Review essay

Perestroika and its impact on the Soviet labor market

Two books assess, respectively, the success of perestroika and the Soviet transition to a market-based economy; much remains to be done, and certain detrimental effects of the transition must be alleviated or avoided

Horst Brand

Horst Brand is an economist formerly in the Division of Industry Productivity Studies, Bureau of Labor Statistics.

The breakup of the Soviet Union, spurred in part by the failure of its economic system, is a world-shaking event, unforeseen by most and pregnant with unforeseeable consequences. It is widely being argued that a market economy will in time evolve in the Soviet Union, but enormous obstacles remain in the path of such an evolution; and it is far from assured whether and how they will be overcome. In *Restructuring the Soviet Economy*, Nicolas Spulber analyzes the salient issues posed by the Soviet leadership's attempts to deal with them.[1] In doing so, Spulber examines the factors behind the inability of Soviet economic institutions to narrow the productivity gap between Soviet and Western industries and to ensure adequate living standards for the Soviet people.

These same factors have inhibited the development of a work force trained and skilled in up-to-date production methods in industry and agriculture and in the efficient delivery of consumer services. Occupational and geographic mobility have been retarded, and large-scale unemployment threatened. The problems faced by the Soviet labor force under the pressures of restructuring and reform are discussed in detail in *In Search of Flexibility*, a collection of papers published by the International Labour Office and reviewed in the second part of this essay.[2]

Historical background

Over the past half-century, economists have devoted much thought and research to the sources of economic growth; economic failure on the scale and at the rate experienced in the Soviet Union has not come within their (or anyone else's) purview. There is no modern precedent that might serve as a model to help us understand this failure. However, the Soviet economy was originally itself modeled by what its chief theoreticians—Lenin, Bukharin, and Preobrazhensky—conceived as monopoly capitalism, the bearer of advanced technology and production methods typified by a large-scale and hierarchically structured work force. While Spulber does not address this aspect of the Soviet economy's origins, he opens many chapters of his book with brief presentations of the thinking of Marx and Engels. Such thinking, whatever the intentions of Marx or Engels, became part of

the Soviet economic dogma that powerfully influenced the course of the Soviet economy.

It is noteworthy that Eduard Bernstein, a German social democrat and intellectual, had already provided overwhelming evidence in the 1890's of the continued growth and viability of small and medium-sized businesses and of the essential role these businesses played in the economy, thus disproving a fundamental tenet of Marx' economics. The Bolsheviks scornfully rejected Bernstein's evidence as part of an unacceptable "revisionist" tendency, and this only stiffened their dogmatism.

Spulber lists four noteworthy institutional features of the Soviet economic system, all of which derive either from the Bolsheviks' early conception of monopoly capitalism or from what they construed to have been Marx' theory: (1) The economy is—or was until the mid-1980's—directed by the Communist Party of the Soviet Union; (2) its "commanding heights" are nationalized; (3) it is managed by a centralized apparatus; and (4) production of the means of production has primacy over production of consumer goods. The policy of perestroika, initiated by Mikhail Gorbachev in 1985, subjected all four of these features to attempts at drastic reform. The achievements of perestroika remain highly ambiguous, and Spulber virtually dismisses them, with the exception that the Communist Party's directive powers were sharply curtailed and shifted to agencies of the State. (More recent events, such as the apparent dissolution of the party, are not covered in the book.)

Economic growth and decline

How were the features that Spulber lists linked with the erstwhile expansion and subsequent stagnation and decline of the Soviet economy? Spulber addresses the question tangentially, concerned as he is primarily with the manifestations of the economy's inability to grow, the policies that lay at the root of this inability, and the changes intended to reinvigorate it.

Notwithstanding recurrent reform efforts since the 1950's, the Stalinist model of growth, incorporating the four features listed, prevailed in the Soviet Union. Roughly speaking, Stalinism's success in industrializing and urbanizing the Soviet Union can be traced to three institutions: (1) the political dictatorship of the Communist Party, whose moral authority resided in its ideology of social progress to be shared, in time, by all working people; (2) rigid centralization of all economic (and, of course, political) decisions, implemented by an obedient but privileged bureaucracy; and (3) police terror, aimed at destroying in the bud all opposition, especially movements to defend the rights of workers, but also enforcing the center's dictates.

