



Soviets waiting in a queue to buy consumer goods.

Labor Collectives recently proposed a contract for the mine director that would allow his income to be triple a miner's wage, their members erupted in anger and hostility.

As winter approaches, the economic tensions across the country may well reach a breaking point. If supplies of food and clothing continue to dwindle, and the unemployment "normal" to free market (but not to Soviet) economics begins to skyrocket, a second and much more powerful coup attempt may take place, in which Stalinists will assume the mantle of sole protector of labor. Given the external pressures for privatization, neither labor activists nor economic sociologists like Zaslavskaja may be able to generate alternatives that will save the post-Soviet Union from a choice between the Stalinists and a market-driven "survival of the fittest."

### Soviet Trade Unionists

**Vitaly Golovatchev**, member of the *Trud* editorial board, the main Soviet trade union newspaper; **Tatiana Rogova**, International Department of General Confederation of Trade Unions; **Talkun Sabitor**, President, Agroindustrial Complex Workers Union; **Peter Serdyuk**, President of Chernigov Re-

gional Federation of Trade Unions. This commentary is an edited version of an interview with all four unionists by *D&S* Staff Editor Patricia Horn. The opinions expressed here are just some of many perspectives held by unionists in the Soviet Union.

Within the labor movement, our only agreement is that in a market economy the working person should be protected. The trade unions, at this particular time, disagree with the government and the parliament about the conversion to a market because there are no guarantees about living standards, wages, or employment opportunities. Trade unions are more cautious than people in the parliament.

We are concerned about the breakup of the Soviet Union because if the republics disassociate, we won't be able to protect workers. The supply of raw materials, production, and spare parts connect enterprises in different republics. Without these relationships, industry will collapse.

The priority for trade unions right now is to help people live through this difficult period. Living conditions have deteriorated for many people. About one-third of the population now lives close to the poverty line. That is too many. The main challenge for us is to care for those who find themselves below

the poverty line.

How much is required for minimum living? In previous years, we did not examine living standards, or what the minimum living standard should be. We are now doing these calculations.

The deteriorating economy and deteriorating production prevent us from increasing wages. We must be concerned with increasing labor efficiency. We are searching for new ways to accelerate development of the country, such as converting from military to civilian production.

We still believe that major industries should remain state-owned. They should not be privatized. It is easier for workers in major industries to protect their rights in a centralized economy.

### John Feffer

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If we want to know the economic future of the Soviet Union, we should simply look to the present travails of Eastern Europe: recession, unemployment, inflation, growing disparities in wealth. Although proof of the pain of overnight capitalism lies scant miles to the west, the post-Soviet Union is nonetheless on a trajectory toward market-oriented shock therapy, with few alternative routes in sight.

The independent Socialist party has but marginal support. The Social Democratic party and the independent trade union movement (the Confederation of Working People, not the Communist-dominated United Front of Working People) make no bones about their market fancies, however vague they are. The weak federal leadership as well as the radical democrats, nationalists and former Communists governing in the republics are all, to one degree or another, bracing for shock therapy. Every powerful international interest, from the U.S. government and Harvard University to the International Monetary Fund and the Group of Seven (the world's leading industrialized countries), urges *laissez-faire tout de suite*.

But won't the oft-quoted egalitarianism of the average post-Soviet citizen disrupt this cozy consensus? True, according to many polls, the average working

Ivan favors neither large disparities in income, the removal of the social net, nor belt-tightening and endless austerity. Unfortunately, egalitarianism is a fickle value. In Poland, for instance, the population seemed similarly poised to reject free-market solutions in the first Solidarity period (1980-81) only to reverse their sympathies by 1989. The Czech and Slovak population, immediately after their velvet revolution, overwhelmingly rejected overnight capitalism according to several polls. Yet they, too, reversed their position when domestic technocrats and Western advisers set to work selling capitalism.

Who then can stand up to the promoters of an idealized market, and what can they offer as alternatives? Anything resembling Yugoslav-style self-management or democratic planning or ecologically sound communitarian development is bound to fail in the short term, not because these options are theoretically deficient, but because the international economic community would simply not countenance them.

