

**SOVIET WORKERS
AND THE COLLAPSE
OF PERESTROIKA**

The Soviet labour process and
Gorbachev's reforms, 1985–1991

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 **CAMBRIDGE**
UNIVERSITY PRESS

Published by the Press Syndicate of the University of Cambridge
The Pitt Building, Trumpington Street, Cambridge CB2 1RP
40 West 20th Street, New York, NY 10011-4211, USA
10 Stamford Road, Oakleigh, Melbourne 3166, Australia

© Cambridge University Press 1994

First published 1994

Printed in Great Britain at the University Press, Cambridge

A catalogue record for this book is available from the British Library

Library of Congress cataloguing in publication data

Filtzer, Donald A.

Soviet workers and the collapse of perestroika: the Soviet labour process and
Gorbachov's reforms, 1985-1991 / Donald Filtzer.

p. cm. - (Cambridge Russian, Soviet and Post-Soviet Studies: 93)

Includes bibliographical references.

ISBN 0 521 45292 9 (hard)

1. Labor policy - Soviet Union - History. 2. Working class - Soviet Union -
History. 3. Soviet Union - Economic conditions - 1985-1991.

I. Title. II. Series.

HD8526.5.F539 1994

331'.0947 - dc20 93-5975 CIP

ISBN 0 521 452929 hardback

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Introduction: The roots and limitations of perestroika

In my two previous studies of Soviet workers in the Stalin and the Khrushchev periods,¹ I argued that the Soviet Union was neither an autonomous mode of production nor a variant of capitalism, but an unstable social formation with limited, and declining, historical viability. It derived its unique character from the fact that the bureaucratic elite, which took root following the collapse of the wave of revolutionary struggles after World War I and the resulting isolation and disintegration of the October Revolution, was unable to consolidate its position as a ruling stratum through either the capitalist market or genuine socialism, both of which would have negated the functions of the bureaucracy and displaced it in favour of another class: the bourgeoisie in the case of a capitalist restoration, or the proletariat in the case of socialism. The system that took shape during the process of Stalinist industrialization was thus deprived of any regulator of economic life. There was neither the spontaneous, albeit crisis-ridden and contradictory regulation of the capitalist market, nor democratic planning, through which society's members could collectively determine its aims and priorities and the methods by which it might achieve them. Unlike the bourgeoisie, which, through its ownership of capital, could reproduce its growing hegemony within the maturing capitalist system before it had actually conquered political power, the Stalinist elite did not own the means of production, and therefore had no economic mechanisms through which to secure and reproduce its expropriation of the surplus product. It could expropriate the surplus only by virtue of its political control over the means of production, which derived in turn from its political control over the state apparatus. This was by no means a peaceful process. The elite faced momentous challenges from both sides: from the private sector, in the form of peasant resistance to collectivization, and from industrial workers, who reacted against the privations and hardships of

forced industrialization. To overcome this opposition required the maintenance of a ruthless and ubiquitous repressive apparatus and the near-total atomization of society, in order that any collective challenge to the elite's rule should be impossible.

The society which emerged from this process had definable class relations – a ruling elite expropriating a surplus product and an exploited proletariat and peasantry which created it – but no stable means of reproducing them. In their own quite different ways both the market and socialism rely on independent decision-making by decentralized economic units. The elite, however, could only maintain control through hyper-centralization. Everything had to emanate from the centre, right down to instructions for every nut and bolt. Here there was a contradiction. Such a high degree of centralization presupposed both perfect obedience on the part of the managers and workers who had to execute these 'plans', and perfect information about resources and the results of production. As is now well known, neither managers nor workers had any incentive to provide such obedience. Managers lied about capacities and distorted production programmes to make nominal plan fulfilment much easier. Workers took advantage of the perpetual disorganization within the factories, coupled with the severe labour shortage and the absence of any threat of unemployment, to take back a certain amount of control over the labour process: they worked slowly, showed slack discipline, and turned out defective or low-quality products which deformed the quality of other products in whose production they were used.

The end result was an economy crippled by its huge wastefulness. Quality was bad; managers and workers resisted technical innovation; productivity was poor. There was growth, but it relied on the sheer quantitative expansion of the number of factories put up and, during the system's formative years, on the massive application of slave labour. More crucially, this growth was partially self-consuming. Because quality was so bad the economy needed more and more inputs of things like coal, steel, and building materials, just to keep production stable, much less to increase it. The end result was a vast industrial apparatus which could not feed, clothe, or house its population and which, by the end of the Brezhnev period, had fallen into a state of long-term decline.