With Stalin's death in 1953, police terror was gradually abandoned, not least because it had often threatened or made insecure those holding even the highest offices. The ensuing "thaw" made it possible to vent divergent views, if cautiously, but the result was the slow discrediting of the party's moral authority. Contributing to this decline in credibility was the corruption of high Soviet officials, particularly under Brezhnev. Whether the Stalinist model of economic growth could prevail in conditions of moral and ideological disintegration, let alone the absence of terror, was a question; the answer, at least since 1985, has been negative.

However, the monopolistic structure of the Soviet economy continued deep into the 1980's (and by and large remains in place). True enough, economies other than that of the Soviet Union have known monopolies and bureaucracies; but these have not been able permanently to repress competing forces that came to dilute or even end their power. The Soviet bureaucracy exerted its monopolistic hold on the economy, not only by destroying privately owned smaller enterprises but, more importantly perhaps, by controlling the distribution of all materials, fuel, and finished goods, as well as the allocation of investment funds. It exercised such control by the strict (if not always effective) verticality of command structures and the repression of horizontal ties among individual enterprises, common in all other industrial countries.

The near absence of licit horizontal ties—of networks of smaller and larger firms, major sources of innovation in all advanced countries—retarded both productivity and the updating of technology in the Soviet Union.[3] However, factors internal to the management of the economy were no less decisive in stymieing economic development in the country.

One such factor was that production targets were imposed upon enterprises by industrial ministries and other tutelary agencies. These targets derived from detailed plans made in accordance with decisions at the highest levels of the party and the state—targets and plans based on quantities of materials and other inputs, as well as assigned outputs. These variables, representing physical (or material) balances, were of necessity quantitative; allowances for quality were made also, but these, too, involved quantitative magnitudes. The management of an enterprise, and often the work force in its employ, had powerful incentives to reach output targets, because bonuses and other privileges, and sometimes even jobs, were at stake. But it had little incentive to improve production processes or

save on materials and equipment. Improvements posed two dilemmas: the risk that they would slow production and thus hinder the attainment of targets; and the likelihood that the tutelary authorities would incorporate the added output made possible by improvements into the next year's target, without gain to the originating enterprise. These possible consequences of innovation were eschewed by avoiding the decision to make them.

Another factor retarding the modernization of the Soviet economy was the doctrine of the primacy of production of the means of production, a dogma upheld by Communist Party congresses and promoted in economics textbooks into the mid-1980's. This dogma derived from a flawed view of the history of industrialization in the West and the urge to catch up with and overtake the United States economically. The doctrine led to extensive investment in equipment and structures, especially in manufacturing, where the emphasis was on old-line industries such as fuel and power, metallurgy, building materials, and nonpetrochemicals. Renovation was neglected, and overaged plants abounded. The constant pressure to invest gave rise to enormous bottlenecks and to delays so long that they caused new plants to become obsolete even before they became operative. In addition, "much of the Soviet equipment [was] shoddy and obsolete when new,"[4] as well as being below world standards. Investment in manufacturing was also highly skewed, such that nine-tenths of it went to the production of means of production, and only the small remainder was earmarked for light, consumer-oriented industries. Manufacturing as a whole absorbed well over one-third of total investment funds between 1956 and 1985 (in contrast to one-eighth in the United States), while the investment share of residential housing declined from about one-fourth to one-fifth of total investment. (The residential housing share of gross private domestic investment in the United States has been roughly one-third of total investment.)[5] Despite the high level of investment in production of the means of production, the degree of mechanization of ordinary physical tasks, a key factor in industry productivity, has been and still is low in the Soviet Union.

