

# Labor Policy and a New Workplace Governance System in Russia

JAY S. SIEGEL

**A**s the government of Russia struggles with the arduous task of structuring a new society upon the ashes of communism, what system of workplace governance will emerge to define the relationship between the institutions of labor, government, and business in the new country? The answer is closely tied to the labor policies that are being driven by the transition to a social market economy.

The process for the privatization of state enterprises does not deal with many issues concerning the balance of power between these three institutions and how they are to be accommodated within the new social fabric. In looking at the development of any new system of workplace governance in Russia, we therefore must focus on the industrial relations dynamics that are redefining the relationships between five readily identifiable workplace interests: workers, trade unions, labor collectives, managers of enterprises, and the state.

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To understand the tensions that exist between them, this article (1) examines the current status of each of these components on the industrial relations scene; (2) discusses the role they may play in the new society; (3) identifies the factors that are driving each of the groups; and (4) analyzes the accommodation of their separate and respective interests that is forging a new system of workplace governance.<sup>1</sup>

The existing interest groups have seen the former system of industrial relations swept away along with the old social and political framework.<sup>2</sup> In the absence of a national labor policy and given the uncertain and turbulent economic atmosphere, they are searching for a new identity, even as their roles in the workplace are being redefined, not only by action of the government, but also by the transition process to a social market economy and the unstable political framework that has yet to fully establish the kind of society that will exist. Each distinct group finds itself being subjected to a variety of factors affecting their position in the forging of a new system of workplace governance.

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## The Parties at Interest

### *The Workers*

Workers face a bewildering time in determining whom they can depend on to protect their interests. The basic issue is trust. While several of the other groups seek the support of the workers at varying times, the real question is which one, if any, is genuinely interested in safeguarding worker interests? Workers sense a continued lack of control over their lives and feel they are without real power to affect what happens to them. They will respond by selecting the group they feel will fairly and honestly represent them in the new society. This is not an easy choice given the natural suspicion engendered by years of mistrust of these groups under the Soviet regime.

Previous experiences with trade unions make workers slow to embrace even the new ones. There is concern about being able to distinguish between the real ex-Communists and the pretended ex-Communists as the former "official" government controlled unions reconstitute themselves in order to gain legitimacy in the eyes of the workers.

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The greatest source of continuing frustration for workers is the failure of the large state enterprises to pay them on time. Some workers have gone as much as six months without being paid. No one can be sure of the exact amount of back wages due Russian workers, but the amount reported due as of 1 March 1995 by the Russian State Statistics Committee exceeded 5.6 trillion rubles. It is not just a social prob-

lem but a political one as well, according to Oleg Soskovets, first deputy chairman of the government.<sup>3</sup>

Which interest group can obtain the back pay due workers? The answer may be the key to gaining worker support over the long term, on the premise that they have the ability to be responsive to worker needs in the new society. The more militant trade unions have periodically called strikes rather than simply protest their failure to receive pay. This tactic has been highly successful in the case of the miners' union, which in the past has had wage payments resumed after strikes at a number of key mines. ITAR-TASS reported that the union called a Russia-wide one-day strike on 8 February 1995 and claimed some 500,000 workers representing 80 percent of the nation's miners participated as a "warning" to the government that they would not tolerate indefinite non-payment of back wages. The lesson that strikes produce action by the people in power, however, can only encourage other frustrated unions to attempt the same avenue and could eventually result in a wholesale wave of work stoppages disrupting an already distressed economy. Indeed, the first quarter of 1995 witnessed more strikes in Russia than all of 1994.

The Federation of Independent Trade Unions (FNPR), attempting to show its strength on the same issue, held mass demonstrations in the major

cities on 12 April to put pressure on the government. The union claimed that several million workers took part in these "protests," but there have not been any visible results yet except for the Yeltsin government's expressed willingness to "hold talks" with the union, according to Interfax.

In addition to the pay issue there is another major concern for workers. In the new market economy, they may end up working for the same group of inept managers that ran their enterprises under the old Soviet system. This fear is particularly strong where the privatization process has seen old managers gain control of their companies and entrench themselves under the new ownership structure. For this purpose, some managers have made a short-term alliance with workers to

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obtain their vouchers so they can be used to purchase shares at privatization auctions. Once this objective has been achieved, however, will the managers continue to be solicitous of worker interests?—and what kind of a future internal partnership arrangement, if any, will survive?

