

The Contradictions of Gorbachev

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Gorbachev faces four contradictions: the contradictions of the Soviet system itself, the contradictions of the epoch, the contradictions of the market and the problems of reform. The only possible solution for the regime lies in the establishment of control over the working class to improve the performance of the economy and so ensure the stability of the elite itself. Strategies adopted to increase control over the working class include the use of male/female, rural/urban, skilled/unskilled and other divisions, together with newer devices such as workplace participation, the brigade system and quality control. Measures of these and other kinds will however provide no basis for the regime's long-term stability.

I. Introduction

The contradictions of Gorbachev are fourfold. They are the contradictions of the Soviet system itself, the contradictions of the epoch, the contradictions of the market and the problems of reform.¹ I have outlined both the nature of contradiction and the character of the laws specific to the particular social formations referred to above in my articles in *Critique*.² In this article I shall concentrate on the specific problems facing Gorbachev in the light of the different sets of contradictions which he faces.

The Soviet regime now insists that it has no alternative. That is correct, though the reasons given are only empirical. Low growth rates, a static or declining standard of living and rising discontent have all been cited. Now that Gorbachev has declared that there was little or no growth under Brezhnev, the need for growth is put at the centre of the agenda. These are only symptoms, not reasons. The fundamental reason, the lack of democracy in the system, is recognized only in a cosmetic and demagogic way. Burlatsky's articles on Khrushchev and on the need for a civil society, independent of the state, are really no different. There have of course been strong statements on this point, though not by Gorbachev.³ None the less the constant statements of the need for democracy, the stress on the rule of law, the acceptance of the need for 'pluralism' are all evidence of pressure towards the formation of a more democratic system. The economic failure is traced to the need for a transition from an extensive to an intensive economy, a view first expounded by Western analysts. The real situation, however, is one of a disintegrating economy and society, with political factions pulling apart, social groups in increasing conflict, and an economy in which the different parts have to operate more and more independently.

The solution provided is both to centralize in order to pull the parts together and decentralize so as to give more leeway to local initiative.

The prolonged, bitter and vicious faction fighting is not evidence of democracy. Rather it is an indication that the *de facto* factions can no longer be suppressed. The welcome rehabilitation of the great men and women of the 1920s and 1930s and the exposure of the millions killed by Stalin, who will now take his rightful position along with Hitler as a mass liquidator of humanity, are not simply caused by humanitarian impulses but rather by the necessity of finding weapons in order to lay the other side low. It is not evidence of democracy when the major independent institution is anti-Semitic, if not actually fascist. It is evidence of desperation, particularly when *Sovetskaya Rossiya* prints a one-page so-called letter which has a whole column of the purest anti-Semitism and there is no reply to this aspect of the letter in any organ of the press.⁴ Although this aspect of what is occurring is crucial and interesting, it will be discussed elsewhere. Suffice it to say that I do not see any way in which the regime can find an orderly method of existing. Even if the Brezhnev/Stalin faction is wiped out and the Ligachev/Conservative faction is pushed out, there remain differences of timing, questions of caution and attitudes to the social groups which will split the elite. The ruling group can no longer rule in the old way and it is trying to find a viable form of oligarchy, without destroying itself in the course of its search for stability.

This article then turns to the reasons for the present impasse. They lie in the social relations and the ending of an era of control over labour, based on its lack of socialization. This is composed of four aspects discussed below.⁵

II. The Causes of the Present Crisis

First, the absolute surplus has come to an end because the workforce can no longer be replenished from the farms, the home or elsewhere. Thus the natural increase in the workforce was only 600,000 from 1985 to 1986 on the basis of 130.9 million employed in 1986. On the other hand there was an increase from 106.8 million in 1970 to 125.6 million in 1980. In other words, the employed population increased by 17.6 per cent over the ten-year period to 1980 but only by 0.41 per cent from 1985–86. Over the five years 1980–85 the relevant figure is 3.7 per cent.⁶ The agricultural population declined from 39 per cent of the workforce in 1960 to 19 per cent in 1986 but hardly changed from 1980 when it was 20 per cent of the workforce. As regards women, they have constituted 51 per cent of the workforce since 1970 to the present. On the other hand, they are only 43 per cent today of the *kolkhozniki* engaged in the *kolkhoz* itself as opposed to 50 per cent in 1970.⁷

The result of the decline in the growth of labour hours available is considerable. It has meant an insufficiency of workers to perform the necessary tasks in the economy, at the same time as there is vast overmanning. It leads to a decline in labour fluidity and flexibility. This would happen

in any non-socialist economy with full employment. It creates an even greater shortage of labour through so-called labour hoarding, discussed below. In turn, the lack of flexibility and fluidity leads to a problem with construction and in its turn with the introduction of new techniques, given the propensity of the regime to invest largely in new factories to ensure the introduction of new techniques. These problems have been discussed and solutions proposed at various times over the past two decades. No solution is in fact possible within the existing system, as long as labour controls the work-process, which it does. To break that control would be such a traumatic event for the regime that it is doubtful if it could survive. If it did, however, there would be little overmanning, a reserve army of labour, little trouble in introducing new techniques in old plants and hence products which were no longer defective. Hence the attack on work norms and the demand for a reserve army of labour are the crucial aspects of the reform.