"The centrally determined program of capital construction still constitutes the core of Soviet planning," writes Spulber.[6] The indicators of capital investment and of its effectiveness in terms of capital-output ratios bear dramatic witness to the Soviet economy's decline. Those ratios have been rising steadily, and, in conjunction with cognate data presented by Spulber, "one cannot but conclude that the deteriorating Soviet performance necessarily results from an increase in real costs as machinery and equipment ages and 'decays' . . . . [T]he equipment yields less output, and, moreover, it absorbs more inputs of materials, labor, maintenance, and renewal costs."[7]

Glasnost and perestroika

Spulber details the reform efforts initiated by Gorbachev against the background of the Soviet economy's decline and repeatedly voices skepticism in regard to their success. Like some other scholars, he evidently views these efforts as repeating earlier, albeit less far-reaching attempts at reform that came to naught because they failed to come to grips with the problem of pricing and allocating capital by a central authority. Nor did they deal with the more pervasive problems, resistant to any short-term solution, of a "well entrenched and obdurate bureaucracy, a class of managers raised . . . in the spirit of submission to plan instructions, a disgruntled and alienated workforce, and a . . . distrustful rural population."[8]

Spulber views glasnost as a salutary development but notes that, besides engendering a wide diversity of opinions, it brought profound polarities of interests and ideologies to the fore. Hence, in combination with perestroika, it weakened whatever real and moral authority the center was left with. Because of glasnost, not only was the decline in the economy not reversed; it eventually turned into a crisis. Spulber's work ends before that crisis began—before industrial production sagged, inflation soared, shortages of consumer goods became more acute, deliveries of industrial and food supplies were disrupted, and, insofar as they were available, these items could be exchanged only in barter or against hard currency.

Just what did perestroika entail? Spulber outlines four "constitutive" principles: the disengagement of the Communist Party from the state; the reduction of the scope of socialized production, by encouraging the commercialization of some goods and services; the setting of production norms, based on income flows in terms of value, for enterprises (in place of physical-quantity output targets); and the reappraisal of the primacy of capital production. Only the first of these, as noted earlier, has succeeded.

In its licit forms, commercialization has made little progress. Capital is scarce, if available at all. Cooperatives have grown rapidly but have little access to advanced technologies. They are highly taxed, must deal with bureaucratic chicanery, and often represent merely secondary places of employment for their members. Ownership of farm land is not available outright; it is offered as leaseholds to interested parties. The agricultural

infrastructure, including farm-to-market roads, storage and refrigeration facilities, and credit, remains profoundly deficient, further inhibiting interest in this feature of perestroika.

The shift to values in setting output norms for enterprises is still predicated on physical balances calculated, with certain modifications, by the central authorities (although these outputs are no longer imposed on the enterprise by the authorities). But the system of physical balances cannot possibly capture the complexity—the stochastic nature—of the innumerable input-output linkages in a modern economy. The coefficients used to allow for these complexities cannot remotely embrace the information they supposedly represent. Thus, the system remains a major barrier to efficient allocation and cannot prevent shortages, surpluses, or the many other ills of the Soviet economy. Yet it remains, or until recently, remained, the basis of directive planning: "Gorbachev . . . has tried to keep the privilege of mapping the economy's evolving goals, priorities, structural proportions, and technological choices,"[9] even as he reduced the center's scope of interfering in the routine operations of enterprises. The center still imposes, or until recently, imposed, the constraints within which the enterprise must function. The effective retention of the physical balance system, then, means that in this respect as well, perestroika failed at fundamental reform.

Finally, as for the reappraisal of the primacy of capital investment, although larger-than-usual investment funds were shifted to consumer goods industries, Gorbachev announced the ambitious goal of updating the machine-building industries to world standards within a few years—a goal that Spulber argues is unlikely to be attained. More fundamentally, while Gorbachev intended to put an end to the "giantism" that had marked the capital investment of all 5-year plans since 1929, his own plans, while desisting from giant projects, looked to a vast buildup of electronics, information, and communications systems. Spulber cites detailed evidence concerning the unrealistic nature of these goals; in working towards them, the problems Soviet planners face "are wider, more sophisticated, and more demanding than those that confronted the Soviet Union at the turn of the 1920's, when it laid the foundations of industrialization on the technology of iron and steel developed in the West a quarter of a century earlier."[10]

Requisites for a market economy

Spulber traces the failure of the Soviet economy essentially to the system of directive planning, a system that cannot absorb the information which industrialism generates. Elsewhere, such information is transmitted by numerous overlapping networks of smaller and larger firms, public agencies, news organs, and other institutions; the "market" then may or may not validate the judgment of the originators of the information. The pressure of Soviet tutelary agencies on enterprises to fulfill the plans set forth by the agencies also impairs the economy's efficiency: the enterprises seek to avoid shortages by hoarding supplies and by various ways of irrational vertical integration, such as building their own machinery, which could be done much better and more efficiently by firms specializing in the task. Enormous duplication in capital investment results, which elsewhere would be eliminated by a more rational and refined social division of labor and the cost-price relations it embodies.