There is little doubt that when Gorbachev came to power in 1985, he and his immediate entourage had a relatively clear perception of the crisis condition into which Soviet society had descended, as well as of its political origins. In this they were not unique. Some thirty years

before Khrushchev had come to the same realization, and understood that without solving the problem of the population's low morale economic progress would be impossible. This necessarily meant lifting the terror and introducing political liberalization, in the hope that the population would begin to identify its own interests with the maintenance of the system as a whole. The dilemma facing Khrushchev, however, was that any such liberalization had to be controlled and hence limited: it must not go so far as to threaten the very existence of the bureaucratic elite and their hold on power. This tentativeness was to undermine every one of Khrushchev's political and economic reforms. Because they did not lead to any genuine democratization of society, they could only be implemented by bureaucratic officials whose privileges the reforms actually threatened. Thus even the better-intentioned of Khrushchev's reforms relied on the very people who stood to lose out from them, and therefore would not carry them through. More fundamentally, Khrushchev's very perception of what changes were needed was constrained by his own position as a member of a ruling elite that had come to power through the Stalinist system, and whose continued political domination over society depended on that system's perpetuation, even if in a more humane form.

If Gorbachev appreciated both the severity of the country's crisis and, as is probable, the political pitfalls into which Khrushchev had fallen, it is doubtful that he fully understood the essential question which Khrushchev's failure posed: could the Stalinist system be reformed while still preserving its underlying power and class relations? Here the fears of the conservatives – survivors of the Brezhnevite old guard and the younger conservatives (such as Egor Ligachev) who held an ambiguous attitude towards Gorbachev's reforms – were well founded. They had an instinctive awareness, which Gorbachev and his faction of the elite did not, that the system's coherence was so fragile that any relaxation would threaten to fly out of control. But the conservatives had no solution to the country's problems. Soviet society had fallen into a crisis so extensive and so deep that the very process of surplus extraction had become compromised. The official characterization of the Brezhnev period as the 'period of stagnation' was by no means an empty slogan. The economy had ceased to grow, which was both cause and effect of the population's demoralization and disgruntlement. Thus both the economic and political basis of the elite's privileges and its continued rule were threatened. The elite's very existence as a ruling group was in jeopardy if the system

did not change. This was the basic truth which the conservatives simply could not grasp.

This book analyses these problems from a very specific vantage point. Its central argument is that the economic policies known as perestroika, together with the political liberalization which came eventually to be known as glasnost (literally, publicity), were above all else designed to restore to the elite greater control over the process of surplus extraction. This necessarily meant conflicts within the elite, since the reforms would inevitably threaten the power and privileges of certain groups, in particular the so-called old guard. However, as already indicated, reforms were unavoidable if the elite *as a social group* was to retain power over society.

In the Soviet context the issue of surplus extraction meant three things. First, it was necessary to increase the size of the surplus. Put simply, society had to produce more, and reverse the years of declining or zero growth. Secondly, there had to be a structural shift from the production of absolute surplus to relative surplus. The Soviet enterprise has traditionally been so resistant to innovation or the restructuring of work practices, that the expansion of production has relied on the application of a greater quantity of means of production and labour power (usually through the construction of new plant), rather than through the use of more efficient machinery and work methods within existing enterprises, which would allow a given unit of labour power to be more productive. Finally, the reforms would have to reduce the 'leakages' from the surplus caused by the wastefulness of the system: physical losses, overconsumption of fuel and materials, defective and poor quality output, and unnecessary expenditures of labour power.² None of these issues could be addressed, however, without a fundamental restructuring of the labour process within Soviet industry, which would give the elite greater control over the behaviour of managers and workers at the point of production. Fundamental to this task was reducing the control which the individual worker exercised over the organization, pace, and quality of work.

The issue of workers' control over the labour process itself has different dimensions to it. Numerous Western studies of the labour process under capitalism have emphasized the historical struggles that have taken place over job conception and job execution.³ By closely guarding skills and their knowledge of processes, materials, tools, and equipment, workers in the nineteenth and early twentieth centuries were able to defend the practice of output restriction, through which they could limit the amount of effort they were required to exert,

forestall cuts in wage rates, and determine the organization of their work. Management's response to this was the theory of so-called scientific management, which expressly sought to remove this specialist knowledge from the worker and make it the exclusive prerogative of management. In this way conception would be divorced from execution, and the power of the worker to limit the extent of exploitation severely curtailed. Despite the general success of this managerial offensive (the extent and form of this success have been the subject of much debate among labour historians and labour process analysts), both output restriction and informal shop floor bargaining over effort and remuneration have remained an essential part of industrial life.