The overmanning of the system has not just been a fact from 1929 onwards but appears to have become worse. Figures of 15–20 per cent dismissals required are bandied about today. This would lead to some 20 million redundancies. The question is not just the fact of overmanning but its worsening over time. Why are plants more overmanned than before?

The higher education of the personnel means that more people are employed in executive grades than before. More people are involved in research, some 1.5 million, than ever before. The bureaucratic apparatus has become more bloated. This was why Gorbachev could speak of reducing the 18 million in the apparatus. In fact, this is a response to two pressures: the need to employ the intelligentsia and the need to control increasingly fractious workers. If production is poor the answer has been to set up yet another body to oversee quality control or norms. Hence bureaucratic employment increases. Here there is a contradiction between the short-term interests of the state and the long-term interests of the ruling group. In the second place, it pays every plant manager to retain workers, particularly under conditions of labour shortage, in order to utilize them when needed rather than wait to find them. The change has been that the increasing labour shortage has increased the need for hoarding of workers from the point of view of each plant but not from the viewpoint of the society.

In the second place labour is now more integrated, more specific and so even less fluid than before. Abstract labour, therefore, cannot exist and so calculation and planned movement of labour becomes even less possible.

In the third place, the difficulty in control over labour has complicated the issue of Soviet technique. The struggle over technique is ultimately one between workers and management. Technique is introduced to raise productivity but in fact only raises so-called capital–output ratios. The increasing integration of production and strength of workers, which in fact results from the improved technique, creates its own contradiction.

Fourthly, the increased socialization of labour and the over-full employment has strengthened the power of the workers immeasurably. They are

contained by their own atomization, relating to their own work-process rather than to other workers, and by the power of the state; but the increasingly counter-productive nature of this atomization, discussed above, has meant that the regime is under pressure to end this system of control. On the other hand, the regime cannot see how to end it, without massive unrest from a workforce which is potentially uncontrollable, working in giant establishments and living close to one another. The very idea of attacking the workers under such conditions is unthinkable without a new strategy of containment.

The power of the workers today actually shows itself in four respects.

1. Their wages have been rising steadily over the years, from around 90 roubles in 1960 to 216 in 1986, in industry, ⁸ while the salaries of the intelligentsia have gone up by a much lower percentage.
2. The control over norms has been more weighted in favour of workers in that period. The degree of overfulfilment increased, at the same time as the norms in fact eased in relation to potential.⁹
3. Alcoholism also increased. Alcoholism is in fact a response to stress more than anything else. For the USSR it has played a special role in quenching potential revolt through a solitary solution, made easier by the individual relation to the work process.¹⁰ It is particularly the existence of the atomized form that demands the individualized, separated relief for the worker. In the last period, the stress had become greater than previously, leading workers to pay less attention to their work and more attention to their psychological requirements.
4. Thus the nature of performance in the labour process has deteriorated, evidenced by the poor quality of work, even when it appears that the goods are hardly touched by human hand.¹¹

Clearly the increased power of the workers has increased costs. It has also done so in a way described above in terms of the number of bureaucrats required to control such costs. To this has to be added the additional cost of campaigns, and indeed of the dismissals of supervisors to be replaced by less trained supervisors.

III. The Social Nature of the Brezhnev Period

In fact, all problems go back to labour. The slowness of the introduction of technique, egalitarianism in pay, overmanning and the large repair sector are a consequence of the inability of enterprise managers to do anything but concede to workers. The special character of the Brezhnev period lay precisely in these concessions. It was a period of social peace because the elite preferred to concede to the workers rather than take them on. The initial reforms under Kosygin were dropped in favour of partial attempts at control which only increased the size of the controlling apparatus while having little long-term effect. This was a considerable contrast with the attempts made under Khrushchev to find organizational forms of control. It

was even more of a contrast with the Stalinist period when direct force was employed. From the point of view of the elite, workers can be controlled by compulsion, through an incentive system mixed with administrative measures or through the market. They have tried all three at different times and there can be no doubt that the market is the preferred solution. The problem is that it means a direct confrontation with workers or peasants, when the latter had any economic power. They used force with the peasants and workers under Stalin, though they used a mixed form as well. Once force was reduced in its scope as a mode of control an alternative had to be found.

Under Khrushchev, the removal of direct force had an initial incentive effect of its own. None the less pressure was being applied to raise output through administrative measures. This was extended under Brezhnev but in such a half-hearted way that little change in fact occurred. The economic reforms were abandoned, the Shchekino experiment ultimately failed, fulfilment of plans through realization in money terms meant little as long as volume quotas remained. Through all the talk of the Brezhnev era, the situation of the workers did not materially worsen. Gorbachev is very different. He stands for a confrontation with the workers. The Brezhnev group preferred a strategic retreat whereas the present lot see attack as the best means of defence. Aganbegyan and the forces around him are attempting a roll back of the position of the workers as far as possible. This is not a new position but the considerable gains made by workers under Brezhnev just because of the nature of the socialization of industry and the cowardly nature of the elite actually pose the issue as immediate.

