Petersburg Times*, 10 June 1997, p. 11).

⁴ OECD, 1995, p. 72.

⁵ cf. Bit, 1995, pp. 120 et seq.

⁶ "On average, employees have no representatives at all on the board of directors." (OECD, 1995, p. 80).

directors of new stock companies. This is, however, no proof that worker's interests are represented in any real way. It is highly possible that the trade union chairmanship is in the hands of the de facto holder of the office of Board Member for Social Issues. Attempts by trade union committees (e.g. at the SIL automobile plant) to convince union members to assign their share voting rights to the trade union committee so as to enable a collective representation of workers' interests at the annual shareholders' meeting met with little response. Provided that enterprises were not taken over by former directors or new investors during the privatization process, it may be assumed that in the normal way of things they ended up in the workers' hands because nobody wanted the rotten junk anyway.

While traditional work relations continued during the initial period of reform in Soviet corporate paternalism, because of a lack of clarity about further developments and a cultural moment of inertia, indications are now emerging that company management are changing their conduct and priorities in particular.¹ Cheap loans from the central bank can no longer be expected, government subsidies have been reduced and manpower shortages may well be history for the foreseeable future. For this reason, companies do not have the money nor do they see the need to spend funds on maintaining the social infrastructure as they used to.²

Legal arrangements were made in 1994 to provide for the financing of social or welfare affairs through tax law. The incentive structure is such that the transfer of social costs would improve tax revenue for the federation budget, while the welfare burden would increasingly fall on both local authority budgets and companies if social costs were shifted to municipalities.³ Maintaining social services, however, only makes sense for companies if they actually receive commensurate refunds from the local authority budget. Since this frequently does not happen, enterprises have handed over a quite a number of social services to cities and municipalities, often in the face of opposition from local authorities and faster than the latter were able to accommodate. If cities and municipalities were not willing to accept, then financing was reduced and many youth camps, convalescent homes and culture palaces fell into disuse and became dilapidated.

The above development means trade unions have lost a central function and therefore power within companies. In 1990, for example, the unions arranged 6,284 million spa therapy and relaxation trips and also carried them out at their own facilities. In 1995, this number had dropped to only 1,124 million. With a total number of 170,000 beds, occupancy may be something under 40 per cent. The financial share borne by social insurance for spa and leisure trips has continuously declined — from 90 per cent in 1990 to 30 per cent in 1995. The financial share in 1996 is again considerably lower.⁴ During the transformation phase, 500 children's sports schools had to be closed and another 800 children's summer camps are under threat of closure.⁵

The reform process has eroded the traditional spheres of activity of Russian trade unions, both at the government and at the corporate levels. Hence, for the unions, the question whether they will succeed in breathing new life into their restructured range of duties — that involves independent representation of workers' interests and collective bargaining negotiations — is more a matter of medium-term organizational and political survival than anything else.

¹ Clarke, 1996, pp. 322 et seq.

² Undoubtedly there are instances in which companies maintain comprehensive social benefits due to their feeling of social responsibility or to improve their bargaining position for subsidies. However, this increasingly seems to be losing importance.

³ For details cf. *Rabochij centr ekonomicheskikh reform II*, pp. 270 et seq.

⁴ Because of low occupancy and the inefficiency of many institutions, costs are also frequently higher than quality hotels in Turkey or Cyprus. While a large number of average Russian employees can no longer afford a holiday, the more well-to-do prefer to holiday abroad.

⁵ FITUR, 1996a, pp. 153 et seq.

2. Internal changes within the trade unions

During the transformation phase, the economic, political and cultural circumstances were especially unfavourable for meeting the requirements of establishing competent trade unions. The old unions have been forced to fit their structures and their cadres to meet totally new challenges and acquire a new image among labour. The alternative unions have been faced with the problem of having to set up independent new structures within an enormous country like Russia. Many of these unions have to call on their few enthusiastic supporters within companies to fight first for recognition as trade unions and as bargaining partners.¹

While the traditional unions belonged to the camp of tried-and-true, conservative forces as the Soviet Union ended, the new labour movement, and especially the miners' labour movement, was one of the driving forces in transforming the system. The mass miners' strikes in 1989 and 1990 contributed significantly to the collapse of the Soviet system. One might say that these strikes were the "nails in the coffin" of the worker and peasant state. However, their influence on maintaining the reform momentum was minimal. The reform process overburdened them both in terms of organization and skills. Moreover, their support of the Government's reform process, which meant economic hardship for the miners, was not conducive to strengthening the authority of the NPG in coal-mining areas.

The transformation process has essentially occurred without the unions, or it has passed them by.² This is equally true for both the old and the new unions — although perhaps for different reasons. The unions have failed to grasp and shape the central issues at the heart of the transformation process. The delay in some reform measures cannot be traded to any obstructionist policy on the part of the unions, but rather to the rivalries, incompetence and corruption rife within the political and economic leadership élite.

2.1. The traditional trade unions

Radical structural and political changes at once required and opened the way to decisive modifications in other aspects of the unions. The union machinery had to find a function for itself under the new conditions if it wanted to survive. This was certainly not facilitated by the fact that the unions were forced, during the August coup and the events in October 1993, to act under the imminent threat of being disbanded or having their assets confiscated.³

¹ cf. Meshtsherkín, 1995b, Hoffer, 1995.

² In this instance, mining is an exception to a certain extent since the Government at least feared mass strikes and protests in this sector during the initial reform years. Thus it was willing to pay wage subsidies, or at least to promise them, and possibly shied away from radical restructuring.

³ After Yeltsin disbanded the Communist Party at the stroke of a pen in August 1991, it was felt that there was some apprehension that the assets of other para- state organizations would be transferred to the public sector. To some extent the new trade unions, which had some influence at least within the president's inner circle at that time, had suggested nationalizing trade union assets because they perceived the existence of state trade unions and their financial possibilities essentially as a barrier to the development of truly democratic unions.

The FITUR was again threatened with being disbanded in October 1993. In the political conflict between the President and the Supreme Soviet, the FITUR, under its chairman Klochkov, openly joined ranks with Chasbulatov and Rutzkoy and called for a general strike against Yeltsin. No one responded to the call for a strike. FITUR's telephones were disconnected after the call for a strike, bank accounts were blocked and a presidential decree was drawn up for seizure of the union's assets. Under those conditions, Michail Shmakov, Chairman of the Moscow Trade Union Federation, was able to force through Klochkov's resignation. On 14 October, an extraordinary plenary session elected Michail Shmakov to the post of Chairman. On 28 October, an extraordinary Trade Union Congress officially confirmed him in office. The Congress did not discuss FITUR's role in the violent conflicts between the President and the Supreme Soviet. The unions decided

The reform-oriented union membership attempted to surmount the deep crisis in the trade unions by working for organizational stability, internal democratization, renewal of personnel and programmes as well as by developing the ability to mobilize and take action. Yet in so doing, the reform-oriented element could not base its efforts on any active support from the grass roots.

2.1.1. Membership trends

According to their own statements, the unions had over 60 million members when the reform process started.¹ In principle, all employed persons were union members — from the cleaning lady to the director general. While it is true that there has been no mass exodus from the unions in recent years, total membership has nevertheless declined to 45 million in the interim.² Membership has slumped in various branches of industry and in agriculture, although membership levels among civil service employees has mostly remained stable.

