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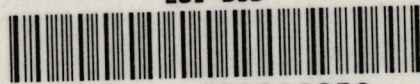
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## **Labour Market Reform In the USSR: Fact or Fiction?**

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## LABOUR MARKET REFORM IN THE USSR: FACT OR FICTION?

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### Abstract:

One of the problems expected to arise during the Soviet Union's transition to a market-type economy is that of unemployment. This paper examines recent Soviet discussion of employment problems, as well as the type of preparation currently being undertaken in anticipation of large increases in unemployment. Attempts at reforming the labour market during the perestroika period are discussed, as are the existing institutions and legislation relating to redundancy-type dismissals.

An earlier version of this paper was presented at the IVth World Congress of Soviet and East European Studies, Harrogate, July 1990.



## 1. Introduction<sup>1</sup>

The USSR is in the process of deciding how to make, and manage, its transition to a market-type economy. With regard to employment and the labour market, this transition will imply the end of a system of guaranteed employment, as unprofitable enterprises are forced to close down, and others are no longer able to "hoard" superfluous workers. For the first time, the Soviet Union is trying to come to terms with and define the forms and amount of unemployment which already exist in the country. The legislation relating to the economic reform is expected to include a new Employment Act, which will set out the type of provision to be made for anticipated large increases in unemployment.

How prepared is the Soviet Union to manage such changes in employment practices? How is reallocation to be achieved? Do incentives and mechanisms exist to facilitate job changes? Are new policies being designed to ensure a minimum social consensus for the economic changes envisaged and to protect certain sections of the population? Other Eastern European countries are faced with the similar problems, but the lessons for the Soviet Union from this quarter are limited, since the scale and regional diversity of the Soviet labour market make it a special and more complex case.

The three main questions addressed in this paper are as follows:

1. Has perestroika so far led to any significant increase in unemployment? Calls for the large-scale reallocation of labour, involving 19 million or more employees, have led to predictions of increases in frictional unemployment. Recent Soviet discussion of unemployment is examined, in order to establish whether reports refer to unemployment

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<sup>1</sup>I am most grateful to Anders Aslund, Silvana Malle and John Micklewright for comments on earlier versions of this paper. The usual disclaimer applies.

which already existed in the pre-perestroika period or to a new phenomenon, i.e. to examine the extent to which current unemployment has been inherited, rather than created, by perestroika. The novelty so far may be the open discussion of unemployment, rather than any significant increases.

2. Has perestroika been successful in changing patterns of labour utilisation and bringing about the reallocation of redundant labour from the main industrial branches of the economy to the service sector and consumer goods industries? One of the themes of perestroika has been the need to eliminate wasteful use of resources, including labour. Since the late 1980s it has frequently been stated that as the industrial branches of the economy undergo restructuring, redundant workers will be reallocated to the service sector and consumer goods industries, in order both to improve labour utilisation and to improve the supply of goods and services to the population. Recent employment data are examined to establish whether redeployment patterns have in fact followed such policy statements, and whether labour utilisation has become less "wasteful".

3. How prepared is the Soviet Union for any future rise in unemployment? It is important to look at the type of labour market which has existed until now in the Soviet Union, at past attempts to rationalise and reallocate labour, and at the existing government employment institutions and regulations relating to redundancies, in order to establish what sort of experience the USSR can draw on when tackling the new problems involved in restructuring. An attempt will be made to identify those sections of the population most likely to be affected by any future increases in unemployment, and to look at the type of provision being made for them.

The paper is organised as follows: section 2 deals with past employment policy and the previous approach to redundancies; section 3 looks at recent Soviet discussion of



unemployment and at recent redeployment policies and patterns; section 4 contains a summary of reports on the draft employment act which is currently being prepared; and section 5 draws some conclusions with regard to the above questions.

## 2. The Soviet Labour Market and the Previous Approach to Redundancies.

This section refers to the main features of the labour market which has existed in the USSR since the 1950s, and focuses in particular on past attempts to encourage and direct labour reallocation through the "releasing" and redeployment of redundant workers, from approximately 1966-88. Section 3 will deal with the period 1989-90, when some kind of transition to a market economy became inevitable, but when most of the features, institutions, and regulations mentioned here remained in place.

### 2.1 Allocation of Labour

Since the 1950s the labour market in the Soviet Union has been subject to much less central control than other aspects of the economy. Workers on the whole find jobs independently, and factories/organisations advertise their own vacancies and are responsible for their own staff recruitment. In the mid 1980s, circa 85% of all hires took place "at the factory gate", i.e. without any form of organised state allocation.<sup>1</sup> Workers are also free to quit and change jobs, and turnover rates show a high degree of mobility.<sup>2</sup>

In theory there has been a commitment to full employment, which is guaranteed through the practice of "planning from resources", of creating a sufficient overall number of workplaces to employ the working age population. Balances have been drawn up in order to plan the matching of manpower and workplaces. In practice, however, the balances have been drawn up only at the aggregate level, and regional "balances" have not been achieved. There are currently estimated to be 2.8 million job vacancies (first shift) in the national economy<sup>3</sup>, and there are reports of labour shortages in most areas of the country. (Approximately 139 million are employed in the national economy; 120 million in the state sector; see Appendix 1.) These shortages have been coupled more recently with reports of

excess manpower and lack of employment opportunities for young people in the Central Asian Republics.<sup>4</sup>

The fact that labour force participation rates could not be expected to increase<sup>5</sup>, and that the number of new entrants to the labour market has been lower than in the previous decade, made it unlikely that the "balance" could be achieved by drawing on labour "reserves" within the population. However, in the absence of any changes in the economic system, this seemed to be the dominant preoccupation of planners in the 1980s. In the words of one Soviet commentator:

"the sense of employment policy has in essence amounted to meeting the demand of the economy for manpower, looking for new sources of manpower."<sup>6</sup>

This meant, for example, that pensioners were given incentives to continue working, that only very limited possibilities of part-time and home-based work were offered, and that further expansion of full time study was discouraged. Any healthy adult was obliged to work for all of his/her adult life; the choice not to work did not exist.<sup>7</sup>

In this context the term used for "unemployed" (nezaniatye) meant those not employed in the state economy, who were looked upon as potential "reserves" which should in some way be "drawn in" to the state sector.<sup>8</sup> The question of whether the nezaniatye were actively seeking employment in the state sector was not usually raised.<sup>9</sup>

Thus the dominant concern of the last 20 years has been that of finding additional manpower at all costs, which does not suggest that the USSR has much expertise to draw on now, when faced with the task of devising suitable labour market policies for the proposed structural changes.

## 2.2 The Previous Approach to Redundancies.

Although the number of redundancy type dismissals has until now been minimal (1-

2% in the 1970s; 4% per year planned for 12th five year plan, 1986-90<sup>10</sup>), there has always been the idea that they were inevitable if the economy were to be restructured, and that they should and could be carried out in a "planned manner". Even those specialists who criticised the planners one-sided view of the worker as a "labour resource", a resource to be planned like any other input, rather than something more human, seemed to believe that the way to protect the social rights of workers, was to plan the elimination of uninteresting low-skill jobs and the redeployment of released workers, thus avoiding unemployment.<sup>11</sup> There has long been a contradiction between the usual calls for less planning as a way to improve the working of the economy, and the calls of most Soviet labour specialists for more planning of labour allocation, in order to combat hoarding and to avoid unnecessarily long spells of open frictional unemployment.<sup>12</sup> The calls for more planning have stemmed largely from a reluctance to admit to any form of unemployment, because of the important legitimisation role played by full employment in Soviet politics; but also to a firmly embedded traditional Soviet principle that unplanned individual mobility is wasteful and should be discouraged.<sup>13</sup>

### 2.3 Redundancy Dismissals and Planning

For over twenty years Soviet specialists have pointed to the hoarding of workers in Soviet enterprises, and stressed the need to find some mechanism to ensure the "releasing" of superfluous workers and their redeployment in more productive jobs. The number of superfluous workers was commonly said to represent 15-20% of an enterprise's workforce<sup>14</sup>. In order to do this either an effective incentive had to be given to managers to "release" workers, or planners had to gain more information on actual enterprise manpower requirements in order either to set releasing targets or limit the enterprise's allocated wage fund. An enterprise's labour demand was calculated on the basis of its

output target: the amount of labour required for the fulfillment of the output target was based on the amount required in the previous plan period with some allowance for planned productivity increases. Throughout the 1970s and '80s experiments based on the example of "Shchekino" were used to try and offer enterprises incentives to release workers.<sup>15</sup> Schemes such as "attestation" of workplaces were used to try and collect information on enterprise manpower requirements.<sup>16</sup> Most recently the 1986 wage reform was an attempt to give enterprises an incentive to rationalise, by increasing the centrally-set wage tariffs for all categories of workers, but asking enterprises to finance the increases out of their own funds.<sup>17</sup> The 1987 Enterprise Law also offered enterprises two types of self-accounting models, the second of which offered the enterprises the chance to benefit from reducing their workforce.<sup>18</sup>