There is another crucial contradiction arising from the above argument, that arising from the necessary incoherence of the elite around the question of control. Very briefly, I would argue that the different incentive systems have given rise to two sections of the elite, one based on direct control and another based on administration. The first derived from the time of the purges, while the second is older and of course also newer in being resuscitated after Stalin. This is a much longer discussion but the particular application here is that the question of control over labour has split the elite in a fundamental manner, which is also not soluble since both force/discipline and management/bargaining are required in a system which so malfunctions. The nature of discipline and administration has changed over time and indeed the individuals involved also change their views over time. None the less the regime now seems locked into a permanent faction fight, which has been propagandized as a move to pluralism. It is doubtful whether any united elite viewpoint is indeed possible.

The fundamental contradiction of the system is that it has to control workers through their atomization. This necessarily leads to a decline in productivity and hence to a lower standard of living for the workers than would otherwise be the case. It also means that the elite are deprived of the power to direct the productive forces in a manner they would regard as efficient. This contradiction intensifies over time as the socialization of production increases workers' power. As a result efficiency actually

declines even if output goes up. The nature of the waste changes. In the early period, workers directly sabotaged production, took time off and had a high labour turnover, whereas in the post-Stalin period the norm came to be the centre of the struggle. This represented a movement from a more individualistic to a less individualistic form of struggle. The logic of this movement is that workers will collectively decide on the norm instead of having it decided on the basis of bargaining between management and skilled/older workers. Hence the new regime has decided that the norm has to be decided by more reliable elements.

It is easier to deal with workers who act on an entirely individualistic basis but more difficult when they begin to act, even if unconsciously, in their own class interests. Hence the Brezhnev retreat. There appears then to be a law of the Soviet regime. It is not one of increasing waste as put forward by Antonio Carlo,¹² since the waste of the 1930s with the death of millions from starvation is incomparable with what exists today, but rather a law of increasing inefficiency or a growing gap between potential output for the consumer and actual output. Thus the inefficiency of department one as shown by the Soviet figures is perhaps graphically shown by the simple fact that expenditure on capital repairs of machinery and equipment came to 8,670 million rubles in 1986 as opposed to just 288 million for light industry.¹³ These figures bring out the real expenditure on the different sectors. As indicated above, light industry had a lower percentage of incomplete projects and a worse rise in cost to output ratio. This leads to the conclusion that department one has an enormous expenditure on repairs and incomplete projects. It also as a result appears more efficient in its 'capital' output ratios. Since these figures also reflect pricing policy, not too much can be read into them except for the fact that light industry is the cinderella of the regime. A society engaged in producing ever more machinery which has little impact on consumption even for the elite and intelligentsia is a peculiar phenomenon. The real point is that it is of this kind for one reason only: that its own inefficiency makes it very difficult for it to produce the machinery required for light industry.

The fundamental law of the regime is one of a conflict between organization on the one hand and the individual interest of the unit. Put empirically the regime itself is one where there is a permanent and endemic conflict between the need of the centre to control and develop the system in the interest of those who control and opposition by all units below it. The problem is that there is no inbuilt mechanism for reconciling this conflict.

Ultimately, the only possible solution for the system must be the establishment of control over the working class in order to improve the performance of the economy and so ensure the stability of the elite itself.

IV. The Establishment of Control Over the Working Class

This aspect is discussed below in more detail. It is useful to attempt to analyse the methods by which the regime can establish control over the workforce, which it has to do if it wants any level of efficiency higher

than the present. The primary method of initiating control has been that of increasing the divisions in the working class.

A. Present Divisions

The divisions of the workers at the moment are primarily in the following terms:

1. *Male-female labour*: It is difficult to use this natural division any more than it has been, in a society where men get at least one-third higher wages and occupy the higher ranks of the occupational ladder. Men cannot be used any further to control women in employment or women, in an inferior position, to control men. The regime may, of course, count on the docility of women, who have to support children, but they might well be disappointed given the history of towns going out on strike, with women playing a crucial role. On the other hand, it might be easier to apply the market sector to the consumer goods industries, where women are dominant, on the principle that they are second earners and hence could be more easily be dismissed. Certainly that viewpoint has been held by various economists for a long time. Indeed, light industry has already had the principles of the reform applied, such as they are. The regime continues to make noises about the sanctity of the home, as the natural place of women.

2. *Privileged vs. non-privileged regions*: Here it might well be the case that the workers in the closed towns, where wages, jobs and consumer goods are superior to those elsewhere, could be divided from the rest of the country. Thus the economic experiments could be applied to Moscow with the threat of expulsion out of the town if there is any trouble. On the other hand, it would be a dangerous thing to do as such workers would then lose their privileged status and perhaps begin to act in a working-class manner. Hence it is not all that likely that the regime would apply such pressure except *in extremis*. Of course a regime against privilege would have abolished the privileged status of such towns and it is noteworthy that Yeltsin reinforced the status of Moscow, rather than the reverse.