Membership trends within individual trade unions

Branch	1993 ¹	1996 ²
Agriculture	14.45	9.6
Education	4.7	4.8
Health	3.5	3.5
Municipal enterprises and local services	2.7	2.7
Administration and public services	2.3	2
Building	3.4	2
Energy	1.7	1.3
Automobiles and farming machinery	1.5	1.2
Chemicals	1.8	1.2
Textiles	1.7	1.1

¹ Gelbras, 1994, 219 f. ² FITUR, 1996a, 82 f.

Figures given by the unions are most likely on the optimistic side. The Trade Union Federation in Leningrad, for example, which is one of the most activist regional organizations capable of mobilizing its members, lost over one third of its members.

Declining membership primarily came about because of adverse labour developments in traditional sectors and the demise of union organization in smaller companies and administrations.

against issuing an unambiguous endorsement of the parliamentary elections, and explicitly declared their support for the reform process: "Russia has made its choice — market economy reforms and the establishment of a democratic State based on the rule of law. The role of the trade unions has to be determined by this historical decision..." (Shmakov, 1993, p. 6).

The unions had indeed lost their right to administer state social insurance during the above conflict, however, they had ensured their organizations' practical and political survival, for the second time, by distancing themselves from the old leadership and by showing their absolute willingness to cooperate with Yeltsin.

¹ Gelbras, 1994, p. 219.

² FITUR, 1996a, p. 82.

Management and white-collar workers also tended to drift away from the unions,¹ although this was perhaps more a matter of policy than hard figures. It is hard to assess how many people are still counted as members according to outdated file cards, since membership is not calculated according to receipts issued for dues received.² Rather it seems as if membership information is quite simply and partially based on data provided by trade union bodies. To illustrate: delegates to the Trade Union Congress are granted voting rights on the basis of the number of declared members and not on the basis of paid-up members. The Agricultural Trade Union, for example, received voting rights for 9.6 million members despite the fact that it contributed less than 3 per cent of the dues payable to the Congress in conformity with the statutes, which would give the ATU a real membership of something like 300,000).³

Despite the continuing erosion of membership, the approximately 75 per cent level of formal organization is still considerably higher than the general average in West European countries. In view of this high level of organization, the present decline in membership per se gives no cause for alarm as it can be seen as quite a normal aftereffect of quasi-compulsory membership. By contrast, the fact that the unions still give a poor showing in any attempt to mobilize their members into full-blown company labour disputes is more problematical. As long as this situation does not change, membership will almost certainly continue to decline.

2.1.2. Finances and assets

Falling membership, low official real wages and wages in arrears have resulted in a sharp decline in income from membership dues. Based on the decentralization of dues revenue, a policy introduced by the AUCCTU in 1986 and accelerated by the FITUR during its formation phase,⁴ somewhere around 80 per cent — 95 per cent of dues revenue remain, today, at the company level.⁵ There the funds are used to finance the plant or works trade union officials, to provide social support payments to individual union members and cover other social needs. The regional and supra-regional structures of the branch trade unions and of FITUR rarely receive more than 10 per cent of dues revenue. Since company organizations, as a rule, pay their share of dues to the regional branch unions, there is no guarantee that the central trade union offices ultimately receive their earmarked share of paid-up dues.⁶

¹ At the Sosni Bor atomic power plant, which employs nearly 8,000 people, 60 members of the plant's management left the union in the fall of 1996 after the union had organized strikes and hunger strikes against wage arrears.

² Often 1 per cent of the wage fund is paid direct to the trade union as union dues for all employees. However, the actual number of employees hidden behind the total wage sum is frequently unclear because employees may have long since been earning their money elsewhere although they are in part still formally registered as employees at their former companies. Where plants have been shut down for months, there is no clarity whatsoever about the number of employees who still actually belong to the plant.

³ FITUR, 1996a, p. 134.

⁴ In order to signify its break with the command system common to the tradition of the AUCCTU, the FITUR emphasized both the political and financial issues linked to radical federalism as something that entirely set aside the implementing instruments of national leadership. "Fees are collected within the company organization and it alone may decide on the purposes for which dues will be expended ... Each of these trade union bodies shall decide independently on whether it is wise to transfer a portion of their powers (which entails a portion of their dues) to higher-ranking union bodies." (FITUR, 1990, p. 2).

⁵ Example: the trade union committee of the Novolipitskogo Metallurgical Combine, one of the country's largest steel plants, transferred 6.5 per cent of its collected dues to higher-ranking trade union bodies in 1994 (2.4 per cent to the Central Committee of the branch trade union, 3.5 per cent to the regional organization of the branch trade union and 0.5 per cent to the FITUR regional organization). (Meshtsherkina, 1995a, p. 28).

⁶ Pursuant to the FITUR statutes, 2 per cent of the membership dues should be transferred to the centre. According to FITUR data, in 1994 the centre got only 13.5 per cent of this amount, and 12 branch unions paid

Dues revenue is largely insufficient to fund organization work.¹ Since dues are not being paid, the trade union apparatus finances itself by selling assets or renting office space in union buildings.² Despite their considerable real estate assets, the amount of income generated which actually ends up in trade union coffers³ is still insufficient to ensure intensive regional and supra-regional trade union work.⁴

Employees on central trade union boards can only engage in limited regular travel within the region or organize regional conferences, central seminars and meetings in a small way. Out of a former total of 70 training centres, only 43 are left.⁵ With few exceptions, the surviving centres have been severely down-sized, and they are only partially used for trade union educational work. 20 out of 68 trade union newspapers have discontinued publication since 1992. The total print run of union newspapers is 1 million copies.⁶

None of the trade unions have a strike fund at their disposal. Consequently, they are not able to conduct extended labour disputes because no strike support can be paid. The lack of a strike fund is especially crippling since barely any spontaneous solidarity and financial support comes from other workforces for those on strike.

Trade union management has been trying for years to attain a limited form of re-centralization for dues revenue. A resolution was adopted at the Trade Union Congress in December 1996, to transfer 35 per cent of dues revenue from company organizations to higher-ranking bodies in 1997. Pursuant to the resolution, the quota shall increase to 50 per cent by the year 2000.⁷ According to reports from the regions, this is probably wishful thinking.

less than 5 per cent of their dues, and only 15 out of 42 paid more than 20 per cent of their dues. (Shershukov, 1997, p. 13). This situation has improved slightly: while in 1994, 34 regional federations did not pay anything (Shershukov, 1997, p. 13) in 1995, only nine regional trade union federations failed to transfer any dues whatsoever to the FITUR (FITUR, 1996a, p. 135).

¹ At the Trade Union Conference in December 1996, Tatjana Sosnina reported that 26 branch unions reduced their transfers to the centre in 1996, and that for the first nine months of 1996, 23 per cent of the budget income was made up of membership dues while 77 per cent was income from other sources. (Shershukov, 1997, p. 16).

The same can be said about many regional federations. According to information from the Chairman of the Murmansk Regional Committee, up to 40 per cent of his committee's financing comes from dues.

² The federation has succeeded in keeping the unions' assets. Pursuant to Presidential Decree No. 2284 issued in December 1993, an audit was conducted on the asset status of "social organizations". The trade unions succeeded in proving that 85 per cent of the financing for the property it owns had come from trade union dues (FITUR, 1996a, pp. 145f). The dispute over assets probably reached its tentative conclusion under the settlement established in the Trade Union Act dated 12 December 1996 which recognizes the proprietary rights of trade unions to the property under their administration.