What conditions are required, Spulber asks, to convert the Soviet economy into one directed by the market? In answer, he lists four such conditions. First, ownership rights must be established. It must be legally permissible for all but the most plentiful resources to be owned, owners must lawfully be allowed to exclude anyone from using given resources, such resources must be freely exchangeable, and they must be denationalized. Second, business and industry must be reorganized so as to be free of all bureaucratic and government supervision and must freely serve their customers. Third, enterprises must be free to hire and fire labor, bankruptcies must be freely executable regardless of their effects on employment, and subsidies to unprofitable firms must cease. Finally, government ownership of enterprises must be restricted. Toward this end, the planning system would be integrated with a central statistical bureau, banking would be privatized, and a fiscal system emphasizing direct (rather than turnover) taxes would be created.

Spulber agrees that perestroika did restructure management, reduce the scope of central planning, and enlarge the autonomy and self-financing of enterprises. It did not, however, significantly expand ownership rights or change established patterns of business organization, labor and industrial relations, or the key economic functions of government.[11] At the time Spulber completed his book—the most authoritative and best written on the subject so far—the prospects for a radical break with past conceptions of the administered economy were not encouraging.

Impact of change to a market economy

For better or worse, the Soviet economy is undergoing a profound transformation that may

well take the direction indicated by Spulber, but that will more likely be gradual rather than swift and piecemeal rather than radical. The impact of this transformation on employment and working people is expected to be severe. *In Search of Flexibility: The New Soviet Labour Market* is a collection of papers based on a conference of specialists held in Moscow in October 1990 under the auspices of the International Labour Organisation. According to this text, even if only a small part of the Soviet economy is privatized (the term "privatization" does not actually occur in the book), its work force will face wrenching changes. As elsewhere, privatization in the Soviet Union would change the form, not the substance, of managerial authority. Enterprises already possess far-reaching autonomy, strengthened by a near tenfold increase in their means of self-financing since 1985[12] and by the erosion of the center's cohesion. Many enterprises and their supervising ministries appear to have become self-acting conglomerates. As mentioned, this development has been accompanied by disruptions in the delivery of supplies, so that the hitherto slow decline in employment in the public sector, which accounts for about 85 percent of total employment in the Soviet Union, cannot be traced entirely to dismissals deliberately undertaken to improve efficiency. However, conference participants estimated unemployment in 1990 at around 2 million, as of now, a small percentage of the work force. The number of "released" or displaced workers was larger, but these workers were often placed elsewhere within the same enterprise or retired.

Nonetheless, 16–18 million workers are expected by Soviet economists to be "released from material production" (including manufacturing, mining, construction, agriculture, and certain related services, such as freight transportation); and up to 50 million are projected to change occupations.[13] Unemployment is thus bound to rise to high levels owing to underlying structural changes alone—that is, leaving aside the lessened (or denied) job opportunities on grounds of ethnicity or nationality in given regions, as well as the problem of availability of employment for job seekers returning to the places of their origin.[14]

The conference participants tacitly accepted the necessity of restructuring the Soviet economy—perestroika, in Gorbachev's sense. But few of them would have shared Spulber's conviction that economic reform must go much further than envisioned by Gorbachev. The papers they presented imply the reason: the Soviet work force would be unable, for many years to come, to adapt to so radical an economic transformation as Spulber proposes.

Features of the command economy

The labor market flexibility required by the Soviets is the very opposite of their old system of labor regulation. That system aimed, first of all, to attach the worker firmly to his or her enterprise and thus stabilize employment. It sought "to minimize the unplanned movement of personnel,"[15] and while changing jobs was not prohibited, public opinion was directed against those who did so. The low degree of labor market flexibility was the deliberate outcome of the central-planning process. The size and distribution of the labor force were governed in accordance with the planned volume of production, and enterprises were allocated workers accordingly as well. Training, the preparation of specialists, compensation, and financial incentives all were closely regulated, as were wage scales.[16] Working people viewed their employment at a given job as permanent, imparting a sense of security, but also dulling interest in improving production methods and skills.