Informal bargaining lies at the very heart of the labour process within Soviet industry as well, but its contours differ considerably from what we observe under capitalism. Historically, Soviet workers were stripped of their ability to design and organize their own work process during Stalinist industrialization of the 1930s. Yet, as we have described in some detail in *Soviet Workers and De-Stalinization*, the disorder and lack of coordination that characterize Soviet industry have constantly forced the worker to reassert his or her independence within the work routine. For a significant number of production workers, shortages, improper job specifications, incorrect designs, or faulty equipment all demand a willingness and ability to improvise and redesign processes and procedures, thus indirectly reestablishing at least a partial unity between job design and organization, on the one hand, and execution on the other. However, this exists alongside the dominant form of 'control', which is far more negative in character. The atomization of society by Stalinism had its counterpart in the hyper-individualization of work in Soviet factories. This created a situation where the atomized, alienated worker, deprived of any and all means of exerting collective defence of her or his interests within production or society at large, could and did assert substantial individual control over the organization and execution of work. Slow work, defence of inefficient work organization, toleration, if not exacerbation of disruptions to the work routine, and a general disregard for quality acted sharply to curtail productivity and the elite's ability to appropriate and dispose over the surplus product. Moreover, the worker's behaviour itself became a cause of distortions and bottlenecks, thus helping to perpetuate and reproduce this general work environment.

This brief statement of the argument, which forms the heart of all three of our studies of Soviet workers, must be augmented by two

qualifications. First, we are not putting forth a reductionist analysis, attributing all the dysfunctions in Soviet industry to the behaviour of the worker. On the contrary, the combination of the high degree of bureaucratic centralization and the inherent instability of the Stalinist system of production forced both managers and workers to adapt to what confronted them as an externally given work environment and to protect their respective interests as best they could. Thus the disruptions to the work routine resulted equally from the actions of managers, who concealed capacities, resisted the introduction of new technologies, showed scant regard for the conservation of materials and equipment, and circumvented quality standards. This could and did involve considerable conflict between the two sides, but it also resulted in a high degree of enforced collusion. Managers needed the cooperation of workers not to aggravate the myriad dislocations to production; they also needed – given the chronic labour shortage that has perpetually plagued Soviet industry – to dissuade workers from quitting; finally, as noted, they depended on workers' readiness to intervene in the production process and actively assist in the rectification of shortages, poor quality, design faults, or broken equipment. As a result, management was prone to help protect earnings and to turn a blind eye to slow work, defective output, alcoholism, lax time-keeping, and other discipline violations. Workers, for their part, were dependent on management for the granting of these very favours; moreover, they depended on the enterprise for much of the so-called social wage, in particular housing, but also certain levels of health care, access to scarce consumer goods and foodstuffs, and holidays. This leads us to the second qualification. The range of defensive practices developed by workers to lessen the extent of their exploitation, especially against the rapacious labour policies of the 1930s, was by no means a form of resistance. On the contrary, it signified the reaction of a de-politicized workforce no longer able to act as a class in the pursuit of its own radical needs. Through this set of shop floor relationships workers became locked into a politically corrupting relationship with management.

In trying to confront this long-established pattern of shop floor relations perestroika came up against one of the fundamental contradictions of the Stalinist system. The elite, in order to maintain its political control over society, required the atomization of the population and of the industrial workforce in particular. In this sense the paternalistic, de-politicized relations between workers and management were both an expression of this atomization and a precondition

of its perpetuation. The cost, however, was the elite's loss of control over the appropriation of the surplus product. In this sense the condition of the elite's ability to maintain its political power was the long-term undermining of the economic basis of that rule and of the elite's privileges.

Perestroika attempted to address this problem partly through the application of quite traditional labour policies, and partly by introducing fundamental changes in the way managers were to run their enterprises, all within the context of what by Soviet standards were far-reaching moves towards political liberalization. The most conventional of these policies was the 1986 wage reform, which sought to undermine the basis of shop- and section-level informal bargaining between workers and line management, by limiting payments for the overfulfilment of norms (output quotas), placing large numbers of workers into lower wage and skill grades, and widening differentials between different categories of workers and between workers as a group and technical specialists. The innovations were in the shift of enterprises to so-called self-financing, through which enterprises were to become less reliant on parent industrial ministries for the guarantee of funds, the allocation of supplies, and the direction of finished output to customers, and were instead gradually to cover the major categories of expenditure out of the revenues they earned. In theory this would put pressure on enterprises to cut costs and improve quality by modernizing plant and equipment and shedding workers – in the early days of perestroika it was estimated that some 16 million people (not all of whom would be industrial workers) would lose their jobs by the year 2000. In so doing, the reforms would also provide managers with both necessity and incentive to launch a frontal assault on the workers' control over the labour process.