One key aspect of any system of workplace governance is the ability of workers to deal with employers for their labor. There are several avenues through which this can be done: collective bargaining, worker collective committees, or individual labor contracts. The choice of many workers may be to welcome having some truly effective organization act as a buffer between them and management. If this attitude prevails, it will benefit the trade unions, which need worker support in order to increase their leverage in dealings with the enterprise managers.

There is some interest in "industrial democracy" but no one is certain exactly what it means in terms of worker rights on a daily basis. It is highly unlikely, given the nature of Russian workplace history, that workers are going to be allowed by management to participate in the day-to-day shop floor decisionmaking process. Workers may hope the new ownership alliances under the privatization scheme will provide them some measure of control over their destiny in the workplace, but that is probably expecting too much from managers. In very large enterprises, it would be inefficient for management to deal individually with workers. A form of shop floor representation is most likely to emerge, allowing for a practical method of handling worker concerns; this leads us to consider the role the trade unions may play in the new workplace governance system.

### ***The Trade Unions***

The problem for the average Russian worker is discerning which trade unions can be trusted as legitimately independent and free from the control of either old Communists, employers, or political groups. The largest trade unions have yet to resolve the identity crises thrust upon them by the sudden demise of the old regime. Formerly extensions of the Communist Party apparatus, and without any real experience in protecting the interests of workers, their main task during the Soviet period was to distribute and administer social benefits.

The old All-Central Council of Trade Unions had fragmented into several new bodies, unsure as to the role of a trade union in a market economy. Its largest surviving component, the Federation of Independent

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Trade Unions of Russia (FNPR), as recently as early 1993 claimed over fifty million members with six million alone in their Moscow affiliate. But there is no reliable statistical data to provide a valid assessment of the true strength of this group. The FNPR last year experienced internal problems with the founding chairman, Igor

Klotchkov, who was forced to resign after he backed what at the time was the losing faction in the abortive October 1993 uprising.

It is claimed that more than three hundred independent trade unions have been formed since the advent of *glasnost*. While these numbers would suggest an extremely powerful labor movement in the country, a high degree of fragmentation leaves some question about their actual strength. Many of them are small worker groups organized about a single factory or workplace and as such deal only with issues at that particular location. This highly decentralized system of union organization may well be the determining factor in their representation and their ability to effect changes in working conditions when dealing with management.

The old trade unions had an obvious advantage in terms of worker support due to their role as administrators of many of the state's social protection programs: sickness and disability benefits, vacations, housing, day care, etc.<sup>4</sup> Through their control of these services, they were able to exercise power over workers who had to be union members to enjoy the benefits of these programs. Some of these functions have now been stripped from trade union control and taken over by local governments, substantially reducing the attractiveness of union membership to workers. One result has been a serious decline in union strength at state enterprises as members have simply drifted away from participation in the activities of such groups.

The government, slow to react to worker demands, has fostered an atmosphere of increasing militancy on the part of trade unions that have publicly criticized the economic reform program and are promulgating demands that are grounded more on political grievances than industrial relations considerations. Many of the newer unions, including the highly aggressive Independent Miners Union (NPG) and Sotsprof (Association of Socialist Trade Unions) started out with limited agendas concerning working conditions, but have become more political in nature, calling for changes in general government policy along with demands on behalf of their members.

Will these new trade unions resolve their identity problem and be able to deal effectively with managers on worker issues or are they to be dominated mainly by political agendas that subordinate the customary interests of workers? The FNPR is leaning in this direction. It has taken steps to create a Trade Union Electoral Association as the core of a new political bloc of trade unions and socialist groups sympathetic to workers' interests. It will put forth candidates for the State Duma that reflect the labor viewpoint.<sup>5</sup>

A key issue in any new workplace structure is whether or not the trade unions or other groups are to be accorded broad or narrow rights to speak for workers at an enterprise. The principles of exclusive representation and majority unionism are at the core of U.S. collective bargaining, but European countries have long sanctioned a pluralistic approach in which several union/worker groups represent employees at a single enterprise. Theoretically, there could be a number of trade unions representing different segments of workers at the same enterprise, presenting for management some difficult problems in terms of negotiating collective agreements. There is the additional factor of the labor collectives at each factory, which presages a struggle as to who possesses the dominant voice for the rights of the workers. The basic question is whether workers are better off attempting to exercise power in the workplace through the collectives or the trade unions, each of whom will claim they can be more effective in representing their interests.