³ There are a great many rumours to suggest that the organization does not receive the full benefit from each rental or sale, but rather that they serve to make some trade union officials better off. Given the endemic corruption in Russia, it would be surprising if unions were free of this problem. A lack of transparency in the status of assets is enough to feed such rumours. Even the chairmen of individual trade unions are barely able to obtain some clear information about the actual status of the finances and assets of the FITUR, which took over most assets as the legal successor of the AUCCTU. Thus there are many rumours flying about but no specific knowledge of provable, large-scale financial scams in recent years.

⁴ Priorities for the way funds are used are not always immediately comprehensible. For instance, the FITUR conducted a seminar for 30 top union officials in Florida during the events leading up to a day of campaigning against wage arrears.

⁵ FITUR, 1996a, p. 92.

⁶ FITUR, 1996a, p. 117.

⁷ FITUR, 1997a, p. 57.

Many company organizations perceive the work of central trade union boards as offering little or no benefit for them. By the same token, the boards have very little leeway for expanding their supply of advisory functions and services to members or company union officials.

2.1.3. Personnel

Quite a number of trade union officials are highly qualified and skilled professionally speaking because they were previously part of the management élite.¹ Many (older) officials, however, are not able to meet the challenges of new times and new tasks. The unions have been forced to make staff reductions, or to pay reduced salaries. This has caused qualified union officials to seek employment outside the unions. Due to the union policy crisis, there is also a lack of junior executives and little financial possibility of employing new professionals. Hence the body of union officials is outdated. As a rule, the chairmen of regional organizations and branch unions are over 50 years of age. Rejuvenating the body of union officials is a slow process.² New activists are seldom found in the companies or at the regional or federation level.

Thus trade unions are being forced to try and bring in new blood not only under difficult financial conditions but largely through an ageing staff.

2.1.4. Establishing democratic structures

The branch unions were traditionally nothing more than specialized operating departments of the AUCCTU. This has officially changed, and the FITUR now continues solely as an umbrella organization. Meanwhile, the elections of trade union officials have been held at all union levels.³ There was no perceptible restriction of freedom of speech at the conferences of the branch trade unions or the FITUR.⁴

In 1990, the FITUR adopted a stringently federative structure. In keeping with this concept, trade union leadership decisions are to take the form of recommendations. Following the October 1993 events, Schmakow even wanted to transform the federation into a confederation. However, he was not able to get this proposal through.⁵ An attempt was made to establish a certain amount of recentralization at the last Trade Union Congress by amending the statutes. Judging from previous experience, there seems to be some justification for doubting that this will actually happen.

While political decisions and dues revenue were being decentralized, assets remained in the hands of the FITUR and the regional federations.⁶ Joint assets also proved to be an effective

¹ According to a survey conducted in 246 companies in five regions, 68.3 per cent of male trade union chairmen and 62.7 per cent of female trade union chairwomen held a university degree (Chetvernina, 1995, p. 51).

² FITUR, 1996a, p. 87.

³ There are examples at the company level to show that trade union bodies are not keen on membership meetings and prefer to decide extensions of terms in office at conferences of union officials. In regular sessions, higher-ranking trade union bodies insist on membership meetings. However, there is the problem found in smaller companies, even though union dues are still partly being paid, that no one offers to take on union work. Hence calling membership meetings would bring the non-existence of the union to the surface.

⁴ Thus, for example, demands for the Government's resignation and the announcement of political strikes were thoroughly discussed and adopted in a slightly modified form at the last trade union meeting, against the will of the FITUR leadership. (FITUR, 1997a, p. 37).

⁵ KAS-KOR No. 140, 1993, pp. 2 f.

⁶ In June 1992, the WKP transferred to FITUR the major part of trade union assets located on Russian territory. 15 per cent of these real-estate assets became property of FITUR and the remaining assets were primarily transferred to the ownership of regional trade union federations. (FITUR, 1996a, p. 145).

instrument of organizational cohesion when decentralization was at its height, and it prevented the old trade unions from being broken down into innumerable individual organizations. Most of the branch unions at the central and federation level maintain their offices in trade union buildings that belong to the federation. In practical terms, being out of the federation would have meant that branch unions waived part of these assets.

This concept was even written into the new statutes.¹ At the same time, the statutes provide for a very strong influence from the regional organizations so that any modification of the statutes in the interest of dividing up assets to the detriment of the umbrella organizations has to all intents and purposes been excluded. The branch organizations are hardly in a position to change this owing to the preponderance of regional organizations.²

2.1.5. Programming

The FITUR programme has clearly professed support for a socially-regulated market economy, trade union independence and political democracy. It espouses government intervention in the economic process if such intervention is required for social reasons. It principally expresses favour for forms of cooperation based on social partnership at the company and supra-company levels. As a rough synopsis, it may be said that the FITUR adopted a more social democratic platform at its last congress.

By contrast with most Eastern European countries, where fresh programmes in old trade unions went hand-in-hand with the social democratization of the communist parties concerned, there can be no talk of social democratization in the Communist Party in Russia. A ragbag of nostalgic, communist, national-patriotic and authoritarian ideas prevails within the CPRF. While the CPRF has failed to hammer out a coherent programme image, at the last Congress the leadership of the FITUR used its lead motion to set the unions on the way towards pragmatic reform within the transformation process.

However, attempts by trade unions to position themselves in the political centre between neo-liberal reformers and communists have failed. The Union of Labour received 1.3 per cent of the vote during the Duma election in 1995. That union had entered into an election alliance with the Union of Industrial and Goods Producers following its failed attempt to initiate a broad opposition alliance. This closing of ranks between the unions and former Soviet directors may conceivably have coincided with the interests of many managerial and company union officials, however, it contrasted starkly with the programming efforts of wanting to be an independent representation of workers' interests, not only separate from the State but also independent of employers. The unions had more success in some regions in terms of voter turn-out. According to information from the regional union chairman, the trade union list in Murmansk 8 won 17 seats in the regional Duma.

2.2. Monologue: The new trade unions

In the final years of the Soviet Union, the old trade unions were very discomfited and challenged by an autonomous labour movement and the new trade unions. An independent labour

¹ The member associations hold no legal claims to assets and membership dues which they have transferred to the federation (article 30, para. 7). Source: FITUR, 1997a, pp. 74 et seq.

² The highest body of the FITUR among the trade union conferences is the General Council. 79 regional committees and 43 branch trade unions are represented on this council. Each regional organisation has one vote and each branch union two votes on the General Council (Article 16 of the statutes). The General Council establishes the standards according to which membership organizations are represented at trade union meetings (article 11, para. 2). Source: FITUR, 1997a, pp. 74 et seq.

movement had arisen in the Soviet Union for the first time since the early 1920s.¹ The miners' mass strikes struck at the core of the system especially since the rule of the *nomenklatura* was ideologically legitimized as dictatorship of the proletariat. These strikes especially questioned the legitimacy of the traditional trade unions as organizations of the working masses.

The new unions developed out of a wave of mass strikes and discontent over political conditions in the country. The miners and a few specialized occupational groups (pilots, air traffic controllers, seamen, dock workers) succeeded in organizing new unions capable of taking action. In other companies, new unions arose as opposition groups to the traditional trade unions. According to expert opinion, the most effective amalgamation of these company groups emerged in 1989 with the formation of the "Sozprof" umbrella association.