3. *Military-civilian industry*: Here too it is the case that workers are privileged in a particular sector, in this case military industry. They are also more controlled, by military discipline. The export sector is also better paid and could also be brought within the market sector more easily. It is therefore not unlikely that the market will be applied in this differential manner. It should be noted, however, that such use of the application of the market will have the effect of privileging the unprivileged and hence is dangerous and also unlikely to be applied, except with extreme caution.

4. *Skilled-unskilled labour*: This is the obvious tactic of the regime: to attempt to incorporate the more skilled workers, who are usually older and are certainly better paid, sitting on supervisory-type boards as those involved with promotion and norming. The problem with this tactic is that it requires a lot of time actually to separate out the more skilled. At the

present time the majority of skilled workers are in the same wage grades as those who are less skilled and hence receive no better wages or better conditions than their fellow workers. It is clear from numerous articles that this is the way they intend to go. Gorbachev keeps denouncing the tendency towards egalitarianism, with boring regularity.

5. *Mental-manual labour*: Here the division is between the intelligentsia on the one hand and the manual workers on the other. It involves both the highly skilled white-collar workers of the factory and the bureaucrats of the regime as a whole. Gorbachev produced the figure of 18 million bureaucrats, which he said had to be cut down to size. Similar remarks have been made of the staff of factories. It is curious that the regime should have seen fit to attack a section of the intelligentsia in this way, unless it was orientating towards the skilled workers. Workers often find themselves involved with three social groups, against whom they may have grievances. One is their immediate supervisors, a second is local officials and a third are those in charge of distribution, who are widely regarded as corrupt. It has very much looked as if the regime has been prepared to throw to the wolves the section of the elite involved with distribution and with them the workers in that sector. The elite calculation that their political concessions as well as the salary rises will keep the loyalty of the intelligentsia as a whole even while they attack sections of the intelligentsia and their own elite is probably correct. In the event, such populism may indeed make life easier for sections of the working class in that lower level bureaucrats may become more responsive and lower factory executives more flexible and hard-working.

6. *Supervisors vs. labour*: The difference between foremen and the labourers has been the traditional method of control over labour within capitalism. In the USSR, however, complaints about the low pay of foremen and the unattractive nature of the job have been constant. In fact, the foreman or other person in charge of workers cannot easily be privileged under conditions where workers are paid piece rates, and an extra ten per cent, which they have traditionally got, buys very little. It is only if foremen have the possibility of further advancement occupationally and outside the location of the workers' contempt that it is likely that they could function as genuine controllers. With the low level of social mobility at present that is not likely.

Again, in the West the fact of control by capital permits the foreman to arbitrate and hence even be respected, but in the USSR there is no accepted mode of control. Those who do control are viewed as corrupt usurpers and hence a foreman can only be regarded as a lackey if he performs according to orders from above. This is really a reflection of the fact that workers control their own work-process, with the collaboration of the foremen, and hence any attempt to break this feature of the Soviet social system would put the foremen at the sharp end of the class struggle in the USSR. Indeed, it is clear that the brigade system is intended to achieve this object. The new norming decrees of December 1986 do place stress on

those in charge of workers to increase the speed of the production line to conform with the potential of the machinery. By changing the pay structure and the position of those in charge of workers, the regime hopes to achieve the object already outlined above on the brigade system: that of obtaining crucial allies among the skilled, supervisory and ambitious workers. It is, however, utopian to imagine that short of the introduction of the reserve army of labour workers will voluntarily surrender their existing control over the work-process. We have stressed this aspect of the reforms because the reforms themselves will only have a possibility of success if this section of the workers is prepared to collaborate.

The upshot of this discussion on control over the working class is that the regime is relying very heavily on a particular form of appeal, which requires a lot more attention if it is to have any chance of success. Given that the regime is unable to take on the workers directly, measures to establish the alliance with skilled workers probably involve a direct defeat of the ordinary worker. This is most unlikely although that will not mean that the regime will not continue to muddle on with its policy. It has also to be noted that such a policy would involve downgrading the other divisions now existing as counter-productive.

Some of the measures being taken by the regime to control workers, apart from exacerbating existing divisions, are outlined below.

B. New Measures of Control

1. *The question of workers' participation:* The alternative mode of proceeding involves more substantial concessions to the working class in the direction of workers' self-management or workers' participation in control over the enterprise. There has been a long debate on this issue but thus far it has amounted to very little. On the other hand, modern production requires consultation, not command, particularly with the high level of integration of modern production. The need for greater consultation has been a theme of Soviet sociological and economic journals for some time now.¹⁴ As argued above, however, the democratic manoeuvres have hitherto amounted to little more than a cosmetic exercise. Furthermore, they can never amount to more than such an exercise. Workers the world over have found to their cost that control over management within a market is worth very little since control over the plant is really exercised by the process of accumulation itself. If they control the plant manager they might make the regime more humane, and indeed that is worth something. On the other hand, competition may simply be such that the maintenance of jobs comes to depend on self-exploitation as it may be expressed. In such a case, the workers may actually be worse off. The only democratic concession worth the game is one which involves direct control over the central economic planners, such as is now held by the Politburo. That is not on offer. Hence all the discussions around self-management really only amount to an exercise in propaganda and possibly also to an attempt to further the incorporation of the skilled working class by putting them on more committees with a measure of decision-making, especially over their fellow workers.