### ***The Labor Collectives***

In the vacuum created by the Party as a force in the workplace, coupled with worker suspicion of the reconstituted official trade unions as well as the new alternative ones, the existing labor collectives are emerging as the only workplace force with clear worker identification at many state enterprises. They enjoy an uncertain status, however, even though labor decrees issued by the Yeltsin government give them greater standing and more power than they had previously enjoyed. "When drawing up labor legislation, we intend to orient the consolidated norms and rules primarily toward achieving higher labor productivity and strengthening the socio-economic positions of the collectives."<sup>6</sup>

Under a new system of workplace governance, labor collectives will be vying with the trade unions to represent workers in dealing with management. This rivalry can only serve to heighten the benign competition that has existed between the two groups as each now seeks worker support. If there are several worker groups at each enterprise, management will find itself in the middle of their power struggles and will have to decide which one to deal with in terms of who represents the workers. The concept of multiple representation is prevalent in Western European countries and the employer is legally required to deal with each of them on behalf of their own members, creating a complicated and often fragile bargaining picture that in some instances, such as in Germany, has led to coordinated negotiations on a joint basis.

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The proper role of the labor collectives at enterprises has yet to be fully determined. If trade unions take on the role of combatants to establish their credibility with the workers, it leaves the conciliatory road open to the collectives, who can claim to better understand management and thus be able to obtain concessions more easily. Some of the labor collectives who joined with managers during the privatization process may continue to

identify their interests and look to play an accommodating role rather than one of confrontation in resolving questions of wages, hours, and working conditions. It has also been suggested that a division of roles between the two groups is appropriate, with the labor collective representing the overall interests of employees as owners, while the trade unions defend the rights of workers as individuals, which will create the possibility of joint bargaining with the employer.<sup>7</sup> Socialist Workers Party Chairman Vartazarova's solution for this dichotomy is for representatives of labor collectives and trade unions to sit down at the negotiating table with entrepreneurs and directors and develop joint demands for presentation to the government, if it retains ownership of the means of production.<sup>8</sup>

If the collective acquires a substantial ownership position under the privatization process, it will have to deal with the issue of responsibility for running the enterprise, whether this means (1) delegating decisionmaking authority to a subgroup such as a factory or works council, which up until now has possessed only consultative authority under the Soviet model; (2) allowing managers to do so; or (3) acting as a management body of the whole.<sup>9</sup> The second alternative is one that may be the most practical, with owners retaining the right to dismiss unsatisfactory managers.

### *Managers of Enterprises*

Struggling to understand what is expected of them in the transition period, this group is uncomfortable at not having precise guidelines issued by a central authority for their business operations. This puts them in a

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***“A working staff cannot be an owner”***

***—First Deputy Premier  
Oleg Soskovets***

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position of having to lead without being adequately trained in sound management techniques. They also have to deal with the disappointments of the workers, the emerging activism of the trade unions, and the increased authority of the surviving labor collectives under a new system of industrial relations. How will they react to the prospect of shared power and periodic challenges to their job security?<sup>10</sup>

In the past, many workers looked upon the general director of an enterprise as a protector because he shouldered the burden of dealing with the *nomenklatura*, particularly in terms of negotiating the allocation of items for personal use that were ultimately distributed to the work force. There clearly was an element of self-interest here as the relationship was encouraged by the general directors as a means of retaining control over the work force. There has been some reluctance on their part to relinquish this quasi-paternalistic role, although it is clear from the number of them dismissed after privatization that many were not held in high regard by the workers voting as shareholders.<sup>11</sup>

Where the privatization process has resulted in the coalescing of manager and worker interests in terms of acquiring control of an enterprise from the state, there undoubtedly will be a new period of negotiation of interests as the focus shifts from ownership to operations. In such circumstances, the managers who lack training in human resource techniques may

disappoint workers and put an end to any short-term alliances formed for obtaining control during the privatization process.