Releasing entered the planning vocabulary, and targets for releasing manual labour were included in the enterprises' plans. Various adjectives were used to describe what are apparently different forms of releasing, namely "relative freeing", "conditional freeing" and "absolute freeing." These were, however, terms used above all in the technical planning literature, and did not necessarily correspond to actual workers being made redundant. The planning system was geared towards the production of increasing volumes of output, and the concept of labour releasing has until now been part of output planning, not employment policy. In this context the concept of labour releasing has referred to productivity growth measured in higher volumes of output per unit of labour or labour time. Current reports of x-numbers of released workers still do not correspond to a number of dismissed workers, but to a productivity increase, relative to a previous productivity level, calculated in terms of labour, with productivity gains being the result of increasing output, rather than decreasing labour expenditure.<sup>19</sup> Worker requirements were estimated as the equivalent of a work-time fund, which includes overtime, worktime for repair, etc. Thus time rather than

numbers of workers is reduced, (although actual employment levels may be reduced by non-replacement of retired workers) and the planning of potential unemployment has had little to do with actual people and their welfare.<sup>20</sup>

#### 2.4. Redundancy Dismissals and the Law

According to the Soviet Constitution, citizens have the right and duty to work. The state has the responsibility of providing workplaces. However, responsibility for finding alternative employment for released workers has until now rested with the enterprise. This has been consistently quoted by Soviet specialists as a major disincentive for enterprises to release their surplus manpower.<sup>21</sup> They have usually advocated that the state assume responsibility for redeployment through the network of labour offices (see below) under the State Committee for Labour and Social Questions.

There has always been legislation which foresaw the possibility of redundancy-type dismissals. The Labour Code has allowed managers to dismiss workers in connection with "liquidation of the enterprise, institution, organisation, reduction in the number or composition of staff".<sup>22</sup> Before a manager could dismiss a worker due to reduction in numbers employed, the worker has had to be offered an alternative job within the same enterprise, or management has had to prove that no alternative exists. In the case of liquidation, the 'higher standing body', i.e. the Ministry in the case of industrial enterprises, and the job placement bodies have had to solve the problem of job placement of the released workers.<sup>23</sup> Should the worker not accept the alternative job, or if there is no alternative to be offered, the dismissal procedure (uvol'nenie) has been used. (Workers refusing the alternative may also quit, without waiting to be dismissed. They have then come under the voluntary quit category tekuchest', which covers voluntary quits and disciplinary dismissals).<sup>24</sup> The written agreement of the enterprise trade union committee

has been required for dismissal and the work contract has had to be terminated no later than one month after the trade union approval has been given.

A new version of the Labour Code was published in 1988<sup>25</sup>. The above regulations remain valid, but there is a new section specifically dedicated to "Guaranteeing Employment for Released Workers", spelling out the rights of released workers and the procedure for releasing. (Labour Code, Chap.III-A, Art.40). The offer of alternative employment is now expressly cited as the means of guaranteeing the released worker the right to work.<sup>26</sup> The worker has to be given 2 months' notice, and in the case of reduction in staff numbers, has to be offered an alternative job by management within the same enterprise at the same time as notice is served. If work is not available in the same profession or specialisation, or if the worker refuses transfer (perevod) to another job within the same enterprise, he may be placed through a Job Placement Buro (henceforth JPB) or find work independently. Management informs the Job Placement Organs of the releasing envisaged, with information on the job skills and pay level of the workers involved. A type of unemployment benefit has been introduced: the worker is given a severance payment of one month's average pay, and is guaranteed a maximum of 2 months' pay (including the severance payment) inbetween jobs (3 months' pay in the case of liquidation and if workers register with a JPB within two weeks of being dismissed). These payments are made by the enterprise where he was originally employed. He loses his uninterrupted work service record (stazh: important for entitlement to pension supplements, extra vacation and other benefits) if he does not start another job within 3 months.

Regulations on redundancy dismissals exist in many Western European countries<sup>27</sup>, and Soviet specialists may have exaggerated the role of this legal disincentive to redundancy-dismissals in the past, (the economic disincentives meant in fact that the legal

regulations were never actually put to the test). However, the reluctance of the state until now to assume responsibility for redeployment and unemployment benefit does seem to have run contrary to the policy statements on the need to release and redeploy millions of workers. The 1988 Labour Code gives managers more rights with regard to reallocation of the workforce within the enterprise (arts 25 and 29), and until 1988-89 policy statements, including one by Gorbachev, contained assurances that unemployment would not be tolerated in the Soviet Union. This suggests that until approximately one year ago, it was hoped to follow the East German example of encouraging enterprises to rationalise, while redeploying and retraining workers internally.

## 2.5 Institutions in the Soviet Labour Market

Job Placement Buros (JPBs) were first established in 1969 in the RSFSR.<sup>28</sup> They have been under the jurisdiction of either the Republic State Labour Committee or the local labour "organs" attached to the local government. They were first set up to help after the 1965 Economic Reform when enterprises were expected to release workers, who would need help in redeployment. Such large-scale releasing never occurred. Since then the JPBs have grown in number, and at the end of 1989 there were reported to be 812 job placement centres and over 2,000 buros (and filiali).<sup>29</sup>

There has always been some ambiguity surrounding their exact status and functions: they could be designed to help workers with their independent job search, or they could be seen as agents through which the state could try and increase its control over both worker mobility (discourage voluntary "unplanned" quits) and enterprise demand<sup>30</sup>. Such ambiguity is still inevitable as long as employment policy remains caught between the "looking for reserves" mentality, and proposals for change which depend on other market-type changes.



Both the 1988 Labour Code and a 1988 Resolution<sup>31</sup> suggested that they should be expanded and take over the main responsibility for redeployment of released workers. These buros have, however, always been understaffed and poorly financed. (Until now most of their financing has come from fees charged to enterprises for use of their services.<sup>32</sup>) The wage of a JPB employee is reported to be lower than the national average, and it is difficult to find qualified staff to work in them.<sup>33</sup> Financially they have been dependent on the local enterprises and local government authorities. They are still not computerised. On the whole they are looked on with suspicion by workers, and only those who have great difficulty in finding work independently register with them. (Women and elderly who would like part time or home-based work; former prisoners; school leavers with poor school records, etc). Enterprises are likewise uninterested in taking on the type of workers which tend to be sent to them by the buros.<sup>34</sup> (They have never been obliged to employ a worker sent by the JPB, nor has the worker been obliged to accept the job.) Since 1988 enterprises have been required to register all vacancies with the JPBs, but one article suggests that they only register those which are difficult to fill.<sup>35</sup>

It is usually suggested that state employment offices should also organise and coordinate retraining programmes for released workers. At present most retraining is organised by the enterprises. Job security and legal disincentives to release workers may have acted as an incentive to enterprises to retrain their own workforce, especially since the legal regulations on redeployment within the enterprise have been much laxer. However, another aspect of inefficient utilisation of labour in the USSR has been the fact that obsolete machinery is not scrapped. Workers have been kept working at low-productivity machinery, which in turn requires more workers for repair work.<sup>36</sup> There is a shortage of skilled workers to operate more sophisticated machinery and one of the causes for machinery breaking down is manning by underqualified workers.<sup>37</sup> In 1988 6.3 million

workers (about 5% of those employed in the state sector) were given training or retraining at their place of work, but the number had actually decreased from 7.9 million in 1980.<sup>38</sup>

Thus, if this skeleton institutional framework is to provide the foundation for a network of state employment agencies, there is no sign that it is prepared for such a task. Since it is the unskilled workers who are likely to be released first, state retraining centres and schemes would seem necessary. Apart from good intentions expressed in the 1988 resolution on "guaranteeing rational employment", there is no sign of state organisation in this field.