The old trade unions were willing to recognize that the new unions were politically significant despite their low membership. Igor Klochkov, then FITUR chairman, proposed at the fourth plenary meeting of FITUR that "the leaders of the labour movement should be represented in all higher ranking structures of the FITUR up to the office of the trade union board".² In March 1991, 41 million roubles in support payments from the Russian Government were paid to the workers' committee of the striking miners in Workuta through FITUR bank accounts.³ The political influence of the new unions also had an impact on the distribution of seats on the newly-formed tripartite commission. Five of the fourteen employee seats on the commission were assigned to the new trade unions although they had less than 1 per cent of union members. In the following years, the FITUR made a come-back in the argument over the allocation of representative votes, and the new unions found themselves with only two seats on the commission.

The new occupation-based trade unions were able to consolidate within their immediate organizational area, and were partially successful in carrying through substantial contract and collective bargaining agreements. These unions failed to become the nucleus of an alternative trade union movement, however, because of their comparatively privileged occupations and their very specific scope of interests. The NPG did not organize the majority of miners despite its moral authority in the early 1990s.⁴ However, the traditional miners' union (PRUP) had reformed itself to a much greater extent than other branch unions owing to the strike movement and to competitive pressure from NPG. This has caused a narrowing of the differences between the two unions. Recently both unions partly joined forces on a local basis to fight for the punctual payment of wages.

The approximately 1,000 trade union groups pooled under Sozprof have only in exceptional cases succeeded in emerging as the strongest trade union within a company. These union groups often have to battle against the resistance of company management and old trade unions in order to gain any recognition whatsoever as a partner in discussions and negotiations. Sozprof is attempting in many instances to force this recognition through the courts or through high-profile actions such as hunger strikes. Filing a law suit against a powerful director general, which is an extremely unusual step especially in Russian provincial towns, is proof positive that the new unions are emerging as pioneers in achieving settlement mechanisms under the rule of law.

The activists in these kinds of unions will win the esteem of many colleagues because of their courage and commitment — if they avoid manoeuvring themselves into the position of

¹ cf. Deutscher, 1968, pp. 34 et seq. on the process of placing the Russian trade unions under state control following the October Revolution.

² Quote according to Shershukov, 1997, p. 3.

³ Shershukov, 1997, p. 4.

⁴ Out of approx. 80,000 members, around 35,000 belong to Norilsk Nickel, so that NPG organizes about 45,000 miners from the coalmining sector. This represents about 5 per cent of workers employed in the industry. NPG's level of organization among miners working underground is indeed considerably higher.

troublemakers through petty, over-zealous litigation at every turn. Yet in spite of all, most people remain in the old trade unions. This can be explained by practical considerations and not merely in terms of a moment of inertia or paternalistic childishness. The new unions are indeed enthusiastic supporters of the rights and dignity of employees at the workplace: however the disputes are in no way always successful, and they are associated with adversity, fears and risks during the conflict stage. By contrast, social service issues can be settled through the traditional unions (provision of allotments, i.e., vegetable gardens, allocation of heating fuel for residential accommodation, etc.).¹ Anyone who is in open opposition will forfeit these options.²

Given the fact that the new unions failed to organize themselves as a broad-based mass organization during the phase of political euphoria, it will be more difficult and rather less probable that they will succeed in this as the initial optimism seeps away. In 1995, the amalgamation of new trade unions under two alternative umbrella organization (transportation workers union for KTR and NPG, Sozprof and some regional unions for WKT, clearly shows that relationships among the trade unions are by no means devoid of conflict.

The ability of the new unions to mobilize workers has undoubtedly weakened, and traditional unions have taken the initiative and gained a strong lead in terms of trade union policy. While there are still recurring reports about individual company conflicts or strikes, the new unions have not recently succeeded in organizing larger demonstrations or nationwide or branchwide strike action.

The influence of the new unions should not be measured solely by how many members they have or whether they can mobilize labour, but also in terms of what pressure for change that they can exert on the old unions by the very fact of their existence. Examples of committed and courageous representation of workers' interests at the company level primarily show that another type of trade union practice is possible in Russia.

¹ Workforces moreover expect a union to carry out these functions. For this reason, new unions often see themselves compelled to fulfill these traditional roles in companies where they have appropriate influence (e.g., the dockworkers union in St. Petersburg).

² Meshtsherkin, 1995b, in his very worthwhile study of differing trade union practices between FITUR and Sozprof, presents various impressive examples of the diverging self-images of old and new trade union members. While the old trade union chairman perceives himself more or less as a committed manager of corporate social services, new trade unionists are demanding that supply paternalism be replaced with clearly established employee rights. For the new unions, conflicts with management are indeed positive if they help assert the independence of the trade union and the citizen status of employees in the company; whereas for most traditional union chairmen, open conflict with management is unimaginable and above all, appears senseless.

3. Trade union practice during transition

The decisive factor for trade unions is whether they will succeed in improving their standing among workers through achieving specific performance levels that stabilize their membership base and the financial situation, and whether new people will be willing to work in the unions. Only then will programme renewal or reprogramming be worth more than the paper it is written on.

In this respect, trade union practice is very divergent on a company and regional basis. Undoubtedly, there are worlds of difference between the political and the trade union policy situation in Workuta, Tatarstan, Ulyanowsk, St. Petersburg or Moscow. Trade unions are continuing to discharge their traditional tasks only in part. This becomes clear from the workers' perception of the unions.

Where do you see the specific results of the work of your trade union organization (multiple choice)?¹

	March 1995	June 1995
Represents employees' interests vis-à-vis the administration	21.8	21.8
Organizes foodstuffs and consumer goods supply	8.1	28.3
Fights for adequate pay	13.9	17.1
Deals with issues concerning stabilization of work discipline	10.2	14.8
Provides material aid	14.7	21.5
Concerns itself with working conditions	13.3	17.0
Helps in solving accommodation problems	11.4	22.2
Other	19.6	27.5

¹ Survey of the Ministry of Labour conducted among 9,720 employees with various qualifications and from differed regions and branches.

Source: Mintrud, 1996, 110.

The unions' future depends on to what extent they can be of actual benefit to their members in a more forceful manner than in the past. The central areas of responsibility in this respect are as follows:

- maintaining traditional spheres of activity;
- influencing social policy on the tripartite commissions at the municipal, regional and federation levels;
- securing supra-company standards through collective contract negotiations;
- representing interest in the company through effective collective bargaining agreements;
- bolstering ability to carry out strikes and campaigns.

3.1. Traditional functions

For generations of workers, the trade unions discharged a social supply function within the old system. Even if company organized leisure trips, child recreation camps and new year's parties have become less extensive, they have not entirely disappeared. Rather it appears as if they have levelled off in the past two years after dropping sharply during the initial reform years. Many company trade union officials continue to perceive this as an important task, and for them

it is the real field of activity, the sphere that matters. Many city authorities and parents are still interested in having child recreation camps continue to operate, especially in view of the difficult material and ecological conditions in many of the congested industrial centres. The City of Moscow, for example, has intermittently taken over a considerable portion of the financing required to provide child recreation programmes organized by company trade union committees. By handling these matters, the unions retain a practical function and improve their negotiating position vis-à-vis local authorities.

