Book Reviews

Labor and Liberalization: Trade Unions in the New Russia
Linda J. Cook

For three-quarters of the twentieth century, the Communist Party ruled the U.S.S.R. — at least nominally — on behalf of the nation's laborers. Virtually all workers, including managers, belonged to labor unions, which were invariably affiliated with a national umbrella organization, the All-Union Central Council of Trade Unions. The Central Council, in turn, acted as an arm of the Soviet government. Thus, unions provided little in the way of genuine representation of worker interests, being primarily responsive to the dictates of Party officials in the centrally planned Soviet economy. With the collapse of the Soviet regime in 1991 and the new government's imposition of "shock therapy" to rapidly restructure the system into private markets, the economic, legal, and social environment for labor changed dramatically.

Linda Cook's report, Labor and Liberalization: Trade Unions in the New Russia, published as part of the Twentieth Century Fund's series on Russia in Transition, documents and analyzes the problems and prospects now facing Russian workers and labor unions. This short volume provides a concise, crisply written overview of the major issues and an extensive evaluation of Western assistance to the nascent Russian labor movement.

The introduction briefly lays out the central themes of the essay. Cook notes that although skilled workers have benefited to some extent from market reforms, the vast majority of laborers have fared poorly. Despite successful union lobbying for new legislation granting workers limited rights to strike and universal rights to organize and operate, enforcement of the laws has generally been lacking. This failure is attributed in part to Russia's weak legal tradition, a permissive environment in which repeated contract violations are customary.

Equally important is the distinction between the dominant trade union federation and smaller independent unions. As the successor to the Central Council, the Federation of Independent Trade Unions of Russia (FNPR) inherited significant economic resources and political status, as well as 90 percent of all union members; consequently, the FNPR largely opposes structural reform, which threatens its entrenched position. The smaller, independent unions outside the FNPR are more reform-minded, but lack sufficient membership, resources, and political influence to effectively lead the labor movement. "In sum," Cook writes,

Russia's unions are weak, and they have provided poor defense for workers in the face of economic reform and transition to the market. Average real wages have fallen to about 70 percent of their pre-reform level, while income disparities have increased markedly. A quarter of the population have incomes below the official poverty level, and more than half the national monthly wage bill is in arrears. Unemployment is increasing. . . . A privatization program that was designed to give workers a sizeable share in the ownership of their enterprises has instead left power mainly in the hands of managers. . . . The social safety net that should provide unemployment insurance, retraining, job referral services, and an income floor for those displaced by reform is sorely inadequate (p. 3).
The result is a work force largely impoverished by its economy and disillusioned with its unions. Cook argues that this situation is potentially harmful to U.S. interests, because large numbers of disaffected workers could generate political instability within Russia and throughout the entire region. Stronger labor unions could mitigate the hardships of political and economic transition by moderating the pace of reform, and they are especially needed because Russia lacks an extensive network of other civic and social organizations. She therefore recommends an increase in Western aid, particularly from the AFL-CIO to the small, independent Russian unions, and advocates reaching out to reform elements within the FNPR.

The five chapters of the text flesh out the details of these issues. Chapter One begins with a brief, intriguing description of management-led, unrepresentative unions under the Soviet regime, sounding vaguely reminiscent of the company unions once established by American robber barons. This is not the only description that will sound familiar to students of U.S. labor history: the provision of housing, medical care, recreational facilities, and scarce consumer goods to employees by Soviet factories conjures up the image of old-fashioned company towns in sparsely populated U.S. mining regions.

But rather than dwell on history, the author moves quickly into the post-Soviet era, to a critical comparison of the FNPR and independent unions. Cook acknowledges that the FNPR has demanded higher minimum wages, indexation of wages and pensions, unemployment insurance and training for the displaced, and stock shares for workers in privatizing enterprises; that it has won rights to organize, bargain, and strike; and that it has become increasingly militant in response to unpaid wages. Still, she remains highly critical of the FNPR for its “largely conservative agenda, one that resists most aspects of economic reform” (p. 19). She notes that the FNPR’s resources and membership, though still enormous, are declining, as dissatisfied workers split off into more democratic and pro-reform independent unions, especially in mining, metallurgy, and transportation. But even within the independents, “arguments about the longer-term benefits of the market are a hard sell among the unions’ rank and file when wages are falling and unemployment rising” (p. 29). Thus, it seems that workers are to some degree equivocal on the issue of market reform. Cook also seems to want it both ways, chastising the FNPR for opposing reforms that have impoverished the work force. The real difficulty, of course, is that no one — neither the Russian government, the unions, nor management — has devised a blueprint for a smooth transformation from planning to markets. Indeed, Cook does not address the ultimate wisdom of the structural shift, aside from the caveat that “for all its faults the old Soviet economy provided workers with social and economic security, including stable wages and prices and full employment” (p. 13). Rather, she accepts restructuring as inevitable, and advocates a slower, more deliberate pace of reform than that offered by shock therapy, but provides no specific prescription for achieving a more gradual conversion.

The second chapter hails the newly won legal rights of unions to organize, bargain, seek mediation, and strike — rights largely consistent with those in the West. Unfortunately, there are both institutional and structural problems operating to effectively nullify those rights. Organizing efforts are often thwarted by managerial intimidation, firings, and violence. An estimated one-third of enterprises have no collective bargaining agreements, and where agreements do exist, contract violations — even by government — are widespread. The failure to fulfill negotiated wage settlements, for example, has led to the astonishing arrears crisis. Russian courts have not traditionally played a major role in the legal system, and thus unions are reluctant to use the judiciary, even though they tend to be successful when they do. Rather, unions have resorted to multiple strikes over the same contracts, with varying degrees of success. Cook provides a detailed discussion of the successful 1989 coal miners’ strike, which led to the forma-