### 3. Recent Discussion of Unemployment and Redeployment

#### **3.1 Existing Forms of Unemployment.**

Since 1988 there have been some attempts to come to terms with and define the existing forms of unemployment. There has been mention of seasonal unemployment in agriculture and summer tourist resorts<sup>39</sup>; of school leavers having difficulty finding jobs<sup>40</sup>; and particularly of a growing unemployment problem in the Central Asian republics. In 1989 a figure of 13 million, was given for the "nezaniatye" working-age population, those not in state employment<sup>41</sup>; in August 1990, 8 million were reported to be nezaniatye, in that they were unemployed due to the seasonal character of their work, were inbetween jobs, were invalids (Group III), housewives, or refused to engage in "socially useful labour"<sup>42</sup>. Figures of 4-6 million were given as estimates of unemployed (bezrobotitsa), those who are not in state employment but who could be, with half of these living in Central Asia and Kazakhstan. More recently we have been given a figure of 2 million<sup>43</sup>, which is an estimate of the State Committee for Labour and Social Questions (Goskomtrud). This estimate is the first to allow for an element of voluntary unemployment: it refers to those of working age, who are able to work, and who are actively looking for work. Most of these again are thought to be in Central Asia, but it is not clear on what basis such statistics are calculated, and Soviet specialists complain about the lack of data available.<sup>44</sup>

It should be stressed, however, that all these forms of unemployment have been inherited by perestroika. The rise in frictional unemployment which should occur due to restructuring and rationalisation of the use of labour is still only a prediction. There have, however, been continuous forecasts of 13-19 million workers from the "material production sector" having to change jobs by the year 2000.<sup>45</sup> Here again the novelty is the "having to change" aspect, since it is reported elsewhere that 25 million workers already change

jobs every year, and turnover levels have always been high. The situation will only become more serious in terms of unemployment if enterprises really have to cut back their demand. Presently demand for additional labour remains high and appears to be growing: the number of vacancies (first shift) is reported to have risen from 1.5 million in 1989, to 2.8 million in 1990.<sup>46</sup>

There is also evidence that a large section of the population is involved in second economy activities, and that private income from such activities can represent from 15-6% of total personal income.<sup>47</sup> Most of those involved in the second economy, however, combine these activities with state employment; private income supplements the state wage. It is possible that some of those now being categorised as unemployed will have some alternative unofficial sources of income. Should workers be shed from the state sector, it is also possible that second economy activities will provide some people with either initial cushioning, or with immediate access to legitimised private economy employment. However, current private income earnings vary greatly according to city, region, family, skill, etc., and cannot always be expected to provide ready sources of alternative employment.

### 3.2 Redeployment Strategies

Policy statements have suggested that workers will be redeployed in the underdeveloped service sector and the consumer goods industry. In the last 2 years the number employed in the state industrial sector has begun to decline, (in 1988 the number working in the production branches of the state sector decreased by 1.5 million, 1.2%<sup>48</sup>; in 1989 state sector employment decreased by 1.3 million, 1%; see Appendix 1). This decrease is largely due to the wage reform (see p6 above); in 1989 circa 1.5 million were released after the the introduction of the new pay levels. (About 500,000 of whom retired;

this figure also probably includes vacancies which were scrapped. See Appendix 5) Employment in some areas of the state service sector, such as health and education, did increase in these years, but not to any dramatic extent. There was a decrease in employment in housing and everyday services from 1988-89 (-0.55%) and in light industry (-4.23%), whereas policy statements suggest increases were to be expected. (See Appendix 2) Wages in both these sectors are still relatively low (Appendix 3), although the average wage in light industry increased by 11.7% from 1987-88, compared to 8.5% for industry as a whole. Under the present arrangements workers in these sectors still have less access to housing, medical services, and other perks allocated through the place of work (holiday homes, sport and leisure facilities etc.)

Since 1986 there have been two new forms of employment in the USSR: cooperatives and private individual activity. The wording of the 1988 law on cooperatives<sup>49</sup> suggests that they were designed to help develop the consumer goods industry and service sector, and that they were envisaged as alternative employment in the consumer goods and service sectors for workers released from state enterprises in the period of restructuring, but also as sources of employment for "additional" labour resources, either for those not in state employment, i.e. pensioners, housewives, etc., or those already in state employment: employees of state enterprises can take on coop jobs as a form of second employment (sovmetitel'stvo). This again reflects the constant ambivalence in employment policies: on the one hand the need to rationalise is stressed, and on the other, the inability to reduce labour demand means that "reserves" are continually sought.

The numbers employed in coops have risen dramatically: from 155,800 in January 1988 to 3.3 million in early 1990. (5 million including sovmetitel'stvo).

TABLE 1

% of workforce employed by state, by cooperatives, in individual work

|                        | State | Coops         | Ind.Work   |
|------------------------|-------|---------------|------------|
| 1988                   | 75    | 0.25          | 0.15       |
| 1989                   | 73.3  | 1.76          | 0.18       |
| Numbers<br>(thousands) |       |               |            |
| Jan 1988               |       | 155.8         | 427.2      |
| July 1988              |       | 458.7         |            |
| Oct 1988               |       | 787.4         |            |
| July 1989              |       | 2938          |            |
| 1989                   |       | 2.9million*   | 0.4million |
| 1990                   |       | 3.3million*   | 0.3million |
|                        |       | 5.0+million** |            |

\* does not include sovmetitel'stvo, people combining state and coop jobs.

\*\* sovmetitel'stvo included.

Trud v SSSR, pp274-276; Ekonomika i zhizn', no.6 1990; Argumenty i fakty, no.45, 1989; Vestnik statistiki, no.4 1989; Statisticheskii Press Biulleten' no10 and no5, 1989; Ekonomika i zhizn', no.18, 1990

Given that state enterprises have failed to rationalise labour and that overall demand for labour remains high, coops may be competing with enterprises for scarce labour resources, rather than offering alternative employment to released workers. Despite the fact that 1.3 million workers were released from state production enterprises in 1989, employment in material production rose by 0.1% (circa 86,000) due to the increase in coops.<sup>30</sup> Coops offer high wages and attract particularly skilled workers.<sup>31</sup> In January 1989 two thirds of those working in coops or individual work had either transferred from state enterprises and organisations or were combining the cooperative job with a state job.<sup>32</sup> In 1989 about 80% of all coops were set up alongside state enterprises. About 60% of all fixed assets possessed by coops are leased from state enterprises, and they buy more than 60% of supplies from enterprises.<sup>33</sup> In the past, with releasing schemes of the Shchekino type, released workers tended to be used to man new workplaces within the same enterprise: releasing went hand in hand with enterprise expansion. This pattern seems to

be continuing, with enterprises formally releasing workers, but using coop labour to help make better use of enterprise capacity, and to fulfill state orders. Such practice will not lead to more efficient utilisation of labour resources, nor to the promised redeployment of labour to the service sector.

Recently there have been regulations limiting the scale and scope of their activities which would seem to go against the idea of developing the consumer goods and service sectors and of easing the redeployment process. As a result of such regulations the number of cooperatives in trade and catering has decreased. One third of cooperative workers are currently employed in construction, and only one in six in consumer goods industry, and one in eight in the service sphere.<sup>54</sup> (See Appendix 4)

### 3.3 Which sections of the workforce are threatened by unemployment?

According to one Soviet sociologist:

"A new fringe stratum is appearing in our society, consisting of people squeezed from production..... This stratum is made up of non-specialist white-collar workers, unskilled blue-collar workers, people approaching pension age and young people about to enter the workforce."<sup>55</sup>

Such statements, however, are still predictions; for the moment the labour market remains taut. Should other changes in the economy take place, unemployment may be a problem. At the moment any unemployment is minimal and has been inherited from the past. The groups mentioned in the Soviet articles are women and young people, and unskilled, particularly elderly unskilled workers.<sup>56</sup>

There is potentially a problem with the redeployment of white-collar workers in large towns, this section of the workforce being the target of separate releasing campaigns to reduce administrative staff. In Moscow in April 1988 there were 101,842 vacancies, but only 12,000 were for "engineering and technical staff" (ITRs) and other white collar workers; in 1989 there were about 112,000 vacancies for blue-collar workers and more

then 14,000 for white collar workers.<sup>57</sup> Thus those released due to the streamlining of the state apparatus may have to look for work outside Moscow.<sup>58</sup> Recent reports suggest that so far the problem has not arisen, as administrative staff subject to rationalisation measures appear to have been reshuffled into other administrative jobs, and the reduction in the average annual employment figures for this category (Appendix 2) is largely due to the re-categorisation of some of their jobs under "production".<sup>59</sup>

The data on releasing after the wage reform show that a high percentage of those released and leaving the enterprise, actually retired. (see Appendix 5: about 30% of those released from enterprise retired.) This suggests that people of pensionable age after years of being encouraged to continue in employment after retirement age (55 for women; 60 for men)<sup>60</sup>, are now the first to be asked to leave. The Soviet population is aging, and old age pensioners currently represent 17.1% of the population. By the end of 1990, pension age citizens will number 51 million.<sup>61</sup> The growth in the older age groups took place above all in the European parts of the country. (In the Central Asian Republics the pension age group represents 8-10% of the population.)<sup>62</sup> Since January 1990 workers and foremen who continue to work beyond retirement age have the right to receive their full pension, no matter how high their earnings<sup>63</sup>, and in May 1990 this right was extended to all categories of employees.<sup>64</sup> (Previously there was a ceiling for most retirement age employees on the total amount that could be received per month by combining wage and pension; they could also receive a supplement of approximately 40 roubles to their pension on retirement instead of receiving their pension while still in employment.) The current situation of labour shortage in the European parts of the country should ensure that a certain proportion of pensioners benefit from such measures, but since the previous ceiling on combined pension and wage was 300 roubles per month<sup>65</sup>, these new regulations will benefit those pensioners who are already fairly well-off. If pensioners are among the first to be released,



there may still be an increase in poverty among this age group. The average pension for workers and employers in 1988 was only 40% of the average wage for these categories. (Average wage was 217 roubles; average pension 86.3 roubles). The minimum pension is now 70 roubles.<sup>66</sup> It is not always clear that whether pensioners want to, or have to continue working for financial reasons. The table below shows that about 40% received a pension of below 80 roubles in 1988.