None the less the link between planning and democracy is crucial. I have elsewhere argued at length that planning is not possible without democracy.¹⁵ The interesting point at this juncture is the way in which it is now seen in the USSR. It is worth quoting the reports of speeches at a conference of the Economics Institute of the Academy of Sciences of the USSR. One S. Dzarasov, a former *kolkhoz* chairman, now head of a department of political economy, had this to say:

The economic position of the person leads to an economically responsible relation to business. Lack of participation in management, its bureaucratization, when formal fulfilment of the plan becomes more important than the actual result, when waste is tolerated instead of achieving economies, when control from below is excluded, and theft and corruption take on a socially dangerous form – in these circumstances a situation is created when workers lose their position as masters of production and responsibility for results.¹⁶

In other words, some Soviet economists not only see the need for workers' participation as instrumental in raising productivity but are also aware of the impossibility of achieving genuine planning without control of the central economic planning system by all those involved in the economy.

2. *The brigade system*: The brigade system is the one obvious measure, particularly for agriculture, which appears unique to the regime not in its invention but in its stress on the institution. It amounts to an interesting attempt to inculcate discipline by breaking up large enterprises into small units, under responsible controllers. It has never been clear, however, how modern production can be so fragmented that profits be allocated to such units. In practice, not many enterprises were able to have brigades genuinely based on so-called economic accounting. In any event there was evidence that workers resisted the forms of control. Since the control was direct and not really through economic forms, the pressure on the foreman or brigade-leader both socially and physically has been considerable, in particular over the norms. In other words, the regime sees the brigade-leaders and foremen as a form of tool in controlling the worker and as a bridge to skilled workers, who might ally themselves with the regime. It is here that the crucial function of the reform lies.

3. *Quality control or gospriemka*: This too has failed for the simple reason that the plan would have been massively underfulfilled had it been strictly carried out. It led to a decline in production in January – February 1987 and an overall increase in production for the first nine months of 1987 of just 2.5 per cent. In fact, this was a reflection of the refusal of workers to raise their work standards.¹⁷ This item has been particularly cited as leading to working-class discontent. The regime was consequently compelled to retreat and reports indicate that failure to pass the tests does not necessarily lead to lower pay of workers. Production was allowed to pick up when the strict testing of quality was relaxed. Officially, the campaign goes on but it has failed as it had to fail. When there is no

competition, whatever is produced can be disposed of and consumers require the goods even if they are not quite what is required. Above all, workers cannot work harder for no reason other than exhortation from above. The whole approach is idealist in expecting results simply by decree. Some description of quality control has been provided in the journals and newspapers.¹⁸ The picture that emerges is of a separate apparatus with a member of the intelligentsia in charge, with considerable authority to inquire into the workings of the factory. Refusal to accept production is the only real sanction, a sanction so drastic that it is not a solution.

Indeed, the plan results for *gospriemka* for 1988, the first year of its operation, are hardly encouraging, with goods rejected amounting to a trivial quantity.¹⁹ Given the problem, the first year of operation ought to have seen huge quantities of rejects. In fact, the leadership quailed before the scale of the operation and retreated. There can be no question but that the total quantity produced would be a fraction of the current figure if high standards of quality were maintained.

The failure of the Soviet regime to produce goods of reasonable quality is at the heart of the failure of the system. Examples abound. Thus in 1986 31 per cent of the cost of refrigerators was spent on repairs to refrigerators returned. The figure might well have been much higher if the relevant trading organizations accepted more returns and if consumers were more demanding. After all it is better to have a refrigerator that largely works than none at all. Every third colour television set was repaired within the period of the guarantee.²⁰

4. *Injunctions and disciplinary campaigns*: As under Andropov, this could work for a time but not for very long. After a certain point the injunctory effect wears off and bureaucratic methods of dealing with the controls are evolved. The personnel of the plant can be frightened for a period of time but after that unless camps are set up, the campaign loses its meaning. In a certain sense, this is the very nature of the system itself. The system and so the elite have the alternatives of applying maximum pressure to production and so the workers through organizational methods or using the market.

In the end, strict quality control, so-called scientific norms etc. are forms of organized pressure which can only work as long as workers accept that pressure. Once they do not respect their superiors for whatever reason, whether because they are no longer frightened or they hold them in contempt as corrupt and corruptible individuals, their productivity is irrevocably affected in a deleterious manner. Hence the regime has tried to use workers' participation as an alternative, but it has also tried to clamp down on the natural alternatives of moving from factory to factory, absenteeism, alcoholism, etc. None the less, these forms of control can only diminish with time.

