



Planned Use of Labor in the Soviet Economy

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UTILIZATION OF LABOR as an integral part of national and regional economic planning in the U.S.S.R. has been in effect since the inauguration of the first five-year plan in 1928; by the time of the German invasion the system of marshalling the natural resources had become the decisive characteristic of the Soviet industrial and agricultural pattern. Although the end of hostilities in World War II permitted a gradual removal of the more objectionable wartime restrictions, yet the need of immediate reconversion to a peaceful economy made it essential to retain and even to intensify the rigid management of labor.

It has been long recognized as a fundamental principle of Soviet socialism that the successful development of a self-sufficient national economy is contingent upon controlled allocation of the available labor resources. Reduced to its simplest terms, the management of manpower, aimed at maximizing the total national product, means redistribution of workers from the economic sectors in which their productivity is relatively low to those where it would be higher. In the former category belong household occupations, domestic and handicraft industries, and agriculture, while the latter group includes manufacturing industries, extractive industries, building construction, transportation, etc. Furthermore, the state control of labor involves a progressive increase in the skill of the workers now employed as well as the creation of the "state labor reserves."

MANAGEMENT OF MANPOWER

THE SOVIET EXPERIENCE of the past thirty years has pretty well crystalized the sociological premises on which the state-wide management of manpower, including its coercive aspects, is based (Bolshaya Sovietskaya Entsiklopedia, p. 1133.):

(1) In the socialist society, where everybody has the inalienable right to be gainfully employed, that right is organically linked with the universal obligation to perform socially useful work.

(2) This general obligation to work cannot be separated from the avowed determination of the socialist state to establish the optimum conditions for expanding the national product by means of selective allocation of human resources. This long-range objective is implemented through appropriate labor legislation.

(3) The socialist society is committed to rectify the maldistribution of population in general, which in the past led to urban industrial unemployment and to the impoverishment of village communities.

(4) Planned marshalling of labor entails not merely the balancing of industry against agriculture, but also a redistribution of manpower between the various geographical regions in order to carry out such ambitious undertakings, as the removal of entire industrial complexes from the exposed western provinces and the setting up of new producing areas in the east.

Perhaps the Soviet labor management may be best analyzed in each of its component phases separately, i.e., total supply of labor in the U.S.S.R.; distribution and stabilization of the available labor force; and economic and other incentives that are used to maximize individual and group efficiency.

Considering the total supply of labor, it should be kept in mind that the Soviet regime inherited from its predecessors a country devastated by war and by revolutionary excesses, in which industry and agriculture were reduced to the primitive levels of a barter economy. With the coming of the New Economic Policy and the cessation of the military communism in 1921, the prostrate body of Russia slowly began to flex its muscles. The gradual revival of industrial life may be gauged more or less accurately by the total employment in nonagricultural occupations; the following tabulation shows a steady increase since 1920 (Bolshaya Sovietskaya Entsiklopedia, p. 1122; Schwartz, 1949, 75; and Voznesensky, 1948, 7):

Total nonagricultural employment	
<i>Year</i>	<i>No. in millions</i>
1920	1.2
1925	2.1
1928	10.8
1940	31.2
1943	19.3
1945	27.2
1946	30.2
1947	31.4
1948	33.4
1950 (plan)	33.5

The impressive rise from 2.1 million to 10.8 million in 1928 coincided with the transition from the New Economic Policy to the planned economy. The drastic drop to 19.3 millions in 1943 must, of course, be attributed to losses of population in the occupied provinces and to recruitment by the armed forces.

Increase of the total labor force during the period considered in this review reflects both the industrial expansion and the rising productivity of farm labor in terms of output per man-hour, and is due to rationalization and to mechanization of agricultural work. While industrial progress demanded additional labor in the cities, considerable numbers of persons previously engaged on farms were made surplus by improved farming methods and were released for industrial jobs.

LABOR PERSONNEL CHANGES

DURING WORLD WAR II, the available supply of civilian labor was sharply cut, and its composition changed because of the induction of large masses of women and of workers in the marginal age groups. Thus, industrial employment of women on all skill levels rose from 41 per cent of the national total in 1940 to 52 per cent in 1942, and still higher later; the proportion of female workers in skilled trades increased even more: steam engine operators, from 6 per cent to 33 per cent; steam boiler stokers, from 6 per cent to 27 per cent, etc. The age distribution underwent a similar change: workers under 18 years of age constituted only 6 per cent of the total in 1939, whereas the corresponding figure in 1942 was 15 per cent; older workers (over 50 years of age) increased from 9 per cent to 12 per cent during the same time.

Since newly inducted labor lacked the necessary job experience, these industrial recruits had to be trained at work or in special emergency schools: special schools turned out 2,765,000 students in 1941; 3,772,000 in 1942; and 5,134,000 in 1943, while on-the-job training furnished from 439,000 to 598,000 skilled workers annually in the same years (Voznesensky, 1948, 65-69).