Combining one part pragmatism with one part idealism, I believe the most compelling progressive alternative for the Soviet Union is a democratic industrial policy. A state-sponsored policy would modernize potentially successful enterprises and encourage "infant" industries. Independent unions, governments, and emerging business associations would negotiate federal, confederate, or republic economic policy. Private farmers and those who voluntarily remain in cooperatives would negotiate price supports with the governments and, one can only hope, benefit from an internationally funded revamping of regional distribution. Unions would agree to a certain degree of austerity in exchange for guaranteed retraining programs and unemployment benefits. The government would abandon its laissez-faire notion of the market and its exclusive control over fiscal and monetary policy but gain from the stability born of social consensus.

Given the region's present disarray, an industrial policy for the post-Soviet Union would at first be only a rough negotiating framework among workers, employers, and the states—a roundtable comparable to those that spread through Eastern Europe in 1989-90.

To present a clear alternative to center and right-wing parties, a strong labor movement and the Social Democratic party must both champion such a policy. If the party doesn't, social democracy will fail at the polls as surely as it did in the Eastern European elections of 1990-91.

## Jeanine Braithwaite

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The most pressing problem in the former USSR is establishing a market system. In the United States we often identify progressive economic change with regulating markets to improve equity. Given the former USSR's historic absence of a market, progressive economic change there involves establishing fully functioning markets first and regulating markets second.

Although many Soviet economists and policy makers agree that markets should replace the centrally planned system, no clear consensus exists on the new system's form. To me, a market system denotes increased autonomy for the individual to make economic decisions, prices that fluctuate freely, and the chance for people to reap rewards for their economic efforts.

I identify four areas of progressive change that are emerging in the former USSR:

1. Establishing property rights. In the former USSR, consensus now exists to legally guarantee private property rights as the first step in creating a market economy. The republics are discussing three kinds of property rights: the right to own land for private agriculture; the right to own a small business; and the transfer of large industrial enterprises from state ownership to cooperative or private ownership.

The former USSR is already facilitating the growth of small businesses. Called "cooperatives," they run the gamut from single proprietorships to privately owned firms to joint ownership arrangements. But these cooperatives face tremendous obstacles. Cooperative owners must bribe government officials for a multitude of permits, and then must pay protection money to local organized crime.

Despite promises to the contrary, the

former USSR has not enacted legislation enshrining private ownership of land, mainly because deciding on how to distribute land equitably is difficult.

2. Eliminating the system of perquisites. An exclusive economy within the economy provided Party officials with high-quality health care, imported clothing, the best local produce, education, housing, and automobiles. The ordinary citizen didn't know how privileged Party officials were. To achieve a semblance of equity in distribution, this system of perquisites must be eliminated.

3. Allocating resources through a price system. Shortages plagued the economy under central planning. The government attempted to solve this problem with queues and later ration cards. But with the best goods skimmed off for the very few in the Party, the average person's standard of living suffered greatly.

Prices determined solely by supply and demand are the cornerstone of a market economy. The government will have great problems letting prices become free, because prices, particularly food prices, will inevitably increase. Since no one wants to pay more for necessities, and since such price increases hurt those with low incomes the most, the task for Soviet reformers is to find a way to protect low-income people without jeopardizing free prices.

4. Guaranteeing a minimum income. The government would have to finance a minimum income, perhaps by eliminating or reducing military expenditures. Once property rights are established, and producers have the right to set their own prices, prices will reflect supply and demand. Once prices reflect supply and demand, money income will have meaning. Guaranteeing a minimum income will allow people to purchase necessary goods and services.

Mainstream Western academics have a tendency to tell the former USSR to "just have a market," as though markets have no costs or problems, and as though the republics have the institutions to set up a market economy. Without careful thought to establishing checks and balances on business activity, progressive economic change faces an uncertain future. Still, the first task is to set up a market economy. ■