In the case of enterprises still under state control that are not going to be privatized, there is an entirely different dimension to consider. Here the difficulty will be in defining exactly who is the employer for the purpose of establishing a framework to deal with the setting of working conditions and to establish a more realistic recognition of who is the real owner.<sup>12</sup>

When the state remains the owner, but the enterprise is managed on a day-to-day basis by professional managers, can a meaningful workplace governance

system, including some form of negotiation over issues of worker concern, be established without the heavy hand of the government being involved? One example will illustrate the dilemma. Where the issue of wage rates is concerned, if an enterprise director negotiates a collective agreement with either a trade union or a labor collective, he may also have to seek approval from the government ministry that controls the budget for the operation of the enterprise. It suggests that the ultimate question in this scenario as to who is the real employer centers around where the power resides in the new system of workplace governance to meaningfully affect the determination of wages for workers.

Russian First Deputy Premier Oleg Soskovets, who is critical of the privatization process, claims that where workers acquire an enterprise from the state, there is lack of a real owner. "A working staff cannot be an owner," he notes, and implies that the duality of roles on the part of employees means future problems in terms of labor relations policies.<sup>13</sup>

Complicating the picture is the attitude of state enterprise managers. Uncertain of the parameters that will define the new economy, this still powerful group has been maneuvering to protect its long term interests in a highly volatile and shifting arena where political power, rather than the marketplace, may yet determine their fate. The formation of the Union of Industrialists and Entrepreneurs, which includes most of the directors of the state-owned enterprises, provides the managers with a strong lobbying organization through which they can exert pressure on the government. At bottom, they are uneasy in terms of dealing with workers and their representatives as well as whatever government apparatus survives the current political environment.

### ***The State***

In the painful transition from a command to a market economy, the state is well aware of the other four interest groups, but has yet to define a coherent labor policy; instead, it reacts to conflict among them on an ad hoc basis. Gone are the days when the monolithic Communist state machinery controlled each group with an iron hand. Dialogue in this area revolves around establishing a social partnership between the institutions of business,

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labor, and the government, but leaves open some key questions.<sup>14</sup> For example, how is the partnership to be defined? Will it be structured as a tripartite framework of governance in the face of a pentagonally dimensioned workplace where there are in actuality five separate interests?

First Deputy Premier Vladimir Shumeiko has acknowledged the importance of properly defining the social partnership. In his address to the

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Trade Union Congress last November he noted: “Let us think carefully about how to set it up, how to relate it to the cause of defending the rights of workers.” Speaking also as coordinator of the Russian Trilateral Commission on Regulation of Social and Labor

Relations, he said that body had been structured incorrectly when established in March 1992 and did not present a proper balance between the trade unions, employers and government for several reasons: (1) not all trade unions in Russia were represented on the commission, reflecting a bitter struggle for seats between the official unions and the new independents at the time of the commission’s formation; (2) confusion over the employers’ side, which he called “incomprehensible” because of the inclusion of public organizations and joint-stock companies, etc.; and (3) the ambivalent position of the government where representatives of sectorial ministries and departments participated as employers but the commission itself purported to be an arbitration tribunal to resolve conflicts between the other two groups.

These structural infirmities have seriously hampered the work of the commission and prevented it from playing any major role in the establishment of a new system of workplace governance. The commission’s lack of effectiveness led to its being restructured, and its future role remains uncertain.<sup>15</sup>

One Moscow newspaper reported the signing of the 1994 general agreement on social safety provisions by the trade unions and the government, but noted that “at present neither entrepreneurs nor trade unions have sufficient influence (chiefly on each other) and for this reason they still look upon the government not as an arbitrator in disputes, but as the only force capable of meeting their demands.”<sup>16</sup> If this is an accurate description of the state of affairs, then it indicates that meaningful collective bargaining negotiations, in any Western sense, are far from becoming a reality in the new society. More than ever it points to the urgency of resolving the fundamental questions of ownership in the larger state enterprises and whether there will be a socialist or market-oriented economy in the country. As long as the government attempts to play a variety of roles in industrial relations, there can be no definitive system of workplace governance.