TABLE 2

| <u>Average monthly old age pension (roubles)</u>  |          |       |        |         |             |
|---|----------|-------|--------|---------|-------------|
|   | 1980     | 1985  | 1986   | 1987    | 1988        |
|   | 71.6     | 87.2  | 89.4   | 91.7    | 93.9        |
| <u>Size of old-age pension, July 1987 (roubles per month)</u>                           |          |       |        |         |             |
|   | up to 60 | 60-80 | 80-100 | 100-120 | more or=120 |
| % of all old age pensioners receiving   | 20.2     | 21.3  | 17     | 13.1    | 28.4        |
| <u>size of monthly family income for pensioners*, year unspecified (published 1990)</u> |          |       |        |         |             |
|   | up to 50 | 50-75 | 75-100 | 100-150 | 150+        |
| % of 19.1 million pensioner-families  | 3.6      | 28.7  | 27.8   | 29.2    | 10.7        |

\*old-age pensioners represent about 75% of all pensioners

Statisticheskii Press Biulleten' no.1 and no.9 1989 Ekonomika i zhizn' no.18, 1990

In the same year, there were 10 million old age pensioners working in the state economy, only 400,000 of whom had part time work.<sup>67</sup> Of these 35% were workers who had a right to premature retirement, who may be younger and more predisposed and able to continue work. However, 13% of the male working pensioners were over 70 years old, and 19% of the female working pensioners were over 65.<sup>68</sup> One fifth of the 41 million said to have an income below the minimum wage level are pensioners (but not just old age pensioners).<sup>69</sup> The following table shows the sort of difference in income which exists

between those pensioners who work and those who live off their pension.

**TABLE 3**

Income of pensioner-families. (year unspecified, published 1990)  
(roubles per month)

|                   | Families with<br>pension+wage<br>(Moscow) | <u>Families</u><br>Moscow | <u>with</u><br>USSR | <u>pension*</u> |
|-------------------|---|---------------------------|---------------------|-----------------|
| Total income      | 280                                       | 107                       | 102                 |                 |
| of which          |   |                           |                     |                 |
| wage              | 164                                       | 3                         | 1                   |                 |
| pension           | 91  | 94                        | 76                  |                 |
| expenditure:      |   |                           |                     |                 |
| food              | 94  | 56                        | 56                  |                 |
| non-food products | 61  | 22                        | 22                  |                 |
| services          | 32  | 19                        | 12                  |                 |
| savings           | 39  | 3                         | -0.6                |                 |

\* where pensioners do not work for more than 2 months per year  
Ekonomika i zhizn', no.18, 1990

This section of the population seem likely to suffer if there is a wave of releasing coupled with price rises, unless the recent law (May 1990) on pensions succeeds in providing some sort of cushion for them.

### 3.4 The Regional Aspect

Reports on unemployment frequently refer to Central Asia. Here the problem is different, in that the concern is not with finding redeployment solutions for released workers, but with creating jobs particularly for the young. This again is not an unemployment problem which is due to any innovations introduced under perestroika, but rather one which stems from the past inability of the planning system to coordinate population forecasts, investment plans, and productivity targets.

There have been references to mass poverty in Central Asia, with one report suggesting that the section of the population living below the (undefined) poverty line is

60% in Tadzhikistan; over 46% in Uzbekistan; 40% in Kighizia and Turkmenistan. It is claimed that the average income in the region is 40-60 roubles and that one of the causes of poverty is "mass unemployment".<sup>70</sup> Such reports may be a little over-dramatic. Some of this area is rich in agricultural terms, and more information is needed on unofficial income. Another article suggests that the feudal-type social and economic relations, rather than unemployment, may account for much of the poverty in some of these Republics.<sup>71</sup>

It is difficult to estimate the extent of unemployment in this region. A 1987 resolution on Central Asia and the Caucasus published last year refers to over 5 million nezaniatye.<sup>72</sup> A similar resolution dated 1986 states that there is a real reserve of 3 million from the able-bodied population which could be drawn into social production <sup>73</sup>, of whom 1 million in Uzbekistan and 0.4 million in Azerbaidzhan; about 1 million, more than one third, are men. Women with many children are said to represent less than one fifth and more than half of them would like to work under certain conditions.<sup>74</sup> This resolution gives the percentage of the working age population which was nezaniatye in some of the republics in 1984, and we can get a rough estimate of the numbers involved from the 1989 census data.

TABLE 4

Non-employed in the state sector (nezaniatye) and labour reserves in the Central Asian and Caucasian Republics.

|                           |                          |           |
|---------------------------|--------------------------|-----------|
| <u>nezaniatye</u><br>1987 |                          | 5,615,000 |
|                           | % of working-<br>age pop |           |
| Uzbekistan                | 22.8%                    | 2216088   |
| Tadzhikistan              | 25.7%                    | 619798    |
| of which 94% female       |                          | 582610    |
| Turkmenia                 | 18.8%                    | 329247    |
| of which 98% female       |                          | 322662    |
| Kirgizia                  | 16.3%                    | 349484    |
| Kazakhstan                | -                        | -         |
| Azerbaidzhan              | 27.6%                    | 1073113   |
| Armenia                   | 18%                      | 334742    |
| Georgia                   | 13.5%                    | 410319    |

(% of working age population is in 1984; estimated number of nezaniatye calculated from 1989 figures for working age population)

|  |           |
|--|-----------|
| "real reserves" of <u>nezaniatye</u>       | 3,000,000 |
| male                                       | 1,000,000 |
| female                                     | 2,000,000 |
|  |           |
| females with many children                 | 600,000   |
| females with many children wishing to work | 300,000   |
| other female                               | 1,400,000 |
|  |           |
| "real reserves" in Uzbekistan              | 1,000,000 |
| unemployed school leavers                  | 8,600     |
| working age pop in Uzbekistan              | 9,719,685 |
| reserves as % of working age pop           | 10.2%     |
|  |           |
| "real reserves" in Azerbaidzhan            | 400,000   |
| working age pop in Azerbaidzhan            | 3,888,091 |
| reserves as % of working age pop           | 10.2%     |

Vestnik statistiki, no.5 1990; Izvestiia TsK KPSS no.5 1989; Argumenty i fakty, no.45, 1989

If we discount the women with many children who do not wish to work (even those wishing to work, wish to do so only "under certain circumstances"; i.e. if work is home-based or part-time), we are left with "real reserves" of 2,700,000, or 7.7% of the

able-bodied population in 1989. We know that in at least two of the republics, Tadzhikistan and Turkmenia, the percentage of female nezaniatye is extremely high; the number of males not in state employment is roughly 38,000 and 6,500 respectively. It is not clear that cultural reasons would permit married women to work outside the domain of the home and private plot. The above resolutions should, moreover, be seen in the context of the planners' obsession with finding "reserves" which could be drawn into social production. They mention frequently that a significant proportion of these nezaniatye are parasites living of illegal income, which suggests that some voluntarily choose to remain outside state employment.

Young workers in Central Asia are said to have problems finding jobs. It is reported that in Uzbekistan in 1985 only 7% of school leavers from rural schools were placed in industry and 6% in construction.<sup>75</sup> In Uzbekistan in the 11th Five year Plan (1981-85), 19% of the graduates of universities (vuz) and 39% of secondary specialised institutes (suz); more than half of teachers were not allocated jobs.<sup>76</sup> Recent statistics show that 7.7% of all Soviet school leavers found jobs in agriculture in 1974, but 42% in 1987.<sup>77</sup> This must be due to the fact that almost all the new entrants to the labour force are now in the Central Asia Republics, where the rural population is still large, and suggests that young people are working in agriculture, either from choice or necessity. The following table shows that there has been a considerable increase in the number of school leavers not entering employment immediately. Again we have no indication of the extent of choice involved.