Full employment undoubtedly existed in the Soviet Union until recent years. Evidently, however, it presupposed low levels of mechanization, of technological change, and of productivity. The underlying mode of economic development "resulted in low use of technical production equipment, which tended to lower the growth of labour productivity."[17] Full employment was an integral part of the policy of extensive capital investment, "involving more and more production factors, and manpower foremost among them, implying rates of job creation that were higher than the labour supply."[18]

Moreover, the Soviet union's mode of development, with its bias toward the large-scale use of resources, has deleterious effects upon the skills, industry, and occupational distribution of the work force, a matter of central concern to the conference. The industry structure of Soviet employment has been nearly static for a long time. For example, the proportion of workers employed in the material- or goods-producing industries (including agriculture) has remained at 70 percent for many years.[19] Similarly, the vocational skill structure has not changed in a quarter-century: "About 70 percent of the employed . . . are physical labourers, [and] half of them are manual workers."[20] According to a slightly different estimate, only one-third of the work force consists of employees who are not manual laborers, compared with one-half in such countries as the United States and Japan.[21]

These facts obviously call for intensified training and retraining programs if the restructuring of the Soviet economy is to proceed and if workers made unemployed by it are to be reab-

sorbed. Such intensified training, however, is hindered by the reportedly low educational level of large parts of the Soviet work force. According to the United Nations Education, Scientific, and Cultural Organization (UNESCO), the Soviet Union ranks 40th in share of population with higher education and 50th in relative share of university students. Indeed, 20–30 percent of the executives in many industries lack higher education, and the financing of schools and universities runs far below that of other industrial countries on a per-capita basis.[22] The reasons for such evidently poor performance of the educational system have, to an extent, been internal to it. In addition, the incentive to gain higher education has been diminished by "a mass production, large-scale approach"[23] to education and the leveling of earnings rates. A crude indicator of this leveling is the ratio between the earnings of salaried workers and those of wage workers, which dropped from 146 in 1955 to 106 in 1985. Under Gorbachev, the ratio was deliberately raised again in favor of managerial and other salaried personnel.

In brief, by the standards of advanced industrial countries and the requirements of perestroika, education and training in the Soviet Union are inadequate, and mechanization of manual tasks and the skills associated with such mechanization are of low degree. Both reflect past industrial policies that relied on extensive reserves of underemployed labor, especially in rural areas. Migration from these areas was the main source of urban population growth between the 1930's and 1950's, accounting for 80 percent of it. Since then, it has accounted for 60 percent of urban growth. The difficulty of adapting a labor force with a large rural component to an industrial policy emphasizing intensive capital investment—investment that relies on complex advanced technologies and the know-how required to manufacture and operate them—was implied in many of the comments of the conference participants. "In our country . . . the cost of manpower was always too cheap. Investment in human beings was considered unprofitable," runs one of these comments.[24] According to another, the evolution of an efficient labor market was thwarted by such factors as "low earnings differentials [and] low cost of labour . . . . [T]he price of labour must be raised substantially" if the effectiveness of labor resources is to be enhanced.[25] "Enterprise labour costs seem low," states one analyst. "This can hamper technological development because replacing labour by machines may increase costs, with adverse consequences for the enterprise."[26]

That analyst's judgment may well prove to be true. But it is more likely that labor costs (or unit labor costs) will drop and that wages will be under pressure as markets replace the administered economy. To be sure, nonwage labor costs have been largely or wholly defrayed by "social consumption funds" subsidized by the State or tutelary agencies, and this has partially accounted for the low costs of direct labor. However, low labor costs are also due to poor working conditions: "Today, every third job violates sanitary and hygienic norms . . . . Strain and tiredness hamper the spread of intensive forms of labour organisation . . . . [V]ery little is done to ameliorate working conditions; 30 percent of the funds allotted for this purpose are spent on compensation for harmful and difficult working conditions."[27] It is hard to see how market forces will lead to an improvement in these conditions. Workers, it is true, do benefit from low-cost housing, transportation, and medical care, but "market forces may reduce nonwage benefits as well as money wages; local-level collective bargaining can put pressure on health and safety."[28]

Instituting labor market changes

The chief vehicle of Soviet labor market mobility would be an employment service. Such a service exists, but it has been, in effect, a recruiting agency of Soviet enterprises, which paid for its services. It lacks the tradition of public employment services in Western countries, which adhere to certain labor market policies. In Sweden and Germany, for example, employment services are responsible for matching job seekers with vacancies, for retraining and counseling, and for the administration of relocation allowances.[29] In general, the alleviation or elimination of local unemployment in a free labor market has been the basic mission of Western employment services.