It was perfectly clear that if these policies were successful workers would suffer. To this end perestroika had quite definite political preconditions. For their sacrifices workers were to be granted greater participation in enterprise affairs (the slogan 'workers must become masters of their enterprise' became common currency), together with the promise that the reforms would bring a higher standard of living. Perhaps equally important, general political liberalization throughout the society would create an atmosphere in which the elite could establish an ideological legitimacy for itself. In this sense there was much talk of the need to create a Soviet 'civil society', based on the free citizen enjoying political rights. Commensurate with this task, the reformers hoped to create what Gramsci termed a hegemonic ideology,

through which the subordinated mass of the population would accept as normal and natural the organization of society which produced and reproduced its subordination. But here, too, the reforms were caught in a contradiction. The creation of a Soviet civil society and hegemonic ideology could only evolve through a protracted process, covering many generations, and would require not just political liberalization, but a rapid rise in the standard of living. But as the reformers recognized, the standard of living would only rise if the population overcame its feelings of atomization and exclusion – something it would only do if the standard of living were already seen to be improving. The reforms were caught in a vicious circle. Moreover, the economy was in such grave difficulties that the elite could not really wait for the evolution of such a civil society, with its ‘self-motivating’ mechanisms, to come into being. Industrial and agricultural output would have to improve now, which could only come at the expense of tighter discipline and an intensification of work.

As we shall see in chapters 1–3, the major aspects of labour policy under perestroika failed, and with them went any hope of restructuring the labour process in such a way as to permit a substantial increase in the surplus product. As this became evident, by mid-1990 at the latest, the elite, or at least its reform wing around Gorbachev, realized that structural adjustments to the old system would no longer work and it would be necessary to move full-scale towards capitalism and the market. Yet the collapse of the original concept of perestroika was only partly due to resistance by entrenched elements in the bureaucracy or to rigidities within the old system. It is true that industrial managers opposed numerous aspects of the reforms and distorted others. Workers, too, showed less than rapt enthusiasm, especially as they experienced few palpable benefits from the changes. Fear of popular discontent also played a major role, forcing successive governments to hold back from more drastic steps towards marketization – in particular, the ending of state subsidies on food and basic consumer goods. For all the importance of these different factors, the main problems with the reforms lay deeper within the system. They deprived the system of what tenuous coherence bureaucratic ‘planning’ had given it, but could not find an alternative mode of economic regulation. On the contrary, the tendencies inherent in the old system which subjected enterprises to constant disruptions to supplies, labour shortages, and uncertainties over the reliability of equipment or components, were now reinforced by decentralization and the market. The introduction of so-called market mechanisms and enterprise self-

financing compelled enterprises to adopt the logic of the market without a real market actually being put in place. The decentralization of planning and decision-making regarding pricing, finding customers, sources of supplies, and the distribution of revenues between new investment, money wages, and social benefits led to the collapse of interenterprise coordination. As essentially monopolistic producers operating in an environment of chronic scarcity, enterprise after enterprise responded by cutting production and raising prices. Shortages of materials reached crisis proportions, forcing a further contraction of production. It was an economy on the verge of implosion. In this environment, with enterprises struggling just to maintain production, restructuring of the labour process became simply an impossibility, and it is doubtful if many managers even recognized it as a goal.

First of all, it was impossible to introduce a flexible labour market without new investment, yet such investment was one of the first casualties of self-financing. This is over and above the structural obstacle to modernization inherent in the backward technology characteristic of most of Soviet industry. Secondly, changes in the wages and incentives system soon became ineffective, since the disruptions to production endemic to the old system were now reinforced by the loss of workers – both skilled and unskilled – to the new cooperatives, which offered better wages and often better conditions. Whatever financial discipline the 1986 wage reform had imposed was soon cast completely aside, as managers had to raise wages in order to induce workers to stay. Moreover, there was now a new element in the equation. With political liberalization workers began to engage in strikes, and soon found that they could extract considerable concessions from management through industrial action.