This also highlights the issue of what is the proper role of government in a system of workplace governance. As enterprises are increasingly privatized, the state is no longer able to fully determine the conditions of employment. Should its role then be limited to that of a monitor or referee in the negotiations between managers, workers, and their representatives?

Another related problem is the limits of permissiveness toward worker strikes in view of the tendency of some groups to raise political issues. Can



the government under a new system allow trade unions to exercise broad strike power that contains the potential for political challenge? The increasing wave of strikes may well cause the Yeltsin administration to take a repressive attitude toward such efforts, that is not a clearly spelled out and protected activity under present law.

### **Infrastructural Considerations and Dimensions**

No discussion of the current industrial relations scene in Russia would be complete without consideration of two essential areas that are critical to the establishment of any viable system of workplace governance.

#### ***Protection of Contractual Labor Agreements***

In April 1992, the Russian Federation enacted the law "On Collective Contracts and Agreements," which establishes the procedures for discussions between managers at the state-owned enterprises and the trade unions on collective labor agreements. Its expressed purpose was to promote "contractual regulation in labor relations and reaching agreement on the socio-economic interests of workers and employers." It provided for representation in the process by either the trade unions or "other representative organs empowered by the workers." This act has formed the basis on which collective agreements have been established after privatization of enterprises. To date we have no data on experiences under the statute, but Labor Minister Melykan has called for "changes and additions" in the measure to harmonize it with the realities of the evolving social partnership, particularly in the area of wages and productivity.<sup>17</sup>

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At present, collective agreements are the only legal form of regulation of relations between management and workers at an enterprise and their impact is undetermined. One union leader has observed that "only 10 percent of the workers effectively realize their rights through collective contracts."<sup>18</sup> A new system of workplace governance will most likely place some responsibility upon managers to engage in a form of bargaining with representatives of the workers. How prepared either side is for such interaction remains to be seen. It most likely will call for the parties to be trained in the practice and techniques of collective bargaining, particularly the give and take aspects and resulting tradeoffs that are at the heart of the process.

Secondly, there must be a framework erected for agreements to be enforceable by unbiased and effective institutional mechanisms. Recent experience in Belarus reveals that resort to the courts for such purposes is looked upon with some skepticism by the independent unions that are not convinced, with apparent good reason, that a truly impartial judicial system exists capable of carrying out such a function. This mirrors the problems with the Russian Federation courts, expressed in an interview with Sergei Adamovich Kovalev, then chairman of the Human Rights Committee of the

Russian State Duma. He points out that even the Russian Minister of Justice Nikolay Federov had conceded that the time was still far off when the court system would be genuinely objective and independent so workers could obtain relief for violation of their individual labor contracts with employers.<sup>19</sup>

### ***Conflict Resolution***

Workplace governance also concerns the manner in which disputes between the five interest groups are resolved. Will the new system stabilize society through reduction in labor conflict and an emphasis on cooperation? In most Western systems there is an institutional framework administered by the state in an impartial manner that is invoked to provide mediation, conciliation, and arbitration services that assist the parties in the resolution of labor disputes that cannot be amicably settled. The former Soviet law adopted in October 1989 did not create any effective impartial mechanism for settling labor disputes. However, in the fall of 1993, in light of the anticipated enactment of a new comprehensive labor code that would have provisions for mediation and arbitration, regulations were drafted for a new arbitration service under the auspices of the Ministry of Labor. The service would operate through regional branches in the major *oblasts*, in Moscow and in St. Petersburg.

An effective and fair procedure for the adjustment of labor disputes is a key part of any workplace governance superstructure. Given the unfavorable view of workers toward most governmental machinery, it is possible that this important area could be filled by the creation of a private system of mediation and arbitration based upon mutual agreements of the parties.

### **Looking Ahead**

There are many questions and too few answers at this point in time about the nature of any emerging system of workplace governance. Analysis shows that each of the five interest groups have been in a state of flux since the failure of the putsch in August 1991, and the ascension to power of the Yeltsin government later that year. The climate, however, has been

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changing, driven to some extent by government steps leading to eventual privatization of the larger state industries. This process, if allowed to continue, will be the ultimate catalyst that results in the definitive restructuring of the balance of power in the workplace.