Holding on to these functions, which are atypical for unions in a market economy, is a double-edged sword. On the one hand, this work ties up energy and capacity within trade unions which are already suffering from limited manpower, and it conceals the danger of incorporating unions into the new municipal social policy as a non-governmental welfare organization — a role which many traditional trade union officials in particular would certainly be happy to accept. On the other hand, it seems more than doubtful whether acquiring new skills for fresh fields of endeavour would move along faster if the unions were relieved of the “ballast” of such social supply functions. They would possibly be deprived of a significant reason for their existence in the eyes of many members, unless they were able to show some success in their new fields of responsibility so as to be taken seriously not only by their own members but also by employers and state agencies.

However, the unions can keep the social services that are used by workers and their families or children only so long as financing is guaranteed by the social insurance system. The Government's current plans to reduce the social security contribution rate by one percentage point to the benefit of the national pension insurance contribution would mean closure for many of these facilities.¹

3.2. The tripartite approach

The Russian tripartite commission on regulating working and social conditions, comprised of employers, government and trade unions, has been working at the federation level since 1992. In the meantime, tripartite commissions have been set up in nearly all federation subdivisions and in many large cities. In the past year, 77 regional and 1,149 local tripartite agreements have been concluded to regulate social and working conditions.²

Comprehensive minimum social standards and the obligations of the State, employers and trade unions in the areas of work and social relationships are to be laid down in the agreements. The commission is to give guidance on all relevant issues in the field of social and labour legislation. This very ambitious, discerning assignment is however open to criticism from many trade unionists because of their disappointment at the results of the commission's work. Their attitude is based partly on an overestimation of the options open to the central Government's regulatory powers in a market economy principally designed along decentralized lines.

The wide regional and branch-related differences of the Russian Federation also increase the difficulty of reaching specific agreements at a federation or comprehensive branch level. Even at the level of the individual “Oblasti”, many of them larger, say, than Belgium and with a population of over a million inhabitants, there are limited possibilities for substantial, tripartite agreements. The tripartite process is impeded nearly everywhere by the lack of employer representation. Many private companies or privatized companies choose not to become members of an employers' association which is authorized to conclude binding agreements on their behalf. Employers see no cause for allowing any restriction of their autonomy in decision-making or corporate power. There is no attraction for them in a supra-company command and regulatory framework as long as they can do pretty much anything they like with their company workforces

¹ FITUR, 1997c, p. 43.

² Komorovskij, 1997, p. 1.

and trade union committees. In the first phase following privatization, many directors and entrepreneurs held the opinion that collective contract negotiations and legal labour safety regulations would not apply to private companies. After privatization, many of them thought that the property rights of the private company owner were not subject to any legal restrictions whatsoever, and the boss had absolute freedom to make decisions about working hours, working conditions, work safety and remuneration, etc.

Bilateral agreements were closed between trade unions and area representatives in some regions because insufficient powers of attorney had been issued to employer representatives. The tripartite commission is more a forum for presenting social policy concepts to government representatives than a body in which the State participates, as a neutral third party, for settling labour relations between labour and management. Within the commission framework, the unions primarily find institutional recognition as representatives of the public's social interests. Trade unions in many parts of the world would certainly be happy if they had this kind of institutionalized dialogue with their governments. The unions in Russia have had the institutionalized framework given them almost on a silver platter. The body was established from above as a means of social and technological modernization. No one fought for it. Local and regional governments are particularly willing to talk to the unions because they have traditionally provided services in the social sector, and they possess organizational and administrative competence in this area.

Trades unions are now forced to prove within these bodies that they are not just a social policy rubber-stamp to lend legitimacy to government decisions. They will have to develop their own competence in the field of social policy and at least be able to lay down some minimum social policy standards on the tripartite commission and in annual agreements. As a rule this was neither achieved at the federal or regional levels. The tripartite agreements are mainly collections of general statements of intent and a list of social policy issues which the tripartite commissions are to discuss over the course of the year. The Government has even frequently ignored the feeble right to a hearing in various instances; amendments to laws relevant to social policy have been introduced before the Duma without prior consultation with the tripartite commission. In some cases, the tripartite commission did not have a quorum because a sufficient number of government representatives failed to appear.

One of the few specific agreements pushed through at the insistence of the trade unions was that designed to close the gap between the minimum wage and the minimum poverty level. In all general tripartite agreements since 1993, the social partners undertook "to work out and begin implementing measures to reduce the gap between the minimum level for subsistence and the minimum wage".¹ However, prevailing circumstances in Russia allow grounds for doubt as to the value of such agreements.

Other declarations of intent, such as compensation for savers, are repeated year after year without any specific action being taken. This is certainly not calculated to enhance the reputation of the tripartite commission among the public.

Agreements made at the regional level also primarily contain declarations of intent or reiterations and confirmations of arrangements that have been previously established by law. The unions are making some attempt finally to establish at least a social policy settlement. The following issues, among others, have been successfully addressed in St. Petersburg:

- rents cannot be increased above 40 per cent of real costs;
- heat and electricity in company apartments cannot be turned off if the company has failed to meet its wage payment obligations;
- child recreation camps will be financed by the city;

¹ General agreement, 1995, Ch. III, No. 20.

- public transport subsidies will be maintained for school children, students, retirees and large families;
- employees are obliged to release trade union members from work on full wages for trade union schooling.¹

Relationship between minimum wage and the poverty level

	Minimum wage in roubles	Poverty level in roubles	Minimum wage as per cent of poverty level
1992	714	1 900	37.5
1993	5 962	20 578	29.0
1994	18 050	86 564	20.8
1995	42 621	264 100	16.1
July 1996	75 900	385 100	19.7

Source: Rabochij centre ekonomicheskikh reform 1996 II, 91, et seq. and own computations.

Ultimately, the effectiveness of tripartite commissions cannot be judged primarily on the basis of annual agreements. They are useful institutions — independent of the annual agreements — if they can create a climate of trust and cooperation among responsible decision-making bodies that actually guarantee consideration of trade union ideas in the decision-making process. However, they may aggravate workers' traditional mistrust of the unions as a pseudo-lobby for workers' interests if commission meetings only become ritualized, bureaucratic events for the purposes of issuing bombastic statements.

The trade unions will have to modernize their work if they want to make use of the influential field of supra-company social policy, and avoid being tied into the social administration merely as organizers of children's camps. Establishing their competence in social policy will be the deciding factor. Currently, the most pressing task would be to exert an influence on the restructuring of the housing economy. This is urgently required both on grounds of social efficiency and in terms of social justice. Yet in the light of past experience, many people are still apprehensive that the final choice they will face as they emerge from the reform process will be between unaffordable rents and homelessness. The unions could make an important contribution towards avoiding social tensions and improving their own image by offering competent and practical ideas for socially palatable reform on the housing issue.

3.3. Industry-wide contract negotiations

Pursuant to the Labour Code, working conditions and pay levels above the legal minimum standards are determined by negotiation, collective agreements and individual employment contracts. Trade unions have been experiencing greater difficulty in finding partners for industry-wide contract negotiations as economic structures were denationalized and democratized. In 1996, there were only 15 regional branch wage settlements in the City of Moscow although there are over 40 branch organizations.² 58 industry-wide branch collective contracts were in effect in the whole of Russia in 1996,³ but only 20 per cent of those settlements were entered into with

¹ Trechstoronee Soglashenie Saint Petersburg na 1997-1998 vs., 1997.

² Moskovskoe Trechstoronee Soglashenie, 1997, p. 16.