5. *The anti-alcoholism campaign*: Anti-alcoholism has had particular importance for industry. Again, although there was some effect it was not sufficient according to the statements of the Central Committee and reports

in the press. Absenteeism and drunkenness at work may have been reduced but not to the degree required. The extent of alternatives to official purchase cannot be underestimated. It is now standard to be offered alcohol made from a private still. Some success has been achieved, but in the long run alcoholism is a consequence of stress within the system, not a cause of the stress itself, except to a secondary degree. Both the supply of alcohol and its withdrawal are modes of control over the workers, so that it would not be surprising to see a relaxation on this front. The regime, however, is on a hiding to nothing as alcoholism is a symptom not a basic cause and hence will follow success rather than the other way around.

6. *Decrees on norms or controls over labour in production:* The norming decree was published in December 1986.²¹ It was of importance in attempting to find a way around the control over the speed of the production line, overmanning and wage-drift which resulted from worker domination over the labour process. The establishment of tighter norms is possible only if sanctions are found, and these are absent. The Soviet Union has been trying to apply them ever since it came into existence. Stakhanovism, so-called socialist emulation, the use of camp labour and threats of imprisonment have all failed to achieve any real change. This question, that of establishing strict controls over the production line to establish a uniform and optimum speed within an enterprise, leads on to the next problem: that of wages.

7. *Wages and the campaigns against egalitarianism:* The campaign against egalitarianism is both an attempt to raise salaries, which is being done by decree, as well as a decision to widen wage differentials. According to the deputy chairman of the State Committee on Labour, workers' pay rates are being raised by some 20–25 per cent on average as against the 30–35 per cent rise allocated to specialists, but the specialists, that is intelligentsia, have lost out because enterprises have only paid them some 20–22 per cent more as they have insufficient funds and some specialists have been placed in lower categories after re-examination.²²

In fact, V. Shcherbakov, the head of the wages section of the State Committee on Labour, reported that they had failed to 'achieve the main object, the surmounting of egalitarianism in the payment of labour'.²³ He goes on to point out that in some instances specialists are being allocated pay up to 24 per cent below that of workers in the same factory. In turn workers' differentiation is not being imposed. Norms are also not being raised. Shcherbakov gives an instance where 180 per cent fulfilment continues. This all sounds familiar except for one fact, hitherto not mentioned. All these instances are occurring after the introduction of the new conditions under which pay is to be allocated. Shcherbakov depicts a situation where the position has actually deteriorated after the reforms on issue after issue. Bonuses are not allocated, specialists and workers are not being examined for their tasks. Brigades do not function at all in industry even though they do in agriculture and construction. Above all, surveys have shown that rises in productivity have occurred through the dismissal of workers, even where it is unjustified in cost terms. In areas of labour surplus, such dismissals

make no sense, as he points out. He is not slow to imply that the real reason for the failure lies in the absence of *glasnost* or democracy. In other words, the workers have resisted the changes and management cannot go too far in opposing the workers. Hence they prefer simply to issue orders to workers to transfer to other jobs, not wishing to get involved in protests. It is obvious that a massive reform of this kind will not work unless the workers are somehow induced to take part in its operation. If they oppose it, there is no hope at all. Such indeed is the case.

There has also been widespread discussion of the extension of payment by results systems. The problem, in any event, cannot be solved simply by raising the money differentials, as the absence of goods makes such money differences among workers of secondary importance. In addition, the nature of the payment system appears to be such that it automatically erodes differentials. Under Stalin, the wage system was reduced to chaos. There was no-one in the first two wage grades while there were huge rates of overfulfilment. The reforms of 1957 onwards were supposed to take care of this. Indeed, they did in that the number of wage grades was reduced and overfulfilment of norms was greatly reduced. None the less during the Brezhnev period the same phenomenon repeated itself. The lowest wage grade became meaningless and overfulfilment of say 28 per cent in engineering became normal. At the same time the differences in pay according to skill were greatly eroded.²⁴ Finally, in this regard it has to be pointed out that workers have not historically been easily divided on money lines in the USSR.

None the less, the decision to try to ally with the skilled working class has meant a need to reform the wage structure and come to grips with the old structure. In an exceptionally frank article, Professor L.A. Gordon of the Institute of the World Working Class Movement in Moscow has portrayed the Stalin period as one of forced industrialization with the appropriate wage structures. He has pointed out that wages remain at subsistence level but that up to 1965 they were below that level. Furthermore, he argues that as a result workers remain discontented with their wages. He argues vigorously for the introduction of greater wage differentials, pointing out that in fact workers are now virtually given a guaranteed income approaching the status of a pension and that wage differences between skilled and unskilled are down to a ratio of 1.4 to 1, and hardly exist between semi-skilled and unskilled.²⁵ It is worth pointing out here that these features point to the view that workers do not in fact sell their labour-power, a necessary consequence of such statements. Gorbachev in fact confirmed this view in his speech to the February 1988 Plenum of the Central Committee, when he said that it was well known that many people get paid just for reporting for work.²⁶ They alienate their labour-power but that is another matter. The essential point is that if wages are given automatically and there is little difference between one worker and another, there is in fact no labour market. There is a certain movement of labour but it is not done on the basis of payment for labour power but rather on a question of workers' convenience and subject to state controls.

The entire reform structure hinges on this question of turning labour power into a commodity and the consequent removal of the automatic wage, the destruction of the workers' control over the labour process, the introduction of substantial differences in pay between skilled and less skilled, foremen and workers and finally removal of the right to employment.