The Yeltsin administration is faced, however, with its biggest obstacle in the drive to privatize. Almost 75 percent of industry has been privatized, but the remaining 25 percent includes the heart of the military-industrial complex with its factories employing work forces in the tens of thousands. If they are to be restructured along Western lines of organization to achieve efficiency and responsiveness to market conditions, it will necessitate a massive downsizing effort and the dismissal of millions

of surplus workers who are the residual product of decades of Soviet over-staffing.

This course of action appears both politically and socially unacceptable. Any privatization initiative that leans in this direction will therefore be delayed as long as possible. The consequence is that the government must then deal with the continuing frustration of the workers who have not been paid and are being furloughed or given vacations to avoid unnecessary production. This scenario creates a workplace environment of great uncertainty as workers, well aware of the overall situation, wait anxiously for something sinister to happen.

The government's ambiguous approach to providing subsidy payments to keep the beleaguered enterprises in business only complicated the picture. On the one hand, providing such easy credits debases the currency and hastens the day of hyperinflation. Failing to provide them, however, puts the burden on the unpaid workers who remain as the hidden unemployed with the knowledge that they are really not needed.

An example of this dilemma is seen in the statement of the chief of the Labor and Social Protection Administration of the Federal Administration on Insolvency, Olga Vovchenko, who told a joint meeting of the Moscow Federation of Trade Unions and the city government that President Yeltsin was preparing a decree that would set up an insurance company to protect the wages at

state-owned enterprises so that, in the event they go bankrupt, workers will still receive their wages and benefits.<sup>20</sup> This raises the question of whether the concept of bankruptcy in the Western sense is understood or if the Russian version is something entirely different and contemplated as risk-free to the workers.

We can only speculate on what will come next, but it appears that the final phase of privatization will be delayed as long as possible while alternatives are explored seeking a way out of the dilemma posed above. Most likely, the large enterprises will remain under some form of government control, as foreign investors will be reluctant to make substantial investments under these circumstances. The massive state enterprises will consequently undergo some form of "industrial *perestroika*" that will create cosmetic changes giving the impression that they have been restructured. With the potential for mass layoffs, there appears to be no way that the market will be allowed to work its therapeutic will in the Western sense by pushing any of these firms into bankruptcy, permitting realistic reorganization, and later reemergence with genuine prospects for prosperity.<sup>21</sup>

What impact do these factors have upon the five interest groups, which although separate and identifiable, are at one and the same time integral components of any emerging system of workplace governance and the new structure of power relationships? They suggest a critical question about the basic foundation of any new system: Will it be intended to balance out the

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bargaining equation between the various groups, to promote effective cooperation—in the interest of economic and industrial peace? Will it fall victim to manipulation by one or more of the workplace interests and be structured to pursue hidden social-political agendas? There is also the chance that an emerging system of workplace governance will be determined more by political events, with their relative uncertainty of outcome, than by government policy, in which event the five interest groups may lose control over their own destinies. Such clearly would be the case if there is a marked return to power of either the “reds” or “browns” who desire a society geared to highly centralized control of the economy.

Finally, there is an attempt at formulating a new industrial relations superstructure to support an orderly system of workplace governance. The Ministry of Labor circulated a draft code, “Fundamentals of Russian Federation Labor Law,” that had been prepared with the assistance of employer associations, trade unions, and academics.<sup>22</sup> It dealt with a wide variety of subjects concerning industrial relations, including the representation of workers by labor collectives and trade unions, collective agreements, individual labor contracts, working conditions, the disposition of individual labor disputes, and finally, framework of mediation, conciliation, and arbitration procedures for the resolution of collective labor disputes.

The code was a three-part effort spelling out a general framework for an industrial relations system together with protection of worker and citizen labor rights. When it was circulated for comments among a wide circle of interested groups, it was not greeted with much enthusiasm. At a roundtable discussion of representatives from these sectors, including officials in the Yeltsin administration, there was widespread criticism of the proposal as being inconsistent and not progressive in restructuring the framework “for the regulation of socio-labor relations.”<sup>23</sup>

This reaction provoked efforts for developing other proposals in a variety of quarters. The result was that this original version was all but abandoned and a multi-pronged but uncoordinated effort was made on several fronts to replace it.