³ Komorovskij, 1997, p. 2.

employers' associations. All other settlements were concluded with ministries or ministerial departments or other offices which simply do not have sufficient economic, financial or executive powers of attorney at their disposal.¹ Hence, it is not at all clear whether an industry-wide collective contract has any validity whatsoever in many privatized companies.

The contractual pay under an industry-wide collective agreement is often low. The settlements are couched in very general terms or restate minimum standards, already established by law, which fail to justify any specific claims. The issue of remuneration has broadly speaking shifted to the company level,² and industry-wide collective contracts only provide for minimum standards which in general fail to secure any substantial real income.³ These settlements are indeed higher than the minimum income provided for under law, and they are meaningful for employees who the company places on compulsory leave. These employees have a claim to two thirds of the agreed minimum wage.

Contract minimum wages compared with the poverty level and the average wage in roubles

Branch	Legal minimum wage	Contract minimum wage	Poverty line	Average wage
Gas production		280 000		3 016 000
Oil production		280 000		2 194 000
Coal industry		352 000		1 465 000
Printing	75 900	150 000	369 000	888 000
Chemical		205 000		794 000
Machine manufacturing		230 000		611 000
Light industry		126 000		410 000
Agriculture		82 000		350 000

Source: FITUR, 1996b, 43 et seq., Goskomstat, 1996b, 192.

Given conditions in Russia, it is hard to imagine that branch settlements will be assigned greater importance in the foreseeable future owing to the lack of supra-company solidarity and the structure of the Soviet economy.⁴

¹ FITUR, 1996a, p. 41.

² "Companies shall independently establish the form, system of payment, wage brackets, salaries, bonuses and other supplements ... and specify them in company collective bargaining agreements." (article 6, No. 6.1 of the branch collective wage and salary agreement between the trade union for employees in the coal industry, the Ministry for Fuels and Energy and the Ministry of Labour 1994).

³ "The companies themselves shall determine the form, system and range of remuneration. The wage scale for the first wage bracket (F.H. being the lowest) shall be 120,000 roubles effective 1 Feb. 1995. The minimum wage, including all supplements, may not fall below the regional poverty line minimum ... If economic conditions do not permit a company to pay the minimum wage stipulated under the wage settlement, then the parties to the agreement shall determine another minimum wage. They shall inform the central council of the trade unions regarding same." (article 4, No. 4.1, of the branch Collective Wage and Salary Agreement between the iron mill workers' unions, the Iron and Steel Committee and the Ministry of Labour for the year 1995-1996; in Kazva, 1996, p. 231.)

⁴ While the competitive mechanism in a market economy tends to align technical equipment, wage rates and work productivity within a certain spread, there are companies in Russia with quite different technical

Not a lot of change has been achieved, however, despite continual efforts to improve the legal safeguards for work safety, working hours, leave and unions' representational rights through industry-wide collective contracts at the branch level. The unions could score a greater success if they could ensure compliance with existing legal regulations. Central and regional branch wage settlements may not be the most promising instruments for increasing awareness among members and company organizations so as to strengthen trade union centres. However, the centres would probably be more successful if they could provide the know-how for a modified, decentralized wage policy and build up associated trade union educational work.

3.4. Collective bargaining agreements

Since tripartite agreements tend to lean toward social policy and given the low level of the industry-wide collective wage settlements, the main burden of trade union representation of workers' interests falls upon collective bargaining agreements at the company level. While it may be assumed that no effective trade union exists where no collective bargaining agreement has been concluded, the opposite does not hold good. Collective bargaining agreements of a purely declaratory nature were regularly entered into during the Soviet era. It seems as if this ritual is being continued in many instances. Trade unions are in a particularly difficult position within companies because directors hold a strong position of power and because trade union chairmen have seldom freed themselves from the director general. Trade union chairmen who want to play a more powerful role run the risk of falling between two stools. They could begin a confrontation with the director without being able to count on support from company workforce.

Figures for the number of collective bargaining agreements concluded annually are uncertain. According to a 1996 FITUR survey based on information from 50 regions, 81,701 company organizations out of a total of 187,977 concluded a collective bargaining agreement. An additional 26,424 extended the validity of the collective bargaining agreement from the previous year.

There are also massive differences in this respect. In Tchelyabinsk, for example, only 23.18 per cent of the trade union organizations concluded collective bargaining agreements, and 34.08 per cent in Nizhnii Novgorod, yet in Tatarstan this figure was 82.4 per cent, and 79.12 per cent in Krasnodar.¹ The tendency seems to be that more collective bargaining agreements are concluded where the traditional political forms of control have undergone less change.

In 1996, 124,200 collective agreements were registered with the Ministry of Labour. This would amount to 17.6 per cent of all companies. While 38.4 per cent of state enterprises and 54.7 per cent of municipal enterprises had collective bargaining agreements, only 28.5 per cent of private companies and 9.7 per cent of other institutions and enterprises had such agreements.² Possibly not more than 1,000 collective bargaining agreements were concluded by new trade unions. Taking into account that there are roughly 380,000 company organizations,³ about every third traditional company trade union organization would enter into a collective bargaining agreement.

A survey among 247 medium-sized and large companies showed that 31.3 per cent did not have a collective bargaining agreement. There were no collective bargaining agreements in any of the small, purely private companies or labour collectives or in 61.1 per cent of the newly formed closed stock corporations.⁴

equipment and productivity living cheek by jowl.

¹ FITUR, 1997b, p. 1 et seq.

² Komorovskij, 1997, p. 2.

³ FITUR, 1996.

⁴ Chetvernina, 1995, p. 24.

Collective bargaining agreements are more likely to be concluded at larger companies so that an impressive number of workers are covered by the settlements reached and enshrined therein. One disquieting aspect is without a doubt the major decline in collective bargaining agreements in recent years and the small number of agreements found in private companies.

The real problem lies in the content, or lack thereof, of many collective bargaining agreements. According to the aforementioned survey, the issue of remuneration was not the object of the agreement in 17 per cent of all collective bargaining agreements. An analysis of 60 collective bargaining agreements in St. Petersburg showed that 50 per cent of such agreements established worse conditions than those laid down by law (e.g., monthly wage payments instead of two-week payments as stipulated by law).

In contrast to the common practice in western countries, most of the collective bargaining agreements regulate certain minimum standards and not the actual amount of wages. The actual amount payable in wages is determined by the respective classification, a sum of bonuses, gratuities, etc., largely established by evaluations from the respective superior in charge of the department's wage fund. Collective bargaining agreements partly guarantee less than one half of income.

The wage settlement under a collective bargaining agreement is such as to cast doubt upon their relevance. However, compliance with these settlements is not at all a foregone conclusion owing to the prevalence of legal nihilism.

In your opinion, to what extent was the collective bargaining agreement fulfilled in the past year?¹

Compliance with the collective bargaining agreement	June 1995
Was completely fulfilled	2.2
Was partially fulfilled	34.3
Was practically not fulfilled	20.6
There is no collective bargaining agreement at our company	5.0
No response	37.9

¹ Survey of the Ministry of Labour among 9,720 employees with various qualifications and from different regions and branches.
Source: Mintrud, 1996, 110.

In principle, the trade unions can naturally attempt to force compliance through strikes. However, strikes have been exceptionally rare, although experience has shown that strikes or court proceedings are comparatively successful even in instances of wage arrears. Yet many company trade union committees either lack the will, because of their self-image, or they fear confrontational disputes with management.