TABLE 5

School leavers in Central Asia

|              | Age 16-17<br>1989 | Age 18-19<br>1989 | school leavers<br>not in employment |       |                           |
|--------------|-------------------|-------------------|-------------------------------------|-------|---------------------------|
|              |                   |                   | 1985                                | 1987  | % of 16-17 yrs<br>in 1987 |
| Uzbekistan   | 823244            | 757554            | 4300                                | 8600  | 1.1%                      |
| Tadzhikistan | 216239            | 200278            | 3400                                | 4300  | 2.1%                      |
| Turkmenia    | 144468            | 145519            | 1500                                | 2700  | 1.8%                      |
| Kirgizia     | 168808            | 152445            | 900                                 | 1500  | 0.9%                      |
| Kazakhstan   | 589418            | 551070            | 1800                                | 2600  | 0.4%                      |
| RSFSR        | 4052661           | 3903984           | 5500                                | 7100  | 0.1%                      |
| USSR         | 8691747           | 8238167           | 29900                               | 36200 | 0%                        |

Vestnik statistiki no.5 1990; Trud v SSSR, Moscow 1988, p93; Molodezh' SSSR, Goskomstat 1990, p140.

Evidence on unemployment in Central Asia is inconclusive. Other attempts to rationalise may have served to increase involuntary unemployment in this area: investment has been cut back, which means that there may be less new workplaces being created for the young generation; releasing campaigns are said to have been carried out in this area, thus contradicting other calls to increase the numbers employed in the state economy.<sup>78</sup> However more knowledge is needed on the extent of involuntary unemployment is required before referring to mass unemployment.

#### 4. New Employment Act

A new employment act ("Basic Legislation of the USSR and Union Republics on Employment of the Population") is being prepared as part of the legislation announcing the introduction of economic reform<sup>79</sup>. For the first time the legislation being considered recognises unemployment and envisages state responsibility and provision for the unemployed. Reports suggest that the main points to be included in this legislation are as follows:

(i) citizens should have the right to choose whether to work or not. Bringing up children and looking after the elderly or invalids should be recognised as a valid form of employment, and by means of social guarantees their prestige should be raised. Citizens should have the right not to work, provided they have a legal source of income.

(ii) the state cannot retain a monopoly over labour resources. Workers have the right to choose to work for organisations outside state employment (cooperatives, leasing and shareholder enterprises, private farmers)

(iii) Anyone of working age who is able to work, and actively seeks work, but cannot find employment, is to be considered unemployed (bezrabortnyi), and will be entitled to a benefit. The proposal for the moment is that the central government guarantees a minimum level of benefit; this would be a minimum wage (70-80 roubles, Trud v SSSR, pp227-228) for those who previously worked at socialist enterprises and have lost their jobs, for those who are demobilised from the armed forces, and for those who have just finished training. The other unemployed, including first time job seekers, would be given 50% of the minimum pension (35 roubles<sup>80</sup>). Republics and autonomous republics can use their own funds to supplement the minimum benefit. This benefit would be paid for 6 months, after which, if the worker has not found employment, he will be offered a wage to do social work. If, after 6 months, the worker goes on a retraining course, he will be paid the

minimum wage for the duration of the course.

(iv) the state should take on full responsibility for employment services. The state and not the enterprise should be responsible for job placement of released workers. The existing job placement bureaus and centres should be re-organised, and funded by the state, not by enterprises. The state network of employment services should be responsible for job placement, career advice, training and retraining.

(v) the centre should still draw up programmes to help with employment problems of women, young people, people near retirement age, invalids, certain territorial units.

(vi) there is also a proposal to set up an employment fund to help finance the benefits and employment services, contributions to which would come from a special enterprise tax, and possibly from a voluntary social insurance.

Point (i) acknowledges for the first time that employment and unemployment may be voluntary; point (ii) that employment does not mean state employment. Point (iii) gives the embryo of a state unemployment benefit scheme, although the proposed payments seem very low, especially for new entrants. Point (iv) recognises state responsibility for helping in the redeployment of unemployed workers, but there is still no clear picture of how the proposed state system will differ from the current placement service.

The significance of this legislation may be primarily symbolic, in that unemployment is recognised as a problem for which state provision should be made. It should herald the end of the previous criminalisation of unemployment, whereby the non-employed were classified (and sometimes arrested) as "parasites". In practical terms little support is offered to the long term unemployed, in that the type of benefit proposed falls short of the schemes currently being implemented in other Eastern European countries<sup>81</sup>. Unless the individual republics have substantial funds with which to supplement the state benefit, the



severance payment made by the enterprise (2-3 months of previous average wage) will remain the main form of financial support available to the unemployed.

## 5. Conclusion.

There has been some speculation that economic restructuring would lead to large-scale labour reallocation, and consequently to a significant increase in unemployment in the USSR. So far there is no evidence of either phenomenon. What there has been is an increase in the discussion of unemployment, as well as attempts to define the existing types of unemployment. There has long been evidence of frictional and seasonal unemployment in the Soviet Union, (although the amount of such unemployment has never been alarming, it was never admitted to in the days when any mention of unemployment was taboo), and for some time there have been reports of unemployment in the Central Asian Republics. Here it is difficult to distinguish between voluntary and involuntary unemployment, because the only data published so far refer to all those not employed in the state sector, whether seeking state employment or not. The main point about such cases of unemployment, however, is that they are not new, although it is possible that attempts at rationalisation have made matters worse.

Perestroika promised to encourage the more rational use of resources, including labour, and to promote the reallocation of redundant workers from the main industrial branches of the economy to the service sphere and consumer goods industries. While there has been some decrease in annual average employment in material production since 1988, much of this is due to the wage reform, and does not represent any permanent change in the pattern of labour utilisation. Cooperatives were supposed to provide an alternative source of employment for workers released from state enterprises, and to help develop the service sphere and consumer goods production. I have argued, however, that cooperatives have become an additional rather than an alternative source of employment, with demand in the state sector remaining high. Moreover, the majority of cooperative workers are employed outside the spheres of service and consumer goods production.

Past employment policies and the previous approach to redundancies have left the Soviet Union with very little experience on which to draw when tackling current labour market problems. Employment policy has been dominated by the need to find additional labour resources for the state sector, and enterprises have been encouraged to redeploy redundant workers internally, in order to avoid the question of open unemployment. In practical terms the past experience of redundancy-type dismissals is almost non-existent. A skeleton legislative and institutional framework does exist, but institutions in particular require a vast amount of human and financial investment. Soviet attitudes to the problems of the unemployed point to a lack of intellectual preparation for labour market reform. Some refuse to consider the problems, insisting that unemployment is incompatible with socialism, and must not be tolerated; that investment policy can be planned to avoid it.<sup>82</sup> Others insist that unemployment will not be a problem, because of the underdeveloped service sector and the need to expand the production of consumer goods.<sup>83</sup> Some do, however, recognise that it may be a problem automatically transforming lathe turners and fitters into hairdressers and cooks.<sup>84</sup>

There is evidence that about 30% of all those made redundant due to the wage reform, and who had to leave the enterprise, actually retired. This suggests firstly redundancies do not necessarily lead to increased mobility and reallocation, and secondly that pensioners will be one of the first sections of the population to suffer from involuntary unemployment.

The draft Employment Act currently under discussion represents the first serious attempt at tackling changing patterns of employment and unemployment. So far, however, there has been more fiction than fact surrounding labour market reform in the Soviet Union; as in other areas of the economy, real changes are still being awaited.