But that aim could not soon be the mission of a Soviet employment service, largely because until recently, unemployment was not recognized as a human and social problem; rather, it was viewed as a violation of the citizen's duty to perform useful work. Significantly, 1991 employment legislation states that "voluntary unemployment . . . shall not be considered an administrative, criminal or any other form of offense" and adopts International Labour Organisation definitions of unemployment.[30] This legislation proclaims the right to work, training, and unemployment compensation. It creates a comprehensive employment service and mandates the reporting by enterprises of planned structural changes, vacancies, redundancies, and other matters affecting the work force. (The extent to which the legislation has been implemented cannot be ascertained from

the volume discussed.) Its effect would be to shift the burden of redundancy and unemployment from the enterprise to society at large, if not upon the worker and his family. For hitherto, "a lack of mechanisms for releasing workers made redundant through growth of labour productivity or structural change in the economy, and an absence of social protection, meant that unwanted workers did not leave the enterprise, but were given jobs in other sections."[31] The function of the Soviet enterprise in "solving" the unemployment problem is thus clearly slated to disappear.

The transformation of Soviet labor is occurring in an era of labor market deregulation in virtually all industrial countries. Deregulation followed upon a long period of near full employment in these countries. Income and employment security, the acceptance of bargaining rights, and the promotion of trade unionism by government characterized that period. During the 1970's, these gains were eroded by inflation (fueled by soaring energy costs), by stagnating productivity, and by sharpened global competition. "The 1980's [were], almost everywhere, a decade of profound disappointment" for labor and its allies, writes Guy Standing.[32] And "it is salutary in the context of structural adjustment in the Soviet Union . . . to reflect on the labour market consequences of . . . the restoration of private markets and the 'rolling back of the State' in economic and social policy."[33]

These consequences, Standing holds, arise from the degradation of redistributive policies. They include increases in the number and proportion of people living in poverty in all countries that have adopted the unregulated market model, as well as greater income inequality and very high unemployment levels. Says Standing, "Unemployment has dominated European labour markets for the past decade and will be one of the most controversial issues in the emerging labour market in the U.S.S.R."[34] The growth of more "flexible" labor relations has spelled a decline in the number of well-paid, steady full-time jobs, while part-time and casual work has spread. Entitlements to enterprise-level health and pension benefits have tended to shrink in terms of magnitude as well as coverage, a trend that is practically inevitable among the Soviets and that is unlikely to be compensated for by improvements in their existing social security system. Furthermore, states Standing, there has been a tendency toward deunionization, a weakening of bargaining rights, and lessened worker protection in the industrial countries. Many regulations, while on the books, are not properly implemented, the resources to do so having been cut back.[35]

Standing's critique of labor market changes in the West is far from exhausted by this brief summary. Yet he does not doubt that these changes, in combination with changes in the nature of firms (such as spinoffs of hitherto internal operations and new networks formed in industrial districts), "have increased productive flexibility and, probably, dynamic efficiency."[36] But they pose difficult challenges for labor regulation, mobility, social security entitlements, and income distribution policy. How does he propose to meet these challenges? "Economic democracy is a way forward," he writes.[37] Standing urges that, even as ownership of enterprises is privatized, profits be shared with workers as an inducement to lower production costs and increase productivity. He proposes that the risks of open labor markets, to which large parts of the Soviet population will be exposed, be alleviated by ensuring income and other kinds of security and that the pertinent benefits, as well as education and training, be administered at the community level by representatives of management, employees, and other groups at the margins of the work force.

"The prospect in the Soviet Union," says Standing, "is that moving to a market-based economy will create unemployment and worsening poverty for a substantial minority of the population, as has been the case in the former German Democratic Republic, Hungary, Poland and elsewhere in Eastern Europe."[38] That prospect lends great urgency to debates over policies concerning labor market changes and the steps required to forestall the immiserization that communism had promised to eliminate, but that now threatens large numbers of Soviet people. □

Footnotes

[1] Nicolas Spulber, *Restructuring the Soviet Economy: In Search of the Market* (Ann Arbor, Michigan, University of Michigan Press, 1991), 315 pp., bibliography, $39.50.