The unions will succeed in enhancing their authority through collective bargaining agreements only if they pin down real, factual settlements in them and likewise enforce compliance with such agreements. Company conflict and strike skills will have to be developed for this purpose.

3.5. Ability to campaign and strike

As mentioned earlier, traditional trade unions were largely paralysed following the collapse of the Soviet Union. Union attempts to organize protests and strikes barely met with any

response.¹ Their calls for strikes often proved to be empty threats, or they turned out to be so-called "director strikes". In the wake of price deregulation in 1992, directors encouraged their workforces to strike. These strikes demanded subsidies or loans from the Government. Various branch unions posted pickets in front of government buildings to demand subsidies for their branch. This joining of forces between labour and management is not alien to western society. It certainly has its justification in view of the Russian Government practice of awarding state contracts and thereafter not paying or abiding by budgetary obligations. Yet these kinds of protests are only justified for trade unions if they can guarantee that the money paid as a result of their protest is actually used to pay wages and does not vanish into managers' pockets.² This was not and is not always the case in Russia.

Starting from a low level, there has been a continuous rise in strike activity since 1993. This can primarily be traced to a sharp increase in teachers' strikes in addition to the traditional militancy of the miners. Since last year, increasing strike activity has been documented in the health field and in the classic industrial sectors. There were hardly any strikes in these areas prior to this time.

Most of the strikes seem to have been comparatively local and short-term protests which are uncoordinated or arise out of obvious desperation. However, strikes did develop into regional campaigns of protest against the central Government in a few, remote crisis regions in Russia's Far East.

Broken promises from the presidential campaign and the sharp increase in wage arrears following the election³ are the main cause for a considerable groundswell of discontent. According to surveys, peoples' willingness to participate in protest rallies against rising prices and declining living standards increased by 43 per cent between July 1996 and January 1997, and reached a peak, since surveys were first taken in March 1993, with 26.6 per cent of all persons asked responding in the affirmative⁴

The trade unions did succeed in mobilizing this discontent during the last nation-wide protests days held on November 5, 1996 and March 27, 1997. Several million people participated in rallies across the country.⁵ In March 1997, somewhere around 100,000 were present at each of the large rallies held in Moscow and St. Petersburg. There is no disputing that the "Day for Work, Wages and Employment" was by far one of the largest and best organized protest campaigns in the history of Russian trade unions.

¹ According to union figures, 1,000,000 people responded to the trade unions' call to attend a national day of protest for "Correcting the Course of Reform" in 1992: the Government places the figure at 250,000 (Shershukov, 1997, p. 9). The unions did not succeed in organizing a truly large demonstration in any city.

² Example: the Russian Government subsidized cotton purchases from Uzbek primarily in response to pressure from the textile workers' union. Yet instead of using this cotton for production purposes, the textile industry and trading companies which had formed within the textile environment, re-exported the cotton to world markets. Workers in the textile industry were left empty-handed.

³ According to surveys, 36.9 per cent of all persons asked received full wages and benefits on time and 27.1 per cent did not receive any wages at all in May 1996 (VZIOM 1/1997.50). By contrast, only 27.1 per cent received full wages and benefits on time and 40.2 per cent received nothing in January 1997 (VZIOM 2/1997.86).

⁴ VZIOM1/1997.50; VZIOM 2/1997.64.

⁵ While the unions talked about 20 million people as participating in protests of one sort or another (strikes, rallies, company meetings, demonstrations), the Ministry of the Interior gave the figure as 1.8 million. The Ministry's figure may be a gross underestimation given that the protest rallies took place in 700 cities and involved tens of thousands of people respectively in each provincial capital alone. The trade unions' statement that almost every seventh Russian and every third employee had reportedly participated in protests also seems far removed from the actual number of participants.

Strike trends in Russia

	Number of striking enterprises								Number of strikers in thousands								Number of workdays lost in thousands							
	92 ¹	93 ¹	94	95	96	97 ²	92 ¹	93 ¹	94	95	96	97 ²	92 ¹	93 ¹	94	95	96	97 ²	92 ¹	93 ¹	94	95	96	97 ²
Total	6 273	264	514	8 856	8 278	10 390	358	120	155	490	664	361	1 893	237	755	1 367	4 009	2 554						
Education			279	8 555	7 396	10 143			36.1	320	251	294			165	612	1 488	1 835						
Mining			190	190	445	13			1 065	130	298	6.9			465	576	1 853	210						
Health			—	5	229	198			—	0.5	24.9	21.9			—	2.3	163	110						
Building			8	11	34	1			1.3	5.3	8.5	—			5.3	35.2	56.4	—						
Transport			8		26	8			1.3		5.1	2.2			3.0		18.5	28.4						
Other industries			29	30	148	25			10.1	14	76.6	38.4			117	55	430	270						

¹ Data for specific industries not available. ² Jan. and Feb. 1997.
Source: Goskomstat, 1994, 1995, 1995a, 1996a and 1997a.

The mass media extensively reported on the unions' actions during events leading up to the "Day for Work, Wages and Employment", and the Government reiterated its promise finally to address the social problem of transformation.

The unions were indeed able to mobilize millions of people, yet they were not able to underpin the protest with telling strikes. Seen in this light, the trade union leadership was unsuccessful in its efforts, for instance, in Kaliningrad or St. Petersburg, to persuade workers from the municipal public transport authority to go on strike for a mere five minutes in a show of solidarity. By comparison, the unions did succeed, according to information of trade union chairmen, in effecting a full day's strike among public transport workers in Archangelsk, where 95 per cent of all employees do not receive their full wages. According to trade union sources, 70 per cent of the 16,000 companies¹ and institutions that went on strike on March 27, 1997 were schools. There have been problems about mobilizing employees in enterprises where the strike would have had an immediate impact because workers in such enterprises are normally paid better and on time.

To a certain extent, the unions have managed to become the voice of the discontented, however, they have not yet been able to channel this discontent in a specific direction through their own strategy. The unions lack the moral authority and the socio-political power of persuasion to win over employees for solidarity action at companies that are in a relatively better economic position.

Despite these limitations, the aforementioned measures and campaigns are an indicator that the unions have consolidated as a structure. Neither the communists nor the president's supporters would at present be able to organize a mass campaign of comparable size. Thus the trade unions have demonstrated they that have regained a portion of their capacity to act following years of decline. The increased authority of the FITUR becomes evident from the fact that the new trade union alliances KTR and WKT, joined FITUR's call for protest. This was the first time that old and new trade unions had jointly called for protest action.

What is happening gives grounds for cautious optimism despite the enormous difficulties that still lie before the Russian trade unions on their pathway to reform. Whether they will develop into independent and assertive representatives of labour's interests at the company level and in society at large, or whether they will succumb to the temptation to have themselves tied into Russian society in a corporative manner,² will primarily depend on the subsequent policy of the trade union leadership.

¹ Goskomstat recorded 2, 658 strikes, Goskomstat, 1997b.

² Observers note certain indications of trade unions' being integrated in some rudimentary fashion into the municipal structure in Moscow under the leadership of Yuri Luzhkov, the city's (all) powerful mayor. It was established in the tripartite agreement, for example,

- that social partners will participate in the celebration of Moscow's 850th birthday,
- that the unions use their "capital city" fund to participate in retraining the unemployed,
- that the unions provide financial, methodological and organizational support for corporate and municipal clubs, libraries, sports facilities and children's leisure camps
- that representatives of companies and city organizations be trained at the trade union school in the forms and methods of settling social relationships by contract the cost to be met from the employment fund.