By 1990 Gorbachev's original reforms lay in tatters, and the regime made a clear decision to introduce capitalism, despite all the uncertainties this posed for the elite as a social group. No other alternative was available. For this was not a case where the entrenched conservatism of the old system had subverted the reforms, and the situation would return to the *status quo ante*. Quite to the contrary, perestroika had undermined the basis of the old system once and for all, so much so that further attempts at its reform or restructuring became impossible. But the path to capitalism was also blocked. New struggles broke out between different sections of the elite over who would emerge as the new class of owners of the property that was now going to be privatized. Yet whoever wins this battle – and its outcome is still by no means clear – will find an economy that is too enfeebled to generate

sufficient capital accumulation to make post-Soviet capitalism viable. Instead, the new capitalism will be a parasitic, corrupt, speculative capitalism, with no dynamic towards growth and development.

And what of the working class? Perhaps the great historical contribution of perestroika was that it unblocked the social stasis of the Stalin and Brezhnev years and created at least the conditions for a reemergence of class struggle. But this has proved an uncertain and tentative process. Workers soon learned how to initiate and organize collective action, but politically they remained highly tentative, reflecting six decades of political demoralization. Even the most militant sections of the new workers' movement had little clear vision of what positive goals to pursue, beyond dismantling the old system. What is more, the economy's collapse created new soil for many of the old shop floor relations to implant themselves more firmly. Patterns of informal bargaining over sanctions and concessions underwent remarkably little change because managers still required workers' cooperation to maintain production. For their part, workers became once again dependent on management and the official trade unions for the wherewithal to ensure the survival of themselves and their families. Thus the old paternalism was given a new lease on life.

What resulted, then, was a qualitatively new and highly unstable economic environment which by 1991 had left society in a state of stalemate. Even when the political logjam at the top of the system was eased in the aftermath of the August 1991 *putsch* and the ascendancy of El'tsin, the essential problem still remained unresolved. The failures of perestroika reinforced and consolidated those traditional shop floor relations which had always been a brake on the development of the productive forces and the creation and appropriation of the social surplus. No future capitalist class, even one presiding over the type of Latin American capitalism that is the former USSR's likely future, can circumvent the need to address this issue. To survive capitalism must accumulate, and this task will be impossible on the basis of the social relations that existed within Soviet industry. Sooner or later, therefore, the new ruling class will have to mount a frontal assault on these relations. But this will bring in its wake massive social conflict, the outcome of which no-one can yet predict. Stand-off and continued disintegration and chaos cannot be ruled out. We may well reach a situation where the organization of production will change only when the working class of Russia and the other ex-Soviet republics decides that it must change, that is, when it achieves a new political conscious-

ness and places society under the collective, democratic control of its disenfranchised toiling majority.

The plan of the book is as follows. Part I examines the three major areas of labour policy under perestroika. Chapter 1 discusses attempts to create a labour market and introduce unemployment, and analyses why mass unemployment did not occur and industry was instead beset by a worsening labour shortage. Chapter 2 examines the 1986 wage reform and the reasons for its failure. Chapter 3 deals with the regime's strategy of trying to win working-class support for what were in effect anti-working-class reforms by allowing limited enterprise 'democratization'; this policy also collapsed, partly because no real democratization was on offer, and partly because the political liberalization of society at large gave rise to two waves of mass worker protest which shook perestroika to its foundations and rendered any restructuring of industry impossible.

Part II looks at the labour process under perestroika. Chapter 4 analyses the contradictions of what we have termed 'the marketless market', and shows how the policy of enterprise self-financing led the economy to the verge of total collapse, thus depriving the reform programme of any foundation on which to proceed. Chapter 5 analyses the political economy of working conditions in Soviet industry, focusing on two issues: (1) the implications which the economy's shortage of fixed capital, together with the perpetuation of arduous and unsafe working conditions have for any possible restructuring of production; and (2) the contradictory role which women workers occupied in the strategy of perestroika. To raise the standard of living the reformers had to concentrate resources on precisely those industries which manufacture consumer goods, industries which rely almost exclusively on female labour; yet these were precisely the industries which perestroika neglected and which suffered the worst from the crisis of self-financing. Chapter 6 investigates the labour process *per se*, looking in some detail at patterns of informal bargaining on the shop floor and showing how perestroika actually reinforced these relations, rather than undermined them. Finally, in the Conclusion we examine the implications which the collapse of perestroika and of the Stalinist system have for both the post-Soviet and international working class.