**APPENDIX 1. Labour Resources (millions)**

|  | 1988  | 1989  |
|--|-------|-------|
| Total labour resources<br>(population in working age minus invalids<br>in Groups I+II and pensioners in working<br>age group, plus people older and younger<br>than working age employed in the economy) | 163.6 | 164   |
| of which   |       |       |
| able-bodied in working age group   | 155.3 |       |
| workers older than retirement age  | 7.9   |       |
| workers below working age  | 0.3   |       |
| total employed   | 138.5 | 139   |
| of which   |       |       |
| in state sector  | 121.8 | 120.3 |
| in kolkhoz   | 11.6  | 11.6  |
| in coops (full time)   | 0.7   | 2.9   |
| in personal subsidiary economy   | 4.0   | 4.0   |
| individual employment  | 0.2   | 0.3   |
| full time students   | 11.7  | 11.9  |
| those not in state or other forms of employment<br>("nezaniaty")   | 13.3  | 13    |
| of which   |       |       |
| women at home with children  | 4.3   |       |
| military service   | 4.0   |       |
| temporary unemployed and Group III invalids  | 4.0   |       |
| Foreign workers  | 0.1   |       |

Argumenty i fakty no.45, 1989; Ekonomika i zhizn' no.6 February 1990

**APPENDIX 2.** Percentage increase in Annual Average No. of Workers and Employees employed by State

|                                  | 1985 - 1986 | 1986 - 1987 | 1987 - 1988 |
|----------------------------------|-------------|-------------|-------------|
| <b>Material production</b>       |             |             |             |
| Industry                         | 0.31        | -0.21       | -2.0        |
| communications                   | -0.9        | -3.0        | -3.5        |
| construction                     | 1.45        | 2.53        | 6.61        |
| transport                        | -0.19       | -3.8        | -8.86       |
| trade,catering,<br>supplies      | 0.77        | 2.23        | -2.38       |
| computer services                | 29.56       | 12.1        | -3.0        |
| others                           | 1.48        | 3.77        | 2.0         |
| <b>Agriculture</b>               |             |             |             |
| sovkhoz and<br>agr.enterprises   | -1.55       | -0.58       | -2.77       |
| forestry                         | -0.44       | -2.2        | -4.73       |
| kolkhoz                          | -1.0        | -2.58       | -4.38       |
| <b>Non-material production</b>   |             |             |             |
| housing and<br>everyday services | 2.0         | 1.24        | -0.55       |
| health                           | 1.49        | 3.0         | 2.8         |
| education                        | 2.3         | 3.0         | 3.0         |
| culture                          | 2.16        | 3.67        | 4.36        |
| art                              | 0.43        | 1.3         | 1.5         |
| sc. and sc.services              | -0.17       | -3.9        | -3.95       |
| credit and insurance             | -1.32       | 0.6         | 0.3         |
| admin.staff                      | -0.58       | -16.3*      | -9.6*       |
| -----                            |             |             |             |
| All Industry                     | 0.31        | -0.21       | -2.0        |
| Heavy Industry                   | 0.6         | -0.3        | -1.84       |
| Fuel Energy Complex              | 0.72        | -1.2        | -0.6        |
| Metallurgy Complex               | 0.04        | -1.5        | -2.76       |
| Mach-Bldg Complex                | 0.7         | -0.2        | -1.76       |
| Chem-Wood Complex                | 0.06        | -0.72       | -2.14       |
| Light Industry                   | -0.66       | -0.45       | -4.23       |
| Food Industry                    | -0.8        | -0.1        | -0.56       |

\* 0.4 million workers reclassified

Calculated from Trud v SSSR pp30-31, p49, pp76-77; Narodnoe khoziaistvo SSSR v 1988g pp34-35. p366.

(Material production refers to industry, construction, agriculture, transport, and aspects of trade, catering, and communications related to production; definition in Nar.khoz. 1988, p697)

## APPENDIX 3. Average Monthly Wage (roubles)

|                            | 1985  | 1986  | 1987  | 1988  |
|----------------------------|-------|-------|-------|-------|
| All Industry               | 210.6 | 215.7 | 221.9 | 240.8 |
| <u>Heavy Industry</u>      | 220.4 | 225.7 | 231.6 | 250.7 |
| <u>Fuel Energy Complex</u> | 279.4 | 284.5 | 294.7 | 318.5 |
| Electric energy            | 210   | 216.6 | 226   | 251   |
| Fuel Industry              | 313   | 317.8 | 329.2 | 352.4 |
| <u>Metallurgy Complex</u>  | 257.7 | 264.5 | 271.1 | 296.9 |
| <u>Mach-Bldg Complex</u>   | 214.4 | 219   | 224   | 241.3 |
| <u>Chem.Wood Complex</u>   | 212.1 | 219.2 | 224.2 | 243.2 |
| <u>Light Industry</u>      | 167.5 | 170.4 | 174.4 | 194.8 |
| Textile                    | 178.3 | 181.2 | 185   | 205.9 |
| Knitwear                   | 150.2 | 153.4 | 157.9 | 177.3 |
| Leather, Fur               |       |       |       |       |
| Footwear                   | 184.3 | 186.9 | 190.6 | 212.7 |
| <u>Food Ind</u>            | 188.4 | 194   | 206.3 | 219   |
| Food preparation           | 162.4 | 166.3 | 180.7 | 191.2 |
| Meat and Dairy             | 176.5 | 182.8 | 189.6 | 201.9 |
| Fish Industry              | 342.6 | 353.7 | 373.7 | 400.9 |
| Construction               | 236.6 | 244.6 | 257.2 | 288.9 |
| Transport                  | 220.3 | 228.1 | 239.4 | 260.1 |
| Communications             | 159.5 | 164   | 175.1 | 196.4 |
| Trade Catering             |       |       |       |       |
| Supply                     | 149.2 | 152.9 | 155.7 | 165.1 |
| Computer Services          | 143.3 | 158   | 165.6 | 183.8 |
| Housing and other services | 146.6 | 149.3 | 154.4 | 168   |
| Health                     | 132.8 | 134.9 | 143.3 | 152.5 |
| Education                  | 150   | 155.7 | 165.6 | 171.4 |
| Culture                    | 117.3 | 118.1 | 121.6 | 128.2 |
| Art                        | 145.3 | 147.8 | 151   | 155.1 |
| Sc.and Sc.services         | 202.4 | 208.2 | 217.4 | 248.4 |
| Credit and Insurance       | 180.9 | 190.9 | 198.6 | 206.4 |
| Admin Staff                | 168.8 | 176.6 | 187.8 | 203.9 |

(Average wage of coop workers 1989 = 500 roubles; including those combining coop job with other form of employment, Ekonomika i zhizn', no.6 1990)

Trud v SSSR, p189; Narodnoe khoziaistvo SSSR v 1988, p377, 77-78

## APPENDIX 4. Type of coop activity

|  | No.of coops<br>(thousands) | No.working<br>in them<br>(thousands) |
|--|----------------------------|--------------------------------------|
| total  | 193.4                      | 4,851.5                              |
| consumer goods   | 33.7                       | 793.2                                |
| public catering  | 5.6                        | 53.4                                 |
| selling  | 1.2                        | 14.3                                 |
| buying and selling   | 6.4                        | 67.9                                 |
| public services  | 33.0                       | 567.0                                |
| storing and processing   |                            |                                      |
| scrap metal, waste paper   |                            |                                      |
| etc  | 3.2                        | 92.4                                 |
| construction<br>(apart from that<br>under public services)                   | 38.7                       | 1,516.5                              |
| design and survey<br>(for construction)                                      | 3.1                        | 114.5                                |
| research design and<br>development of programmes<br>and information services | 10.4                       | 320.1                                |
| agriculture  | 8.4                        | 98.8                                 |
| medical services   | 3.3                        | 61.2                                 |
| art design   | 4.5                        | 74.1                                 |
| leisure services   | 2.6                        | 53.2                                 |
| others   | 39.3                       | 1,024.9                              |

USSR State Committee for Statistics. Published in Moscow News, no.12, 1990.