Under Luzhkov's initiative, 1 May was organized by the unions as the "Festival of Flowers".

4. Prospects

The process of restructuring the enterprises is by no means complete. Rather it is safe to say that there will be many plant closures and lay-offs in the near future. A new and stable "modus vivendi" has not yet been worked out between labour and management in most enterprises. Creating modern working relationships, in which employee involvement and participation is understood as a prerequisite for efficient, high-grade production, is an organizational task which still needs to be dealt with.

An increasing number of people are dissatisfied following a decade of attempted reforms and reforms that bring privations. They want finally to see tangible improvements in their daily lives. Without greater consideration for the social needs of a broad section of the population, the possibility that people will turn their backs on democracy and the market economy cannot be excluded. The unions are the only non-governmental institutions which at least have the potential, under the circumstances, of being able effectively to express the need to correct aberrations in social policy and in the way goods and services, and also wealth, are distributed.

The ability to meet this challenge will require considerable additional reform efforts on the part of the unions. They must:

- gain more trust among the broad strata of workers and employees;
- overcome de facto fragmentation of the trade union structure;
- improve their professional competence at the company and government level;
- increase their ability to campaign and strike;
- conclude and enforce substantial wage and collective bargaining agreements.

It is invariably easy and dangerous to make recommendations as an outsider on how these goals could be achieved. Hence the following comments should be understood more as a means of encouraging discussion and not as advice.

4.1. Trust

Trust in the moral credibility of an organization and the knowledge that the officials responsible for it cannot be bribed is a primary requirement for forging solidarity among people who do not know each other. Voluntary membership, organizational transparency and democratic decision-making structures are decisively important to dispel employees' traditional mistrust of the former state trade unions. Members must be able to acquire unambiguous information about trade union assets, what they amount to, how they are managed and what kinds of revenue levels are achieved. Only in this way will it be possible credibly to counter the suspicion that the trade union bureaucracy is enriching itself at the expense of others and to increase the willingness of company trade union organizations to remit dues to higher-ranking bodies.

The mandates should be allocated at all trade union congresses on the basis of paid-up members — i.e. the real figures. Only then can a serious demand be made for Congress resolutions to be complied with.

4.2. Halting fragmentation

The unions must offer services of use to a company. Otherwise, they will not receive any funds from the grass roots despite resolutions stating otherwise. Local union leadership will be faced with having to justify themselves to company workforces and also possibly to management should they wish to finance trade union machinery in Moscow instead of using funds collected for social or humanitarian purposes at the company level.

The trade union machinery must see itself as a service facility, and it must offer membership organizations:

- information;
- training seminars;
- legal consultancy and
- marked solidarity in conflict situations at the company level.

While material information and written outlines for action are an inexpensive form of inter-trade union communication, they cannot replace live dialogue among active trade unionists at various levels. Seminars for training company union officials that enable horizontal sharing of experience are urgently required, especially for new trade union officials, for the following reasons: (1) to make the supra-company organization a hands-on learning experience (2) to intensify discussion of trade union policy among the rank and file and (3) to guarantee and improve the organization's cohesion.

In order to break the vicious circle of finger-pointing (the central office cannot do anything because it does not receive dues — the companies no longer want to pay the central offices because they do not receive adequate services in return), it may be necessary to examine whether using a portion of trade union assets for a more goal-orientated type of training might be one form of future-orientated investment as a means of closing the gap between lack of confidence and finance.

In view of the striking significance that the Government has attached to the social partners in regulating labour and social relationships,¹ there is also undoubtedly a public interest in seeing that the potential support system of the social partnership have the requisite professional skills at their disposal. Public promotion for training trade union officials would be a convincing demonstration of just how serious the president and the legislature are about backstopping the social partnership institution.

International cooperation could make a significant contribution to developing badly needed, new teaching methods. As previously described, seminars, under the Russian tradition, are frequently events for passing on information. There is a major need for action-orientated educational work that will enable people to lead discussions and negotiations and together to work out solutions to the problem arising.

4.3. Competence

The unions will be recognized as partners to discussions if they also can display professional competence. While they were comparatively successful in designing labour legislation, their influence on social and economic legislation is barely perceptible. The unions have hardly any experts who are familiar with how to implement economic policy in a market environment or with how social security systems can work efficiently under market conditions. Organizing trade union competence in these fields is urgently required in view of the far-reaching reforms that are on the agenda for housing policy and provisions for old age, which will have a direct influence on millions of employees. The same holds true for actually applying the instruments of labour market and industrial policy to impending structural change.

A transfer of know-how through international long-term experts could be helpful in the short run. Mid-term requirements would focus on training young, union-orientated specialists in the fields of economic and social policy. The pilot project entitled "Active Labour Market Package for industrial restructuring: A demonstration project for textile and related industries in the

¹ "There is a striking significance inherent in the development of the social partnership whereby compromise solutions can be found enjoying government protection, whereby the interests of both employees and management can be taken into consideration. The unions' role in the future regulation of such a partnership cannot be valued too highly." (Yeltsin, 1997, p. 9).

Ivanovo Oblast,"¹ which the ILO began in 1994 at the request of the Ministry of Labour and the social partners, is a practical attempt to adapt to Russian conditions the know-how for a social policy and a labour policy as inputs to regional structural change, or to develop new instruments for the same purpose, in cooperation with Russian partners. If this project were to be continued, it would offer an opportunity for a substantial contribution to be made to the practical development of competent social partnership relations.— provided that a similar creative urge is to be found among all the participants on the Russian side.

4.4. Solidarity

The weight and authority of a trade union is inseparable from its ability to organize strikes. In this sense, it is essential to use strike funds and the strike weapon with no little skill. The current situation whereby unions are practically unable to carry out long-term strikes yet simultaneously threaten a political general strike, is not very helpful. Any political general strike poses the question of power in a given society, and for this reason it should only be considered as a last resort during a constitutional crisis or a state of emergency. The strike weapon would rather have to be developed as an effective instrument in contractual disputes for the sake of asserting clearly defined and reasonable, realistic demands.

The ability to strike cannot be achieved without a certain centralization of funds at the branch or federation level. However, if a centralized strike fund is to be created then at the same time the conditions under which trade union members or company locals would have a claim to payments from the strike fund would have to be made clear.

Given scepticism towards the trade union apparatus, it may be that any immediate creation of a strike fund financed by regular payment of dues would be too much for company locals to cope with. Organizing specific solidarity campaigns for companies or workforces involved in a dispute would be a more promising first step. Based on experience gained from successful displays of solidarity, members could become more willing regularly to entrust money to the trade union leadership for a strike or campaign fund.

It is conspicuous that practically no attempt is made in the trade union press to organize such kinds of solidarity campaigns. It could be, however, that the ability to conduct conflicts at the company level is so minimal that there are no trade union disputes with which one could affiliate with in a show of solidarity.

4.5. Collective bargaining

This is the unions' central weak point which can only be minimally influenced by restructuring and updating the trade union apparatus. The trade unions lack activists at the company level who are both willing and able to conduct disputes and who want to wrest the rights enforceable by legal action from the management in the interests of the employees. In this respect, the old trade unions could learn from the few examples of the new unions which go to litigation, persistently and vehemently, over the implementation of and compliance with collective bargaining agreements.

¹ ILO CEET, 1995.

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