Sergei A. Panin, chief of the Legal Bureau at the Ministry of Labor, became concerned that it would be very difficult to revamp the original draft code to satisfy all the critics and achieve consensus. He decided it was better to have a new attempt made at a comprehensive code proposal.<sup>24</sup> Accordingly, with the help of the deputies in his department and considering all the criticisms, he had a new draft prepared in the summer of 1994. The central labor relations framework of the Panin proposal was mainly organized around a social partnership that recognizes the changing role of the government during the transition process but delineates the state eventually as a benign regulator in a mediative mode. This version, after review at the ministry, was submitted to the Duma, where it has languished.

The chairman of the Duma Committee on Labor and Social Support, Sergei V. Kalashnikov, a conservative affiliated with the Zhirinovskiy faction who believes in the “corporative spirit” to solve the country’s problems, would like to pass some version of a labor code but the independent trade unions are unhappy with what has been proposed. Their position has been aided by Deputy Golov from St. Petersburg, a leader of the Social Democratic Party. As head of a Duma subcommittee on labor rights, he

created an advisory council of independent union officials to try to achieve revisions in the draft law sought by them.

At the time of this writing, there was at least one other known draft proposal that is part of this scenario. It was prepared by labor experts on the Yeltsin staff and was also pending before the Duma. The net result of all these maneuvers was to politicize the entire process with the chances for passage of any measure being delayed.<sup>25</sup> What most likely will happen is the emergence of a compromise version around which a coalition of support develops as the only way of assuring sufficient political strength to guarantee passage of a measure in this area.

Until a new code is passed, however, there will exist a hybrid framework of overlapping Soviet and varied post-communist labor statutes and decrees, leaving a confused infrastructure under which the five major workplace interest groups must redefine their roles and try to establish some sort of stable balance in their relationships toward each other. The picture has been complicated by actions of the administration, which have the potential for creating a nightmare of bureaucratic regulation, absent a code.<sup>26</sup>

Finally, the FNPR has sought unsuccessfully to consolidate its position for the future regardless of the outcome of the labor code efforts. Under the aegis of the Duma Committee for Social and Religious Organizations, the FNPR was instrumental in having a new law on trade union rights enacted on 14 April 1995, according to ITAR-TASS. A key provision allowed for only one trade union at an enterprise. President Yeltsin, however, vetoed it in response to the efforts of independent unions and their allies who opposed the measure, thus leaving its fate to the Duma and a possible override of the president's action.

## **Conclusion**

What can be concluded generally at this point is that any system of workplace governance that emerges will be unprecedented in the history of Russia, even prior to the advent of the Bolsheviks. The earlier despotic eras under the tsars, despite their periodic interest in Western ideas, did not allow for development of a workplace system comparable to that which emerged in Western Europe from the industrial revolution of the late eighteenth and early nineteenth centuries.

Some non-Russian advisers have urged adoption of a national labor policy that would establish a workplace infrastructure similar to those presently in use in the United States or northern and Western Europe. But these systems are not readily adaptable to the current Russian industrial relations landscape. In light of the many unresolved issues discussed here, it would appear that the prudent approach is to extract from these various other systems those particular features that appear favorable for convergence in a uniquely Russian model under a newly developed labor policy.

Workplace governance in Russia therefore should be viewed as an intriguing ongoing experiment in a land where policy and institutions for the past seventy-five years have developed out of the chaos of revolution and the fiat of totalitarianism, rather than through the more orderly democratic process of social evolution.

## Notes

1. This synergy has been defined by Professor John T. Dunlop as follows: "The rules and practices of the workplace are developed by the interaction of managers, workers and their organizations and government agencies in an environment of technology, labor, product markets and government regulations." *Industrial Relations Systems*, rev. ed. (Cambridge: Harvard Business School Press, 1993), 8.