8. *Unemployment:* There have been a large number of articles of various kinds arguing for the introduction of unemployment in the USSR. This would serve to reduce overmanning and act as a spur to workers in employment.²⁷ It has been explicitly ruled out as a method of proceeding but this is more likely to be a strategic retreat than one of substance. Soviet economists have been speaking for too long of the need for unemployment for the demand to be dropped. The danger of its introduction is that it would act to break workers' control over the labour process and so destroy such stability as now exists. Hence any move in this regard can only be gradual and surreptitious. That indeed is the real meaning of Aganbegyan's advocacy of bankruptcy but not unemployment.

The decrees on redeployment in the new labour laws produced in January 1988 are one more step towards establishing a reserve army of labour. Workers are given one month's pay on dismissal and up to three months on full pay to obtain another job. While this law establishes a social security framework it does not introduce unemployment. Its contradictory nature is contained in the permission given to enterprises to continue employing pensioners. While such pensioners might act as competitors the decrees are really restating the intractable problems of a labour shortage.²⁸ In the section above, Shcherbakov referred to the redeployment of workers as the main means of raising productivity and indeed gives examples of hundreds of thousands of workers being redeployed. While such movement of workers might raise productivity, it is not unemployment. As he points out, such worker transferral is being misused so that instead of increasing production workers are removed from the plant to provide higher productivity statistics. This again is only to be expected. Wherever there are indicators they will be abused.

9. *Price reform:* The raising of prices to reflect costs and in particular the removal of agricultural subsidies holding down the price of food is essential if any incentive system is to be introduced. The obvious attack on the standard of living of the worker has never in any regime been mitigated by wage rises for the lower paid. Gorbachev's promises are useless in this respect. It is obvious that the whole point of the price rises is to bring demand and supply in alignment. If it does so the queue and rationing must end and the advantage which goes to those who can queue and can get the ration will disappear. Then those who have money will be able to buy goods and those who do not will be worse off. The rich will be richer and the poor will be poorer. It is no argument that bureaucratic allocation gives advantage to the bureaucrats and speculators. It does so but a large percentage of ordinary people will lose out when they have to pay higher prices, which they will not be able to afford.

The chairman of the State Commission on Prices has argued the case for price rises. Even though the chairman, V.S. Pavlov, argued that consumption would remain the same, the political impact of such a measure is so great that it is difficult to see it ever being really implemented. The effect of price rises in sparking off social unrest in Poland has not gone unnoticed. Indeed Pavlov explicitly referred to the previous price rise effects within the USSR. That has not prevented Gorbachev speaking at length about the effect of the necessary rise in prices, or Soviet and Western economists producing a chorus about the imperative necessity of raising agricultural prices. Clearly the regime will have to change prices if it is to have any economic reform at all but it cannot do it and destabilize the system at the same time. Hence again caution is the keyword. Pavlov spoke of decentralizing all but ten per cent of prices, but since he spoke of some 22–25 million prices, two to three million key prices will still maintain control and he is quite clear on that point.

The reason for the lack of success of the reforms is the same as that given by the Hungarian reformer, Nyers, for the failure of the reform programme in that country. 'At the root of the party's hesitancy over reforms', he noted, 'lay the fear of conflict and social tensions in Hungary'. He went on to note that 'Hungarians would not even accept a small amount of unemployment which would inevitably result from meaningful economic reforms'.²⁹ It is this question, that of the attitude of the working class, that the Soviet regime is most chary of. The USSR is not Hungary and could not even contemplate a limited attack on the working class.

Gorbachev has moved over in his speeches in April 1985, June 1985, March 1986, June 1987 and his Murmansk speech of October 1987 to openly expressing the need for a market-type solution. None the less, he has never produced a completely open speech in which he calls for the whole gamut of aspects of the market, which he clearly would prefer. Measures proposed have shifted from economic accountability to direct trading between enterprises and by June 1987 the coming into being of wholesale trading as the basic form together with possible bankruptcies, while in October price rises were crucial. There is a natural progression, since he has already incorporated the need to be part of the world market, towards the complete acceptance of a labour market and a capital market.

The question is whether Gorbachev can actually get there and take much of the intelligentsia and the elite with him. The almost certain reply is that he has no hope: it is too late. Two forces stand against him. The first is the enormous growth in size and class character of the workforce in the last two decades. The days of the intelligentsia are numbered; it is probably no longer possible for the intelligentsia to take a share of power, even if the coalition referred to did eventually take shape. It is the only strategy left for the elite and even if they are unlikely to succeed, it is better than nothing especially when it is realized that they are unlikely to realize the absurdity of going to a market during a period of world market decline. This is the second reason why they are likely to fail: the necessary subsidy from the Western capitalist class cannot come, given its acute banking and industrial crisis.