[2] Guy Standing, ed., *In Search of Flexibility: The New Soviet Labour Market* (Geneva, International Labour Organisation, 1991), 440 pp. Available in the United States from ILO Publications Center, Albany, New York.

[3] See especially Small Business Administration, *The State of Small Business: A Report to the President* (Washington, Government Printing Office, 1983).

[4] Spulber, *Restructuring the Soviet Economy*, p. 84.

[5] While comparisons with the United States may seem unfair, Soviet economists themselves are not reluctant to make them.

[6] Spulber, *Restructuring the Soviet Economy*, p. 71.

[7] *Ibid.*, p. 87.

[8] *Ibid.*, p. 28.

[9] *Ibid.*, p. 61.

[10] *Ibid.*, p. 83.

[11] *Ibid.*, p. 268.

[12] H. Conert, "Lage und Perspektiven der sowjetischen Wirtschaft" (The Situation and Prospects of the Soviet Economy), *WSI Mitteilungen* (Information from the German Trade Union Federation), August 1991, p. 513.

[13] Y. Antosenkov, "A New Employment Concept in Soviet Labour Legislation," in *In Search of Flexibility*, p. 74.

[14] Inga Maslova, "State Employment Programmes in the Light of the New Law on Employment," in *In Search of Flexibility*, p. 134.

[15] Antosenkov, "A New Employment Concept," p. 64.

[16] Maslova, "State Employment Programmes," p. 122.

[17] Antosenkov, "A New Employment Concept," p. 64.

[18] Alexander Samorodov, "Labour Market Problems and Development in the Republic," in *In Search of Flexibility*, p. 145.

[19] Maslova, "State Employment Programmes," pp. 121–122.

[20] Antosenkov, "A New Employment Concept," p. 79, n. 8.

[21] Mikhail Bermant and Maria Feonova, "Training and Retraining: The Link with Employment," in *In Search of Flexibility*, p. 319.

[22] Bermant and Feonova, "Training and Retraining," pp. 319, 328.

[23] Janet G. Chapman, "Recent and Prospective Trends in Soviet Wage Determination," in *In Search of Flexibility*, p. 181.

[24] Vladimir Shcherbakov, "The Labour Market in the USSR: Problems and Perspectives," in *In Search of Flexibility*, p. 26.

[25] Shcherbakov, "The Labor Market," p. 39.

[26] Alexander Kotlyar, "Regulating Employment in the Context of Mobility," in *In Search of Flexibility*, p. 114.

[27] Kotlyar, "Regulating Employment," p. 115.

[28] Michael Taylor, "Non-Wage Labour Costs in the USSR and the Role of Trade Unions," in *In Search of Flexibility*, p. 246.

[29] Rudolph Meidner, "The Role and Potential of Active Labour Policy: The Swedish Experience," in *In Search of Flexibility*, p. 347. See also Iraida Manykina, "An Assessment of Soviet Labour Statistics," in *In Search of Flexibility*, p. 414, for a brief summary of the projected functions of the Soviet employment service.

[30] "Annex II: Text of the Fundamentals of Employment Legislation of the USSR and the Union Republics, 1991," in *In Search of Flexibility*, p. 427; and Valeri F. Kolosov, "The New Employment Policy in the USSR," in *In Search of Flexibility*, p. 57. See also Manykina, "An Assessment of Soviet Labor Statistics," p. 414.

[31] Vladimir G. Kostakov, "Labour Surplus and Labour Shortage in the USSR," in *In Search of Flexibility*, p. 85.

[32] Guy Standing, "Towards Economic Democracy and Labour Flexibility? An Era of Experimentation," in *In Search of Flexibility*, p. 363.

[33] Standing, "Towards Economic Democracy?" p. 367.

[34] *Ibid.*, p. 376.

[35] *Ibid.*, p. 373.

[36] *Ibid.*, p. 369.

[37] *Ibid.*, p. 391.

[38] *Ibid.*, p. 394.