2. For an excellent analysis see Walter D. Connor, *The Accidental Proletariat: Workers, Politics and Crisis in Gorbachev's Russia* (Princeton: Princeton University Press, 1991) and Lenoid A. Gordon, "Russia on the Road to new Industrial Relations, in *Double Shift, (Transforming Work in Post-Socialist and Post-industrial Societies)*, ed. B. Silverman, R. Vogt and M. Yanowitch (M.E. Sharpe, 1993).

3. From a statement on the "Novosti" newscast in Moscow on 21 September 1994. Several days later, some 1,500 workers on the main assembly line of VAZ, Russia's largest auto plant, went on strike for their pay from August and September. Press reports were that management treated the incident casually, calling it, according to Interfax, "one long coffee break."

4. The trade unions under the Soviets were characterized by First Vice Premier Shumeiko in a speech to a Trade Union Congress as "a kind of milk cow and never considered to be a real force in protecting the workers." *Rabochaya Tribuna* 2 November 1993, 1.

5. *Obshchaya Gazeta* 15 March 1995, 8.

6. Statement from an interview with Deputy Minister of Labor Viktor Kalishnikov in *Ekonomika i zhizn* 6 (February 1994): 1-2.

7. Laslo Nikosh. *Self Management and the Trade Unions* (1988).

8. From an interview reported in *Rabochaya Tribuna*, 6 April 1995, 1-2.

9. See the discussion by Vladimir Gerchikov, "Business Democracy: Work Collective and Trade Unions," in Gyorgy Szell, ed., *Labor Relations in Transition in the East and West* (W. de Gruyter, 1992).

10. They have begun organizing along the lines of their own interests with a number of groups of industrialists and entrepreneurs creating small employers' associations. One report has them forming a Council of Employer Associations for the purpose of coordinating their actions toward trade unions and the government. *Rabochaya Tribuna* 16 September 1994, 1. This presages the possibility of a sixth interest group in the workplace as the managers divide between privately owned enterprises and those still under state control.

11. The Privatization Center has reported that in 215 post-privatization initial shareholder meetings surveyed, 29 enterprises dismissed the incumbent general directors.

12. Noting that the situation in Russia is "far from clear," Arkady Solovyev, secretary of FNPR, said his union favors "the regulation of labor relations based on the principle of social partnership negotiations with the employer-owners of the means of production (regardless of whether this is state property or privatized, collective or private property)." *Rabochaya Tribuna* 28 October 1993, 1-2.

13. *Moscow Interfax* 4 March 1994.

14. See Elizabeth Teague, "Russian Government Seeks 'Social Partnership,' *RFE/RL Research Report*, Vol. I No. 25, June 1992.

15. *Rossiiskaya Gazeta* 15 December 1994.

16. *Kommersant Daily* 9 April 1994, 3.

17. *Rossiiskiy Vesti* 14 December 1993.

18. Yuri Bobkov, chairman of the Central Committee of the "Trade Unity" Trade Union, writing in *Torgovaya Gazeta* 5, 15 January 1994.

19. *Rossiiskaya Gazeta* 21 July 1992, 6.

20. *Segodnya* 13 August 1994.

21. *Segodnya* reported on 28 March 1995 that the Federal Administration for Affairs of Insolvency considered that some 1,600 Russian enterprises, of which the state owns at least 25 percent of the capital, are insolvent.

22. The law is intended to supplant the current Labor Code, which is substantially reflective of the former command system approach to industrial relations left over from the Soviet regime.

23. *Segodnya* 16 April 1994, 2.

24. Based upon personal conversations with S. A. Panin in late September 1994.

25. The FNPR has proposed that a commission be set up to "examine all three draft laws and to lay down the basis of a tri-partite agreement on the procedure for settling collective disputes." *Rabochaya Tribuna* 27 September 1994, 1.

26. On 20 July 1994, President Yeltsin issued edict No. 1504, which gave the administrative responsibility for supervision over all legislation on labor and social protection to a newly created Federal Labor Inspectorate in the Ministry of Labor. Only ten days later, Prime Minister Viktor Chernomyrdin signed decree No. 846 on the "Organization of All-Russia Monitoring of the Social Labor Sphere," which delegated to the several ministries and state committees oversight authority in this area.