**APPENDIX 5. Releasing due to Introduction of New Pay Regulations  
1 July 1988 and 1989 (thousands)**

|  | 1988       | 1989       |
|--|------------|------------|
| No. of workers released (inc.vacancies)  |            |            |
| <u>all enterprises in prod. branches</u> | 2321       | 3172       |
| no. redeployed in same enterprise        | 821        | 1166       |
| no. redeployed in 2nd/3rd shift          | 141        | 199        |
| no. released from enterprise             | 1197 (51%) | 1580 (49%) |
| of whom no. retired                      | 359 (30%)  | 486 (30%)  |
| No. of workers released (inc.vacancies)  |            |            |
| all enterprises in <u>industry</u>       | 910        | 1364       |
| no. redeployed in same enterprise        | 417        | 605        |
| no. redeployed in 2nd/3rd shift          | 110        | 156        |
| no. released from enterprise             | 362 (39%)  | 551 (40%)  |
| of whom no. retired                      | 144 (39%)  | 220 (39%)  |
| No. of workers released (inc.vacancies)  |            |            |
| all enterprises in <u>agriculture</u>    | 125        | 253        |
| no. redeployed in same enterprise        | 45         | 108        |
| no. redeployed in 2nd/3rd shift          | 2          | 5          |
| no. released from enterprise             | 64 (51%)   | 120 (47%)  |
| of whom no. retired                      | 15 (23%)   | 34 (28%)   |
| No. of workers released (inc.vacancies)  |            |            |
| all enterprises in <u>transport</u>      | 585        | 640        |
| no. redeployed in same enterprise        | 137        | 150        |
| no. redeployed in 2nd/3rd shift          | 8          | 9          |
| no. released from enterprise             | 386 (65%)  | 414 (64%)  |
| of whom no. retired                      | 121 (31%)  | 130 (31%)  |
| No. of workers released (inc.vacancies)  |            |            |
| all enterprises in <u>communications</u> | 89         | 93         |
| no. redeployed in same enterprise        | 19         | 20         |
| no. redeployed in 2nd/3rd shift          | 0.2        | 0.2        |
| no. released from enterprise             | 52 (58%)   | 55 (59%)   |
| of whom no. retired                      | 16 (30%)   | 16 (29%)   |
| No. of workers released (inc.vacancies)  |            |            |
| all enterprises in <u>construction</u>   | 470        | 595        |
| no. redeployed in same enterprise        | 164        | 212        |
| no. redeployed in 2nd/3rd shift          | 19         | 25         |
| no. released from enterprise             | 249 (52%)  | 312 (52%)  |
| of whom no. retired                      | 40 (16%)   | 49 (15%)   |
| No. of workers released (inc.vacancies)  |            |            |
| all enterprises in <u>local services</u> | 61         | 88         |
| no. redeployed in same enterprise        | 19         | 29         |
| no. redeployed in 2nd/3rd shift          | 0.8        | 2          |
| no. released from enterprise             | 35 (57%)   | 48 (54%)   |
| of whom no. retired                      | 9 (25%)    | 13 (27%)   |

Trud v SSSR 1988, p282; Sotsial'noe razvitie SSSR, Goskomstat 1990



1. The main form of organised placement is the allocation of graduates to their first jobs, which they are officially supposed to keep for three years. See S.Malle, 'Planned and Unplanned Mobility in the Soviet Union under the Threat of Labour Shortage', Soviet Studies, vol.XXXIX, no.3, July 1987. See also A.Kotlyar "Sistema trudoustroistva v SSSR", Ekonomicheskaiia nauka no.3 1984.
2. The turnover rate for industry in 1987 was 12%. Trud v SSSR, Moscow 1988, p258. It is reported that 25 million workers change jobs every year. See A.Nikitin, "Kak pomoch' bezrabotnomu", Pravda 6.4.90.
3. see interview with Shcherbakov in Ekonomika i zhizn' no.24 1990, pp4-5. Estimates of vacancies vary; if those in the second and third shift are included the number is much greater.
4. I.E.Zaslavskii, "Obespechenie zaniatosti v usloviakh perestroiki", Rabochii klass i sovremennyi mir, 1988, no.5.
5. The labour force participation rate was 82% in 1987. Trud v SSSR p9.
6. L.Chizhova, "Regulirovanie zaniatosti naseleniia", Planovoe khoziaistvo, no.8, 1988.
7. For discussion of this see "Pogolovnaia zaniatost' i rynek truda", interview with Prof. S Otsu and Prof. V.Kostakov, conducted by M.Berger in Izvestiia, 11 Jan 1989, p7.
8. This usually refers mainly to people working on private agricultural plots or bringing up children at home. In 1988 there were 13.3 million nezaniatye, of whom about 8 million came under the above categories. (See Appendix 1). According to Trud v SSSR p4, since 1961 and 1970, 15 million workers were "drawn" from this "reserve" to cover state labour demand.
9. See the resolution in Izvestiia TsK KPSS, no.5 1989 pp27-32 "O privilechenii k obshchestvenno poleznomu trudu nezaniatoi chasti trudospobnogo naseleniia v soyuznykh i avtonomnykh respublikakh Srednei Azii, Zakavkaz'ia i Severnogo Kavkaza" Postanovlenie Sekretariata TsK KPSS, 31 March 1986. This gives figures for the nezanyatyie population in Central Asia and the North Caucasus in 1984, which have been since been reported in the west as figures for the "unemployed" in these regions. See for example "Reality of unemployment now recognised", Social and Labour Bulletin, 3-4, 1989, p301.
10. A study of displacement in the Bashkir region is often quoted. This gives an annual rate of 1% for 1968. A.Aitov, Tekhnicheskii progress i dvizhenie rabochikh kadrov, Moscow, 1972, p21. Similar estimates are made in A.J.Pietsch, H.Vogel, 'Displacement by Technological Progress in the USSR', in J.Adam (ed), Employment Policies in the Soviet Union and Eastern Europe, London, 1982, pp147-150; and D.Granick, Job Rights in the Soviet Union: Their Consequences, CUP, 1987, pp124-127. For the 1986-90 planned figures, see E.Afnas'ev, O.Medvedeva, 'Organizatsionno-pravovye voprosy pereraspredeleniia vysvobozhdaemykh rabotnikov', Sotsialisticheskii trud, no.1, 1987, p68.

11. Chizhova 1988; T.Zaslavskaja, "Chelovecheskii faktor razvitiia ekonomiki i sotsial'naia spravedlivost'", Kommunist, no.13, 1986, pp61-73 and "Ekonomika skvoz' prizmu sotsiologii", EKO no.7, 1985, pp3-22.
12. This contradiction is discussed at length in P.A.Hauslohner, "Managing the Soviet Labour Market: Politics and Policymaking under Brezhnev", unpublished PhD Thesis, University of Michigan, 1984.
13. see A.Helgeson, "Geographical Mobility - Its Implications for Employment", in D.Lane (ed), Labour and Employment in the USSR, Wheatsheaf 1986.
14. For example, a director of one Moscow factory stated that only 80% of the potential of each worker is used at his factory. V.Parfenov, in Pravda, 20 May 1985, p3. It has been claimed that 15-20% of an enterprise's workforce represents hidden reserves. See I.Maslova "Sovershenstovanie mekhanizma pereraspredeleniia rabochei sily", Voprosy ekonomiki no.7, 1982. Kostakov, in Izvestiia, 11.1.89, claims that these reserves amount to 10 million. E.Babak, "Zashchita ot bezrabotitsy", Ekonomika i zhizn' no.15 1990, puts the figure at 8-10 million. It is not however clear how this surplus is calculated.
15. see P.Rutland "The Shchekino Method and the Struggle to Raise Labour Productivity in Soviet Industry", Soviet Studies vol XXXVI, no.3 1984. Such experiments basically aimed at giving the enterprise an incentive to release workers by allowing it to keep and redistribute among the remaining workforce a percentage of any savings in the wage fund made by releasing workers. They usually had a limited success due to the so-called "ratchet effect", whereby the short term rewards of releasing workers were outweighed by the long term effect of the manpower plan in the following plan period being calculated on the basis of the reduced number of workers required to fulfill the output target in the base period.
16. See S.Malle, "Soviet Labour-Saving Policy in the Eighties", Nato Economic Colloquium, Brussels, April 1987.
17. J.Chapman, "Gorbachev's Wage Reform, Soviet Economy, vol.4, no.4, 1988. See also the articles in Sotsialisticheskii trud no.1 1987.
18. see S.Oxenstierna, From Labour Shortage to Unemployment? The Soviet Labour Market in the 1980s, Almquist and Wicksell, Stockholm 1990, chapter 10.
19. "Relative releasing" refers to productivity gains obtained from installed capacity, while "conditional releasing" refers to productivity gains as a result of the introduction of labour-saving technology, i.e. an increase in production capacity. "Absolute freeing" takes place when the planned future employment is lower than employment in the base plan year; when the labour required for the new plan output target is lower than the labour needed for the fulfillment of the output target in the base period.
20. for an extensive discussion of this, see S.Malle, Employment Planning in the Soviet Union. Continuity and Change, Macmillan 1990.
21. Babak 1990, is the most recent example. See also E.Manevich, "Ratsional'nee ispol'zovanie rabochei sily", Voprosy ekonomiki, no.9, 1981; also A.Kotlyar 1984.