In the final analysis the present regime is one which is attempting to shore up an elite by finding an alliance with the intelligentsia and skilled workers. It is doing it much more skilfully than Kosygin and it is trying to establish a legalistic and so credible framework in which to operate. It cannot, however, produce anything other than half-measures because to go further involves the risk of the regime's own abolition. Genuine democracy would disperse the present rulers to the winds and much of the intelligentsia with it. Hence the secret police and dummy trade unions have to be maintained. The introduction of the market involves a capital and labour market and that is far too dangerous, and hence cannot be introduced. The regime then has a few years to go while it introduces its half measures and they are gradually seen to have failed. There is only one interesting question. Can the elite stop the process of democratization before they are themselves called in question? I think not. They will try and the process may be protracted and bloody; indeed it is already bloody with Armenian/ Azerbaidzhani victims.

NOTES

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1. Contradiction is defined as the movement, conflict and interpenetration of opposites within an entity. A law is a description of the necessary relation arising out of the process of movement of the contradiction.
2. See my articles in *Critique*, Nos. 16, 17 and 20-21 (1987).
3. Some of the strongest have been made by Dzarasov, referred to below (note 16).
4. *Sovetskaya Rossiya*, 13 March 1988, and *Pravda*, 5 April 1988.
5. A version of this outline of the reasons for change appeared in my article in *Critique*, No. 17 and a more detailed description will appear in a book in preparation.
6. *Narodnoe khozyaistvo SSSR za 70 let* (Moscow, 1987), p. 411.
7. *Ibid.*, pp. 417-18.
8. *Ibid.*, p. 431.
9. See note 23 below.
10. I am indebted for this insight to Mr P. O'Donnell of the Department of Psychology, Glasgow University.
11. *Pravda*, 26 Nov. 1987, p. 2, in an article entitled 'Raikom i gospriemka' makes it clear that quality fell before Gorbachev. After writing that defective goods were not held back and culprits punished as previously in the particular plant it says that as a result 'quality began to fall. Defective goods [brak] were put to the account of the plant' (and hence by implication not laid at the door of any individual or group of individuals). There is some evidence in the statistics of surveys done of articles of light industry: See *Narodnoe khozyaistvo za 70 let*, p. 196.
12. Antonio Carlo, 'The Crisis of Bureaucratic Collectivism', *Telos* 43, Spring 1980.
13. *Narodnoe khozyaistvo za 70 let*, p. 149.
14. See the article by Joel C. Moses, 'Worker Self-Management and the Reformist Alternative in Soviet Labour Policy, 1979-85', *Soviet Studies*, April 1987, where he gives an account of some of the discussions around greater worker participation.
15. H.H. Ticktin, 'Towards a Political Economy of the USSR', *Critique* 1, 1973.

16. 'Politiko-ekonomicheskie osnovy uskoreniya', *Voprosy ekonomiki*, March 1987, p.50.
17. An example of the failure of *gospriemka* was given at the Moscow Regional Party Committee Plenum in August 1987. Thus 'Of the 59 enterprises operating under *gospriemka*, 24 have shown an over-expenditure above plan production costs of 16 million roubles in the first six months of this year . . .'. The workers are blamed for not taking *perestroika* seriously. See *Kommunist*, No.13, Aug. 1987, pp.27-37.
18. See for instance *Pravda*, 8 Jan. 1988, p.2, where a detailed account of the bureaucracy of quality control is provided.
19. *Pravda*, 24 Jan. 1988.
20. *Narodnoe khoziaistvo za 70 let*, p.197.
21. Bulletin of State Committee on Labour, Dec. 1987.
22. *Izvestiya*, 11 Sept. 1987: L.A. Kostin, 'Perestroika i zarplata' (summary provided by Walter Joyce).
23. V. Shcherbakov, 'Novye usloviya oplata truda: kak organizovat' zavod', *Ekonomicheskaya gazeta*, No.7, Feb. 1988.
24. See *Voprosy ekonomiki*, No.10, Oct. 1987.
25. L.A. Gordon, 'Sotsial'naya politika v sfere oplata truda (vchera i segodnya)', *Sotsiologicheskie issledovaniya*, No.4, 1987.
26. M.S. Gorbachev, Speech to Plenum of CPSU Central Committee on 18 Feb. 1988.
27. The well-known work by Nikolai Shmelyov in *Novyi Mir*, No.6, 1987, argues precisely for a reserve army of labour and quotes approvingly the Soviet economist Shatalin in *Kommunist*, No.14, 1986, who also argues for the same. It is true that they are only arguing for a limited amount of unemployment but they are quite clear that it is as a form of control over the worker. Kostakov, Director of the Scientific Research Institute of Gosplan, argues in *Kommunist*, No.14, 1987, that labour must be redeployed now as present practices are retarding productivity but that technical progress requires some 16 million persons to be dismissed and redeployed over time. He argues, on the other hand, that there will not be unemployment. His real intention appears the same as that of the above two authors: that dismissals are essential and a small reserve army will be introduced with the statement that unemployment will not be tolerated. Since most of the 16 million will be re-employed the argument is not illogical. *Kommunist* No.18, 1987, also discusses unemployment.
28. *Pravda*, 19 Jan. 1988.
29. *Financial Times*, 19 June 1987. The Hungarian Party leadership in fact announced that it was to press ahead with the reforms regardless of the social conflict and damage to sections of the social structure.