With the return of peace after World War II, Soviet reconstruction commenced in the face of the fact that the war had cost the U.S.S.R. at least 7,000,000 persons in their prime, including the military casualties and the forced removal of civilian population by the enemy. Successful fulfillment of the fourth five-year plan (1946-50) has, *ipso facto*, become predicated on the rational utilization of available human resources. The basic labor program accordingly has envisaged the following measures:

a) Stabilization of labor in various industrial centers, particularly in the Ural area, in Siberia, and in the Soviet Far East, involving a mass redistribution of the total labor force.

b) Reduction of labor requirements in specific industries, in terms of man-hours per unit of output, by means of higher mechanization and more efficient use of manpower, including transfer of surplus administrative and clerical personnel to direct production tasks.

c) Establishment of national labor reserves through an increase of the educational facilities in technicums, trade schools, and industrial schools, as well as an intensified program for retraining and upgrading of low-skill workers currently employed (Bolshaya Sovietskaya Entsiklopedia, p. 1131).

LABOR TURNOVER PROBLEMS

STABILIZATION OF THE LABOR FORCE, both as regards the annual rate of turnover in industrial enterprises and free migration of workers from one geographical area to another, has long constituted a major concern of the Soviet planners. Several steps have been taken, with varying degrees of success, to combat the excessive changes of employment and also to regulate the inter-regional movement of labor. Even before the war there was established a system of "labor passports," one of which had to be surrendered by the worker to the manager and without which no worker could be legally hired by another enterprise, with heavy penalties for violators. Likewise, in some important industries the excessive turnover has been counteracted by making the worker's pay and retirement benefits dependent upon the length of his employment in the same plant. However, the labor passport device was rendered largely ineffective by labor shortages during the war and post-war years, so that the restrictive legislation had to be re-affirmed in July, 1946 (Schwartz, 1949, 81-82).

Perhaps of even a greater significance after the war, has been the shifting of workers away from the new industrial centers in Soviet Asia; there the unfavorable living conditions, combined with the desire to return to the liberated homesteads in European Russia, have led to a rapid loss of manpower. As this emigration runs counter to the determination of the government to retain and to build up the new production bases in the east, special measures have been undertaken to induce the workers to stay there. Since September 1, 1946, industrial and construction workers beyond the Ural Mountains have been granted a preferential pay increase of 20 per cent and, simultaneously, an emergency

building program was started, to relieve the housing shortages (Schwartz, 1946, 75).

To what extent the redistribution of labor among the geographical areas has been accomplished may be partly evaluated by the fact that the regional number of industrial employees, expressed as percentage of the national total, changed between 1940 and 1943 as follows: in Kazakhstan and Central Asia from 3.8 per cent to 8 per cent; in western Siberia from 4 per cent to 9 per cent; and in the Ural area from 8.5 per cent to 20.5 per cent (Voznesensky, 1948, 64-65).

INCREASING PRODUCTION EFFICIENCY

TURNING NOW to the complex problem of increasing the production efficiency of the individual worker, a better insight may be obtained from a statement concerning the "fundamental laws of socialist organization of labor and of wages" by N. Voznesensky (1948, 64-65), Deputy Prime Minister and the Chief of the State Planning Commission in 1947. These laws embody the following principles: distribution of goods in accordance with the quantity and quality of the work performed; differential rates of pay for workers in state enterprises and on the collective farms; and socialistic competition, encouraged by a system of bonuses for the fulfillment and over-fulfillment of production quotas (Voznesensky, 1948, 64-65).

After the initial fumbling with the pure Marxian philosophy of equal pay for everybody, the Soviet planners have turned to the capitalistic system of management, based on the idea of individual self-interest. The progressive piece rates of pay and lump-sum bonuses are usually determined by committees of the local management and the trade unions, with the incentive pay, over and above the regular wages, ranging from 200 to 3000 rubles per person per month. Occasionally, special prizes, from a watch to an automobile, are distributed to spur further production. Since 1940, the managers of blast furnaces, steel smelting and rolling mills, and of other key enterprises, have been entitled to additional bonuses, progressively geared to the plant output. These managerial incentives create a very wide income spread between the average worker and his boss, but the Soviet Union is still so badly in need of further industrialization that the production know-how still commands exceptional privileges (Chapman, 1948, 207-10).

Besides the strictly economic incentives, the Soviet worker has been constantly subjected to the pressure of public opinion, best exemplified by the

Stakhanovite movement. The lure of social recognition has led to a virtual epidemic of competitions, both in industry and agriculture. The success of individuals and of enterprises in exceeding their quotas is played up by the press, and the shirker is roundly denounced by his comrades (*Izvestia*, July 23, 1949).

In view of the continuing scarcity of consumer goods, the economic pressure on the worker is quite severe, particularly since the abandonment of rationing and the revaluation of the ruble in 1947. The old currency was then retired at the rate of one to ten, sharply reducing the accumulated savings in the banks and the cash hoarded at home. As a result, the worker has become even more dependent on his daily earnings, not to mention the fact that the store prices on consumer goods have been lowered, thus providing both the carrot in front of the mule and the whip at his back. The effectiveness of the squeeze play has been demonstrated by a rise in industrial output during 1948: cotton textiles by 24 per cent over 1947, sugar by 70 per cent, etc. (Margolin, 1949).

To keep in line the recalcitrant, the Soviet has the worker living under the threat of coercive measures, such as criminal responsibility for absenteeism, forfeiture of pay, and penalties for quitting the job without permission (Schwartz, 1949, 83).

In concluding this brief review of the Soviet labor policies, any appraisal would probably reflect the personal social and economic predilections of the critic. However, it certainly seems below our intellectual dignity to reject the significance of the Soviet experimentations in social control, summarily and a priori, simply because they are strange to our way of life.

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