22. Article 17 of the (1970) Fundamentals of Labour Law, Vedomosti Verkhovnogo Soveta SSSR, 1970, no.29. Article 33 of the RSFSR Labour Code (The Labour Codes of the other Republics have corresponding articles), in Kommentarii k zakonodatel'stvu o trude, Moscow 1981, p58.
23. Article 33, RSFSR Labour Code, Kommentarii...1981, p68.
24. Points 42 and 43, Article 33, RSFSR Labour Code. Kommentarii....1981, p69.
25. Kodeks zakonov o trude RSFSR, Ministerstvo iustitsii RSFSR, Moscow 1988, art.40.
26. *ibid.* pp20-21.
27. cf M.Emerson "Regulation or Deregulation of the Labour Market", European Economic Review, 32 (1988), 775-817.
28. Normativnye akty po ispol'zovaniiu trudovykh resursov, 1972 pp499-508; for later statutes on the organisation and operation of the JPBs, see Biulleten' Goskomtrud SSSR, 1979, no.8, pp6-9; *ibid.*, 1981, no.3, pp3-6.
29. see J.Chapman "The Soviet Employment Service and the Search for Efficiency" Working Paper no.177, Report to the National Council on Soviet and East European Research, December 1984; and interview with E.Afanas'ev, Argumenty i fakty, no45, 1989.
30. Malle 1987
31. Resolution of the CPSU Central Committee, the USSR Council of Ministers and the VTsSPS, "Ob obespechenii effektivnoi zaniatosti naseleniia sovershentsvovanii sistemy trudoustroistva i uslinenii sotsial'nykh garantii dlya trudiashchikhsia", Pravda, 19 January 1988.
32. for more detail see I.S.Maslova, Ekonomicheskie voprosy pereraspredeleniia rabochei sily pri sotsializme, Moscow, Nauka, 1976.
33. There are currently 11,000 JPB employees for the whole country. see E.Babak, 1990; V.Gimpel'son and N.Rogovskii, "Vozmozhno li u nas bezrobotitsa", Moskovskaia pravda, 25.4.90
34. A recent article describes the problems of the buros in Latvia; there is no reason to suppose that they are untypical for the rest of the country. See S.Blazhevich "Trudoustroistvo v usloviakh ekonomicheskoi samostoiatel'nosti respubliki", Sotsialisticheskii trud, no.2, 1990.
35. *ibid*
36. a recent article claims that almost one-third of the metal-cutting machines and presses in Moscow are over 20 years old. "Vozmozhna li u nas bezrobotitsa", V.Gimpel'son and N.Rogovskii, Moskovskaia pravda, 24.4.90
37. I.Kochetkova, "Perepodgotovka kadrov v promyshlennosti", Sotsialisticheskii trud, no.3, 1990

38. Narodnoe khoziaistvo SSSR v 1988g, 1988, p58
39. E.Zaslavskii 1988. The average duration is reported to be 4-6 months. Some skilled workers are also affected.
40. *ibid*
41. see Afanas'ev in Argumenty i fakty no.45, 1989; D.J.Peterson, "New Data Published on Employment and Unemployment in the USSR", Report on the USSR, Radio Liberty, January 5 1990.
42. Report on social and economic development in Ekonomika i zhizn', no.32, 1990.
43. see E.Babak 1990
44. *ibid*; "Ne mogu nauti raboty", interview with A.Tille, Komsomol'skaia pravda, 13.9.89
45. Kostakov quotes the official "Basic Guidelines for the Development of the Economy up til the year 2000", which state that the rate of growth of labour productivity should increase by 2.3-2.5 times, implying an increase of 6.0-6.5%. He interprets this as meaning that the numbers employed in material production should decrease by 13-20%, roughly the equivalent of 13-19 million people. Aganbegyan has claimed that by the year 2000 15-20% of all workers and collective farmers will be engaged in manual labour instead of 40-50% as is now the case. A.Aganbegyan, Excerpts from a broadcast on Soviet television, 11 December 1987, in BBC Summary of World Broadcasts (SWB), SU/0031/C/2 23 December 1987.
- Others have mentioned figures of 16 million to be released by the year 2000 (Interview with I.Prostyakov, Deputy Chairman of the Buro for Social Development of the USSR Council of Ministers, Pravda, 21 January 1988, and SWB SU/0056/C/1 23 January 1988; Y.Leonteva "At the Cadre Crossroads", Sotsialisticheskaia industriia 19 January 1988 and SWB SU/0056 C/3.); or 12-18 million from the production sphere, an average of at least 1.2 million each year (see E.Babak, 1990; this is apparently refers to a Gosplan estimate). Kolosov, of Goskomtrud, has claimed that 50 million workers will change jobs or experience a period of unemployment in the next 10 years. See report in Sole 24 Ore 30.3.90.
46. Afanas'ev, Argumenty i fakty, no.45, 1989; Shcherbakov, 1990. Estimates and calculation of vacancies vary considerably. These figures suggest that the trend is still towards growing labour shortages, but should not be taken as the definitive figures for vacancies.
47. G.Grossman "Roots of Gorbachev's Problems: Private Income and Outlay in the late 1970s" in Gorbachev's Economic Plans, JEC Washington 1987, pp213-229.
48. Nar.khoz. 1988, p33.
49. Zakon SSSR "O kooperatsii v SSSR", May 26, 1988; Ekonomicheskaja gazeta, no.24, 1988.
50. Ekonomika i zhizn' no6 1990.

51. The average monthly wage of coop workers in 1989 was reported to be 500 roubles; that of state industrial employees 240.8 roubles. Ekonomika i zhizn' no6 1990, and Nar.khoz. 1988 p377.
52. Narodnoe khoziaistvo SSSR v 1988g. p33.
53. Figures quoted by Kirichenko, Chairman of the USSR State Committee for Statistics, in Moscow News, no.12, 1990, p10.
54. Ekonomika i zhizn', no.18, 1990
55. F.R.Filippov; "Sotsial'nye garantii effektivnoi zaniatosti", Sotsiologicheskie issledovaniia, no.5, 1988
56. see V.Kosmarskii, "Vysvobodzhenie rabotnikov: nereshenye problemy", Khoziaistvo i pravo, no.10, 1989.
57. Filippov, 1988; Argumenty i fakty no.45, 1989
58. In Moscow 25 Ministries have been eliminated as well as 2,500 middle-level administrative "organs", and staff reduced by 70,000. In the Republics 152 Ministries were eliminated, and in the Autonomous Republics 192. Staff was reduced by 620,000. "Rabochii i rynek", interview with L.I.Abalkin and V.I.Shcherbakov, Ekonomika i zhizn', no.17, 1990.
59. see Trud v SSSR, pp3--31; also "Moskovskii bezrabotnyi - uvy, real'nost'", Moskovskaia pravda; 7.6.90.
60. S.Rapawy, "Labour Force and Employment in the USSR", Gorbachev's Economic Plans, vol.1, Joint Economic Committee (ed), Washington DC 1987, p190.
61. In September 1989 the figure was reported as 43 million. See Statisticheskii press biulleten' no.9, 1989, p129
62. This and following information taken from Ekonomika i zhizn', no 18, 1990, p14.
63. Ekonomika i zhizn' no.18, 1990, p15
64. see the new pension law published in Izvestiia 30.5.1990.
65. Pravda 4.1.83
66. Social and Labour Bulletin 3-4 1989, p235; see also Margot Jacobs "Soviet Pensioners Finally Get a Boost", Radio Liberty Report on the USSR, 10 August 1990.
67. ibid; according to Argumenty i fakty no45, 1989, the figure was 7.9 million
68. Jacobs 1990
69. The minimum wage established in 1972 is 70 roubles; Ekonomika i zhizn', no 18, 1990, p6. However 75 roubles is now reportedly recognised as the poverty line, with 36 million having incomes below this level; see Social and Labour Bulletin 3-4 1989; 78 roubles is the figure given in Moscow News no19, 1990.

70. T.Pulatov, "Is Democracy a Burden on the Poor?", Moscow News, no19, 1990.
71. Moscow News, no.26, 1990, p13.
72. Izvestiia TsK KPSS no.5 1989.
73. this is repeated in Nar.khoz. 1988, p33. A figure of 6 million nezaniatye is given for the country as a whole.
74. Izvestiia TsK KPSS no.5 1989
75. Filippov, 1988.
76. Komsomolskaia pravda, 13.9.89
77. Molodezh' SSSR, Goskomstat, Moscow 1990, p141
78. Izvestiia TsK KPSS no.5, 1989.
79. A.Nikitin, "Kak pomoch' bezrabotnomu", Pravda, 6.4.90; and E.Babak, 1990. The Trade Unions have also drawn up their version of the draft employment act, see Trud 15.6.90
80. for information on minimum pension see Statisticheskii press biulleten', no.9, 1989 and Social and Labour Bulletin, 3-4, 1989, p235
81. see J.Micklewright, "The Reform of Unemployment Compensation: Choices for East and West", Invited Paper presented at European Economic Association Annual Congress, Lisbon, 1990.
82. This view is the one that has been put forward by specialists in the past, and is still held by some, such as Kotlyar, head of the research institute of the RSFSR Goskomtrud. See report by E.Babak, 1990. See also the discussion in "Pravo na poluchenie raboty Voprosy ekonomiki, no.2, 1989.
83. L.Kunel'skii, "Bezrobotitsa? U nas?" Ekonomicheskaja gazeta, no.36, 1989.
84. Moskovskaia pravda, 25.4.1990.



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